bharti

Quarterly report on the results for the third quarter and nine months ended December 31, 2009

Bharti Airtel Limited

(Incorporated as a public limited company on July 7, 1995 under the Companies Act, 1956)
Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi – 110 070, India

January 22, 2010

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

| Mobile Services I Telemedia Services I Enterprise Services | Digital TV Services |

Airtel

Supplemental Disclosures

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

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We have chosen these assumptions or bases in good faith, and we believe that they are reasonable in all material respects. However, we caution you that forward-looking statements and assumed facts or bases 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. 46.68 = US $1.00, being the RBI Reference rate as announced by the Reserve Bank of India on December 31, 2009. All amounts translated into United States dollars as described above are provided solely for the convenience of the reader, and no representation is made that the Indian Rupees or United States dollar amounts referred to herein could have been or could be converted into United States dollars or Indian Rupees respectively, as the case may be, at any particular rate, the above rates or at all. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding off. Information contained on our website www.airtel.in is not part of this Quarterly Report.

Use of Certain Non-GAAP measures: - This result announcement contains certain information on the Company's results of operations and cash flows that have been derived from amounts calculated in accordance with United States Generally Accepted Accounting Principles (US GAAP), but are not in themselves US GAAP measures. They should not be viewed in isolation as alternatives to the equivalent US GAAP measures and should be read in conjunction with the equivalent US GAAP measures. **Further, disclosures are also provided under "Use of Non - GAAP financial information" on page 19**

Others: - In this report, the terms "we", "us", "our", "Bharti", or "the Company", unless otherwise specified or the context otherwise implies, refer to Bharti Airtel Limited ("Bharti Airtel") and its subsidiaries, Bharti Hexacom Limited ("Bharti Hexacom"), Bharti Airtel Services Limited, Bharti Infratel Limited (Bharti Infratel), Bharti Infratel Ventures Limited (subsidiary of Bharti Infratel Limited), 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 Limited, Bharti Infratel Lanka (Private) Limited (subsidiary of Bharti Airtel Lanka (Private) Limited) and Bharti Infratel Ventures Limited (subsidiary of Bharti Infratel).

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

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Section 1

BHARTI AIRTEL – PERFORMANCE AT A GLANCE

Particulars	UNITS	Full Year Ended March 31,				Quarter Ended		
		2006	2007	2008	2009	June 30, 2009	Sept. 30, 2009	Dec. 31, 2009[4]
Total Customer Base	**000's.**	**20,926**	**39,013**	**64,268**	**96,649**	**105,196**	**113,440**	**121,853**
Mobile Services	000's.	19,579	37,141	61,985	93,923	102,368	110,511	118,864
Telemedia Services	000's.	1,347	1,871	2,283	2,726	2,828	2,928	2,989
Consolidated financials as per US GAAP								
Revenue	INR Mn.	116,215	185,196	270,250	369,615	99,416	98,455	97,722
EBITDA	INR Mn.	43,374	74,508	113,715	151,678	41,518	41,416	39,112
Cash profit from operations	INR Mn.	40,862	73,070	111,374	140,065	44,123	40,988	40,881
Income before income taxes	INR Mn.	25,366	48,860	76,537	93,073	30,088	26,589	25,716
Net income	INR Mn.	22,567	42,571	67,008	84,699	25,167	23,210	22,098
Consolidated financials as per US GAAP								
Revenue	US$ Mn.	2,613	4,297	6,753	7,254	2,077	2,049	2,093
EBITDA	US$ Mn.	975	1,729	2,841	2,977	867	862	838
Cash profit from operations	US$ Mn.	919	1,695	2,783	2,749	922	853	876
Income before income taxes	US$ Mn.	570	1,134	1,912	1,827	629	553	551
Net income	US$ Mn.	507	988	1,674	1,662	526	483	473
Key Ratios								
EBITDA Margin	%	37.3%	40.2%	42.1%	41.0%	41.8%	42.1%	40.0%
Net Profit Margin	%	19.4%	23.0%	24.8%	22.9%	25.3%	23.6%	22.6%
Net Debt to Stockholders Equity [4]	Times	0.45	0.31	0.19	0.23	0.14	0.12	0.05
Return on Stockholders Equity	%	29.5%	37.4%	38.0%	32.5%	31.8%	30.3%	28.4%
Return on Capital employed	%	21.3%	28.2%	31.7%	30.4%	28.5%	26.0%	24.1%

1. *Financial Highlights for all the periods presented above are audited and based on consolidated results as per USGAAP.*
2. *Income before income taxes for the full year ended March 31, 2007, March 31, 2008 and March 31, 2009 are after fringe benefit tax.*
3. *Exchange rate for Rupee conversion to US$ is (a) Rs. 44.48 for the financial year ended March 31, 2006 (b) Rs. 43.10 for the financial year ended March 31, 2007 (c) Rs. 40.02 for the financial year ended March 31, 2008, being the noon buying rate as announced by The Federal Reserve Bank of New York at the end of the respective periods, (d) Rs.50.95 for the financial year ended March 31, 2009 (e) Rs 47.87 for the quarter ended June 30, 2009 and, (f) Rs 48.04 for the quarter ended September 31, 2009 and (g) Rs 46.68 for the quarter ended December 31, 2009 being the RBI Reference rate as announced by The Reserve Bank of India at the end of the respective periods.*
4. *Net Debt to Stockholders Equity for the period amounts to Nil, exclusive of fully and compulsory convertible, non-cumulative, unsecured and interest free Debentures.*

Section 2

AN OVERVIEW

2.1 Introduction

We are one of Asia's leading providers of telecommunication services with presence in all the 22 licensed jurisdictions (also known as Telecom Circles) in India, and in Srilanka. We served an aggregate of 121,852,576 customers as of December 31, 2009, in India; of whom 118,864,031 subscribe to our GSM services and 2,988,545 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 customers as of December 31, 2009. We offer an integrated suite of telecom solutions to our enterprise customers, in addition to providing long distance connectivity both nationally and internationally. We also offer DTH and IPTV Services. All these services are rendered under a unified brand "Airtel".

The company also deploys, owns and manages passive infrastructure pertaining to telecom operations under its subsidiary Bharti Infratel Limited. Bharti Infratel owns 42% of Indus Towers Limited. Bharti Infratel and Indus Towers are the two top providers of passive infrastructure services in India.

2.2 Business Divisions

Mobile Services - We offer mobile services using GSM technology in India and Sri Lanka. We are the largest wireless service provider in India, based on the number of customers. We had 118,864,031 mobile customers in India as on December 31, 2009 and customer market share of 22.7% of wireless market, as on December 31, 2009.

We offer post-paid, pre-paid, roaming and value added services through our extensive sales and distribution channel covering 1,382,089 outlets.

Our network is present in 5,078 census towns and 433,851 non-census towns and villages in India, thus covering approximately 83.6% of the country's population.

Airtel Sri Lanka is amongst the fastest growing launches in the world with a base of over 1 million customers within six months of launch. Airtel already has presence in 16 administrative districts of Sri Lanka. The company has launched 3.5G services in the major towns and has created a wide distribution network comprising of 23 distributors and 15,000 retailers across the country.

Telemedia Services – We provide broadband (DSL), data and telephone services (fixed line) in 95 cities with growing focus on the various data solutions for the SMB segment. We had 2,988,545 customers as on December 31, 2009 of which 41.5% were subscribing to broadband/internet services. Our product offerings in this segment include installation of fixed-line telephones providing local, national and international long distance voice connectivity and broadband Internet access through DSL.

We remain strongly committed to our focus on Small and Medium Business/Enterprises by providing 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.

Enterprise Services - Enterprise Services is India's leading provider of communications services to large Enterprise and Carrier customers.

We provide long distance wholesale voice and data services to over 400 carrier customers, as well as to the Mobility and Telemedia business units of Airtel. We own a state of the art national and international long distance network infrastructure, enabling us to provide connectivity services both within India and connecting India to the world. Our national long distance infrastructure comprises of 118,337 Rkms of optical fibre, over 4,150 MPLS and SDH POPs and over 1,700 POIs with the local exchanges, providing a pan India reach in 304 LDCA's and 1,680 SDCA's

Our international infrastructure includes ownership of the i2i submarine cable system connecting Chennai to Singapore, consortium ownership of the SMW4 submarine cable system connecting Chennai and Mumbai to Europe and Singapore, and our investments in new cable systems such as Asia America Gateway (AAG), India Middle East and Western Europe (IMEWE), Unity North, EIG (Europe India Gateway) and East Africa Submarine System (EASSy) will expand our global network to over 225,000 Rkms, across 5 Continents. Also In line with our expansion plans, we have recently launched our Far-East Connect Network to serve global wholesale customers across Asia and the Pacific that opens up direct connectivity between Singapore and the US via the Asia America Gateway (AAG) cable landing in Hong Kong. We have also built terrestrial express connectivity to neighboring countries such as Nepal and Bhutan.

We also deliver end to end telecom solutions to India's large corporates. We serve as the single point of contact for all telecommunication needs for corporate customers in India by providing a full suite of communication services across data, voice, network integration, and managed services.

We specialize in providing customized solutions to address unique requirements of different industry verticals: BFSI, IT, ITeS, Manufacturing and Distribution, Media, Education, Telecom, Government, PSUs and Retail among others. These services include; Domestic MPLS Services, Internet Services, Remote Access VPN Services, Domestic Satellite services (VSAT), Audio and Video conferencing, Datacenter services, Network Integration and Professional Services, Managed network services, Terrestrial and Wireless Access Services, Fixed Line and Converged Voice Services, Contact centre solutions, Domestic and International Toll free services and Mobile enterprise enablement solutions. Our global wholesale portfolio offers MPLS, Ethernet, IP and International Private

Leased Circuit (IPLC) services to carriers in high growth markets across Asia and the Pacific. The portfolio also includes solutions for voice and data connectivity, collaboration services, co-location, carrier outsourcing and content distribution through its next-generation high speed submarine and fiber network.

Digital TV Services - Airtel Digital TV, with a base of over 2 million customers, is available in over 5,000 towns and thousands of villages across the country. Our Distribution expansion along with State of art technology has helped Airtel Digital TV acquire one out of every four new customer additions in the DTH Industry in the last 2 quarters.

Passive Infrastructure Services – Bharti Infratel provides passive infrastructure services on a non-discriminatory basis to all telecom operators in India. Bharti Infratel deploys, owns and manages passive infrastructure in 11 circles of India. Infratel also holds 42% share in Indus Towers (a Joint Venture between Bharti Infratel, Vodafone and Idea Cellular). Indus operates in 16 circles (4 circles common with Infratel, 12 circles on exclusive basis).

Bharti Infratel has 29,806 towers in 11 circles, excluding the 35,066 towers in 12 circles for which the right of use has been assigned to Indus with effect from January 1, 2009. Indus Towers has a portfolio of 102,696 towers including the towers under right of use.

2.3 Partners

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

Equipment and Technology Partners - We have forged long term strategic partnerships with global leaders, who share the same drive for the development of innovative solutions, in all key areas of our equipment and technology buying.

On the equipment side, Ericsson, Nokia Siemens and Huawei have partnered to meet our aggressive expansion & growth plans by deploying state of the art technology across our networks. From Aug.1, 2009 Alcatel Lucent Network Management Services India Limited has taken over the managed services operations of fixed line, broadband & IPTV business. This partnership would catalyze our networks transformation in IP domain and also achieving enhanced level of KPIs and customer satisfaction.

During this quarter, IBM worked closely with us to bring innovative and compelling experiences to our customers and adding capability across various segments to bring to our customers the 'One Airtel' experience spanning all the three screens of mobile, PC and television. More than 90 hardware, software and service providers are serving us through IBM as Tier II partners.

Telephone services and long distance networks equipment partners include Nokia Siemens, Cisco, Wipro, Alcatel Lucent, ECI and Tellabs among others. IBM Daksh, Mphasis, Firstsource, Teleperformance, Aegis and HTMT are associated with us to provide excellent customer experience through dedicated call center operations. We work with globally renowned organizations such as On Mobile, Comviva, Yahoo, Google and Cellebrum among others to provide each of our customers with a unique experience in the areas of CRBT(caller ring back tone), Music on Demand, Email services and other Airtel Live applications. We also have alliance with RIM for selling Blackberry enterprise services and Blackberry internet services.

Section 3

FINANCIAL HIGHLIGHTS

This section presents the (1) audited financial results for the third quarter and nine months ended December 31, 2008, and (2) audited financial results for the third quarter and nine months ended December 31, 2009 as per United States Generally Accepted Accounting Principles (USGAAP).

Detailed financial statements, analysis and other related information is attached to this report as Annexure (page 25). Also, kindly refer to Section 7 - use of Non - GAAP financial information (page 19) and Glossary (page 37) 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			Nine Months Ended		
	Dec. 2009	Dec. 2008	Y-on-Y Growth	Dec. 2009	Dec. 2008	Y-on-Y Growth
Total revenues	97,722	96,334	1%	295,593	271,370	9%
EBITDA	39,112	39,450	-1%	122,046	111,664	9%
Cash profit from operations before Derivative and Exchange Fluctuation	39,395	39,767	-1%	122,684	111,750	10%
Cash profit from operations after Derivative and Exchange Fluctuation	40,881	37,546	9%	125,992	102,187	23%
Income before Income taxes	25,716	24,629	4%	82,393	68,167	21%
Current tax expense	5,369	2,806	91%	17,275	7,622	127%
Income after current tax expense	20,347	21,823	-7%	65,118	60,545	8%
Deferred tax expense / (Income)	(2,177)	(248)		(6,768)	(3,029)	
Net income	22,098	21,593	2%	70,475	62,306	13%
EBITDA / Total revenues	40.0%	41.0%		41.3%	41.1%	

3.1.2 Consolidated Summarized Balance Sheet

Amount in Rs. Million

Particulars	**As at December 31, 2009**
ASSETS	
Total current assets	146,610
Total non current assets	483,794
Total assets	**630,404**
LIABILITIES AND STOCKHOLDERS' EQUITY	
Total current liabilities	192,469
Total non current liabilities	53,382
Total liabilities	**245,851**
Non Controlling Interest	**12,374**
Total stockholders' equity	**372,179**
Total liabilities and stockholders' equity	**630,404**

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			Nine Months Ended		
	Dec. 2009	Dec. 2008	Y-on-Y Growth	Dec. 2009	Dec. 2008	Y-on-Y Growth
Total revenues	79,618	79,392	0%	242,897	221,385	10%
EBITDA	24,178	24,963	-3%	77,221	68,190	13%
EBIT	16,303	18,407	-11%	53,719	49,856	8%
EBITDA / Total revenues	30.4%	31.4%		31.8%	30.8%	

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

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Nine Months Ended		
	Dec. 2009	Dec. 2008	Y-on-Y Growth	Dec. 2009	Dec. 2008	Y-on-Y Growth
Total revenues	8,550	8,458	1%	25,644	24,932	3%
EBITDA	3,944	3,531	12%	11,074	10,594	5%
EBIT	2,077	1,969	5%	5,750	6,220	-8%
EBITDA / Total revenues	46.1%	41.7%		43.2%	42.5%	

3.2.3 Enterprise Services – comprises of consolidated statement of operations of Enterprise Services[5].

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Nine Months Ended		
	Dec. 2009	Dec. 2008	Y-on-Y Growth	Dec. 2009	Dec. 2008	Y-on-Y Growth
Total revenues	20,546	21,808	-6%	62,859	63,254	-1%
EBITDA	10,035	9,799	2%	31,304	27,823	13%
EBIT	8,222	8,259	0%	26,313	23,613	11%
EBITDA / Total revenues	48.8%	44.9%		49.8%	44.0%	

Note 5: Financials for the quarter and nine months ended December 31, 2008 are gross of eliminations and financials for the quarter and nine months ended December 31, 2009 are net of eliminations.

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

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Nine Months Ended		
	Dec. 2009	Dec. 2008	Y-on-Y Growth	Dec. 2009	Dec. 2008	Y-on-Y Growth
Total revenues	1,414	929	52%	3,731	2,666	40%
EBITDA	(2,475)	(2,263)	-9%	(6,945)	(4,791)	-45%
Depreciation and Others	1,047	166	531%	2,212	136	1526%
EBIT	(3,523)	(2,443)	-44%	(9,158)	(4,941)	-85%

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			Nine Months Ended		
	Dec. 2009	Dec. 2008	Y-on-Y Growth	Dec. 2009	Dec. 2008	Y-on-Y Growth
Total revenues	9,267	12,702	-27%	25,873	35,248	-27%
EBITDA	4,269	4,258	0%	11,846	12,119	-2%
EBIT	803	890	-10%	1,665	3,854	-57%
Share of profits/(loss) in associates/ joint ventures	64	(454)	114%	304	(659)	146%
EBITDA / Total revenues	46.1%	33.5%		45.8%	34.4%	

3.3 Segment-wise Investments and Contribution

3.3.1 Investments in projects

Amount in Rs. Million, except ratios

Segment	As at December 31, 2009	
	Rs. Million	% of Total
Mobile Services	327,230	49%
Telemedia Services	76,596	11%
Enterprise Services	94,870	14%
Passive Infrastructure Services	151,256	23%
Others	20,678	3%
Total	**670,630**	**100%**
Less:- Accumulated Depreciation and Amortization	196,304	
Net Fixed Assets and Other Project Investment	**474,326**	

3.3.2 Segment-wise contribution to Revenue, EBITDA and Capital expenditure incurred during the period [6]

Segment	Quarter Ended December 2009					
	Revenue		EBITDA		Capex	
	Rs. Million	% of total	Rs. Million	% of total	Rs. Million	% of total
Mobile Services	79,618	81%	24,178	62%	7,743	46%
Telemedia Services	8,550	9%	3,944	10%	1,761	10%
Enterprise Services	20,546	21%	10,035	26%	3,337	20%
Passive Infrastructure Services	9,267	9%	4,269	11%	1,926	11%
Others	1,414	1%	(2,475)	-6%	2,124	13%
Sub Total	**119,395**	**121%**	**39,951**	**103%**	**16,891**	**100%**
Eliminations	(21,673)	-21%	(839)	-3%		
Total	**97,722**	**100%**	**39,112**	**100%**	**16,891**	**100%**

Segment	Nine Months Ended December 2009					
	Revenue		EBITDA		Capex	
	Rs. Million	% of total	Rs. Million	% of total	Rs. Million	% of total
Mobile Services	242,897	82%	77,221	63%	28,464	43%
Telemedia Services	25,644	9%	11,074	9%	7,646	11%
Enterprise Services	62,859	21%	31,304	26%	8,153	12%
Passive Infrastructure Services	25,873	9%	11,846	10%	9,270	14%
Others	3,731	1%	(6,945)	-6%	13,237	20%
Sub Total	**361,004**	**122%**	**124,500**	**102%**	**66,770**	**100%**
Eliminations	(65,411)	-22%	(2,454)	-2%		
Total	**295,593**	**100%**	**122,046**	**100%**	**66,770**	**100%**

Note 6: 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	Dec. 31, 2009	Sept. 30, 2009	Q-on-Q Growth	Dec. 31, 2008	Y-on-Y Growth
Customers on our Network						
Mobile Services	000's.	118,864	110,511	8%	85,651	39%
Telemedia Services	000's.	2,989	2,928	2%	2,619	14%
Total	**000's.**	**121,853**	**113,440**	**7%**	**88,270**	**38%**
Non Voice Revenue as a % of Total Revenues	%	16.4%	15.1%		14.5%	
Total Employees	No.	18,201	18,598	-2%	25,553	-29%

4.2 Mobile Services

Parameters	Unit	Dec. 31, 2009	Sept. 30, 2009	Q-on-Q Growth	Dec. 31, 2008	Y-on-Y Growth
Subscriber Base[7]						
All India Mobile Subscribers	000's.	524,326	471,726	11%	346,894	51%
Mobile Customers on Bharti's Network	000's.	118,864	110,511	8%	85,651	39%
Net Additions						
All India Mobile Subscribers	000's.	52,600	44,444	18%	31,582	67%
Mobile Customers on Bharti's Network	000's.	8,353	8,144	3%	8,172	2%
Market Share						
Bharti's Mobile Market Share	%	22.7%	23.4%		24.7%	
Bharti's Market Share of Net Additions	%	15.9%	18.3%		25.9%	
Pre-Paid Subscribers						
Total Customer Base	%	95.3%	95.2%		93.5%	
Total Net Additions	%	97.5%	100.4%		99.6%	
Other Operating Information						
Average Revenue Per User (ARPU)	Rs.	230	252	-9%	324	-29%
Average Revenue Per User (ARPU)	US$	4.9	5.4	-9%	7.0	-29%
Average Rate Per Minute (ARPM)	Rs	0.52	0.56	-8%	0.64	-20%
Average Minutes of Use Per User	Minutes	446	450	-1%	505	-12%
Monthly Churn						
Post-paid Voluntary Churn	%	1.0%	0.9%		1.1%	
Post-paid Company Initiated Churn	%	0.9%	1.0%		1.2%	
Pre-paid	%	6.5%	4.6%		2.9%	
Non Voice Revenue						
SMS Revenue as a % of Mobile Revenues	%	6.0%	4.9%		4.1%	
Non Voice Revenue as a % of Mobile Revenues	%	11.0%	9.8%		9.5%	

Note 7: All India mobile subscribers for the month of October 2009 and November 2009 are as per report published by TRAI. Due to the non publication of TRAI report for December 2009 as on date, all India mobile subscriber net additions for December 2009 are based on COAI reportings and estimated for all other operators not reporting their subscribers through COAI.

4.3 Telemedia Services

Parameters	Unit	Dec. 31, 2009	Sept. 30, 2009	Q-on-Q Growth	Dec. 31, 2008	Y-on-Y Growth
Telemedia Customers	000's.	2,989	2,928	2%	2,619	14%
Net additions	000's.	60	100	-40%	110	-45%
Average Revenue Per User (ARPU)	Rs	964	989	-3%	1,098	-12%
Average Revenue Per User (ARPU)	US$	20.6	21.2	-3%	23.5	-12%

4.4 Traffic Details

Parameters	Unit	Dec. 31, 2009	Sept. 30, 2009	Q-on-Q Growth	Dec. 31, 2008	Y-on-Y Growth
Mobile Services	Mn Min	153,241	143,680	7%	123,626	24%
Telemedia Services	Mn Min	4,576	4,796	-5%	4,750	-4%
National Long Distance Services	Mn Min	13,944	12,417	12%	11,609	20%
International Long Distance Services	Mn Min	3,100	3,181	-3%	2,603	19%
Total Minutes on Network [8]	**Mn Min**	**174,861**	**164,074**	**7%**	**142,588**	**23%**

Note 8: The minutes are gross of Inter-segment Eliminations

4.5 Network and Coverage

Parameters	Unit	Dec. 31, 2009	Sept. 30, 2009	Q-on-Q Growth	Dec. 31, 2008	Y-on-Y Growth
Mobile Services						
Census Towns	No.	5,078	5,072	6	5,057	21
Non-Census Towns and Villages	No.	433,851	429,723	4,128	401,882	31,969
Population Coverage	%	84%	83%		79%	
Network Sites	No.	102,190	99,501	2,689	88,319	13,871
Telemedia Services						
Cities covered	No.	95	95	-	95	-
Enterprise Services (National Long Distance)						
Optic Fibre Network	Rkms	118,337	113,326	5,011	90,205	28,131

4.6 Passive Infrastructure Services

4.6.1 Bharti Infratel

Parameters	Unit	Dec. 31, 2009	Sept. 30, 2009	Q-on-Q Growth	Dec. 31, 2008	Y-on-Y Growth
Total Towers[9]	No.	29,806	29,112	2%	61,355	-51%
Key Indicators						
Sharing Revenue per Sharing Operator per month	Rs.	38,107	36,696	4%	31,488	21%
Sharing Factor	Times	1.57	1.49	-	1.34	-

Note 9: Total towers as on December 31, 2009 and September 30, 2009 are excluding 35,066 towers in 12 circles for which the right of use has been assigned to Indus with effect from 1st Jan 2009

4.6.2 Indus Towers

Parameters	Unit	Dec. 31, 2009	Sept. 30, 2009	Q-on-Q Growth	Dec. 31, 2008	Y-on-Y Growth
Total Towers[10]	No.	102,696	100,728	2%	-	-
Key Indicators						
Sharing Factor	Times	1.66	1.61	-	-	-

Note 10: Bharti Infratel holds 42% in Indus towers

4.7 Human Resource Analysis

Parameters	Unit	Dec. 31, 2009	Sept. 30, 2009	Q-on-Q Growth	Dec. 31, 2008	Y-on-Y Growth
Consolidated						
Total Employees	No.	18,201	18,598	-2%	25,553	-29%
Number of Customers per employee	No.	6,695	6,100	10%	3,454	94%
Mobile Services						
Number of Customers per employee	No.	16,543	15,093	10%	10,555	57%
Gross Revenue per employee per month	Rs.	3,693,714	3,687,244	0%	3,261,121	13%
Telemedia Services						
Number of Customers per employee	No.	668	622	7%	242	176%
Gross Revenue per employee per month	Rs.	637,156	605,313	5%	260,398	145%
Enterprise Services						
Gross Revenue per employee per month	Rs	2,248,413	2,228,246	1%	1,964,154	14%

SECTION 5

MANAGEMENT DISCUSSION AND ANALYSIS

5.1 Key Industry and Company Developments

DEPARTMENT OF TELECOMMUNICATIONS (DoT)

On 31st December 2009, DoT issued a press release stating that Mobile Number portability will now be implemented by 31st March 2010 in whole of the country simultaneously.

TELECOM REGULATORY AUTHORITY OF INDIA

Regulation on Mobile Number Portability

On November 20, 2009, TRAI issued a regulation wherein it fixed the per port transaction charge and set the ceiling limit for the porting charges to be paid by the subscriber. Brief details of the same are as under:-

1. The Dipping charge is left to mutual negotiation between the telecom service providers and the respective MNP service providers.

2. Porting charge i.e. the amount to be paid by the subscriber shall not be more than the per port transaction charge i.e. Rs 19/-. The operators are free to charge any amount less than or equal to this charge.

5.1.2 Company

Key developments

- Bharti Airtel has been rated as the **‘Strongest Brand’** in the Economic Times- Brand Finance ‘Brand Power Rating’. Airtel is the **only corporate brand to be awarded the AAA rating** or ‘extremely strong’ and has improved its rating from the previous AA+. Airtel has also been rated as the 7th Most Valuable Brand in India with a brand value of $2.5 bn and is the only telecom player in the top 10 most valuable brands.

- Bharti Airtel has been selected by **Forbes Asia** as **one of** the **"Fabulous 50" companies**. Forbes Asia’s "Fabulous 50" companies are the best of Asia Pacific's biggest listed companies with revenues or market capitalization of at least $3 billion. Forbes editors picked the group of 50 companies with the best aggregate scores for long-term profitability, sales and earnings growth as well as projected earnings and stock-price gains.

- Bharti Airtel has been recognized as the **Best Global Wholesale Carrier** for 2009 at the Telecoms World Awards Middle East. Telecoms World is one of the flagship annual awards by Terrapinn, one of the leading business media organizations for international telecom carriers and service providers.

- Bharti Airtel has been rated as **India's Best Enterprise Connectivity Provider** for 2009 at the annual Users’ Choice Awards instituted by PC Quest. This recognition came based on an IDC survey spread over top eight Indian cities across four zones.

- Bharti Airtel’s low cost computing device **Airtel Net PC** was recognized by Hindustan Times as one of the **‘Top 9 Best Tech Products of 2009’**.

- Bharti Airtel presented **Mobitude**, India’s First **Mobile Phone Usage Survey**. It captures the preference and choice of over 116 million mobile users located across India.

- Bharti Airtel has launched India’s first ever **Mobile Comics Portal on Airtel Live**. This allows subscribers via WAP to access more than 300 Indian and International Comic.

- Bharti Airtel has launched **Freedom Plan**. This plan gives customers the freedom to choose from a variety of plans based on usage and calling pattern. It provides tariffs of 1 paise per second for all Local and STD calls to Airtel numbers and 1.20 paise per second for local and STD calls to other networks.

- Bharti Airtel has launched **Turbo Plan**. Under this plan the Airtel Customers enjoys substantial advantage while roaming anywhere by a reduction of 60% in roaming tariffs.

- Bharti Airtel has launched **Airtel Website Builder** – an easy to use solution that offers customers, SMBs, SMEs and home users, the convenience to build and maintain personalized websites themselves with minimum time and effort. The service offers more than 15,000 rich templates, a free domain name and unlimited web space hosting at an affordable price starting at just Rs. 250 per month.

- Bharti Airtel has launched **VPN in a Box** for SMEs in alliance with Cisco – a first of its kind product based on infrastructure-as-a-service model. This MPLS based layer 3 VPN service is a ready-to-deploy bundle of a managed private leased line port, bandwidth, last mile connectivity and customer premise equipment.

- Bharti Airtel has announced expansion of its **Middle East Connect network**, to serve global carriers in the region. Bharti Airtel is the only outside operator with capacities on multiple cable routes in the region.

- Bharti Airtel has launched Far-East Connect Network to serve global wholesale by **linking Singapore and US via Asia America Gateway (AAG)** cable landing in Hong Kong. This created a Terabit Super Express Highway between major telecom hubs in Hong Kong, India, Japan Singapore and extending to the USA.

- Bharti Airtel has signed a landmark agreement with other operators to build and operate the **Southeast Asia Japan Cable system (SJC)**, a new international submarine cable system with the highest capacity in the world.

- Bharti Airtel has launched **Ethernet services** in more than 25 global cities across Asia, Europe, North America and Australia. The launch of the Global Ethernet Service Portfolio by Bharti Airtel is part of its strategy to become a truly global service provider with wide range of product offerings.

5.2 Results of Operations

The company has reported its audited financial results for the quarter ended December 31, 2008 and December 31, 2009. The financial statements have been prepared in accordance with United States Generally Accepted Accounting Principles (US GAAP).

Key Highlights - *For the quarter ended December 31, 2009*

- **Overall Customer base at 121.9 million.**
- **Net addition of 8.4 million customers.**
- **Market leader with a market share of all India wireless subscribers at 22.7%**
- **Total Revenues of Rs. 97.7 billion (up 1% Y-o-Y).**
- **EBITDA of Rs. 39.1 billion (down 1% Y-o-Y).**
- **Cash profit from operations of Rs. 40.9 billion (up 9% Y-o-Y).**
- **Net Profit of Rs. 22.1 billion (up 2% Y-o-Y).**

Bharti Airtel Consolidated

Customer Base
As on December 31, 2009, the company had an aggregate of 121,852,576 customers in India, consisting of 118,864,031 GSM mobile and 2,988,545 Telemedia customers. Its total customer base as on December 31, 2009 increased by 38% compared to the customer base as on December 31, 2008.

Revenues/Turnover
During the quarter ended December 31, 2009, the company had revenues of Rs 97,722 million; a growth of 1% compared to the quarter ended December 31, 2008. Revenues from mobile services represented 81% of the total revenues for the quarter ended December 31, 2009. Non-voice revenue contributed to approximately 16.4% of the total revenues for the quarter.

Operating Expenses (ex-revenue share license and spectrum fee) During the quarter ended December 31, 2009; the company incurred an operating expenditure of Rs. 37,509 million representing 38% of the total revenues. The operating expense comprises:

- Rs. 19,813 million towards network operations costs (20.3% of turnover)
- Rs. 4,007 million towards employee costs, (4.1% of turnover)
- Rs. 144 million towards equipments costs, and
- Rs. 13,545 million towards selling general and administrative costs (13.9% of turnover)

The operating expenses grew by 12% compared to the quarter ended December 31, 2008. The increase in the operating expenses is associated to the costs pertaining to the expansion of operations.

EBITDA, Finance Cost and Cash Profit from Operations
During the quarter ended December 31, 2009, the company had an EBITDA of Rs. 39,112 million; decline of 1% compared to the quarter ended December 31, 2008. The EBITDA margin for the quarter was 40.0%.

The net finance income for the quarter ended December 31, 2009 was Rs. 1,769 million. The interest on borrowings during the quarter was Rs. 579 million and the finance income (primarily related to income on marketable securities) was Rs. 1,178 million. The balance amount was other finance costs, effect of exchange fluctuation and derivative accounting.

The cash profit from operations after derivative and exchange fluctuations for the quarter was Rs. 40,881 million, an increase of 9%, as compared to the quarter ended December 31, 2008. During the quarter ended December 31, 2009, the company had depreciation and amortization expenses of Rs. 15,403 million.

Income Before Income Taxes (PBT)
The income before income tax for the quarter was Rs. 25,716 million, an increase of 4%, as compared to the quarter ended December 31, 2008. The current tax for the quarter ended December 31, 2009 was Rs. 5,369 million and deferred tax expense / (income) was Rs. (2,177) million.

Net income
The net income for the quarter ended December 31, 2009 was Rs 22,098 million with YoY growth of 2%.

Balance Sheet
As on December 31, 2009, the company had total assets of Rs. 630,404 million, and total liabilities of Rs. 245,851 million respectively. The difference of Rs. 384,553 million was on account of stockholder's equity and non-controlling interest.

The company had a net debt of Rs. 19,313 million (US$ 414 million) as on December 31, 2009, resulting in a Net Debt to EBITDA (LTM) of 0.12 times. However, Net Debt to EBITDA (LTM) for the period is Nil, exclusive of fully and compulsory convertible, non-cumulative, unsecured and interest free Debentures.

Capital Expenditure
During the quarter ended December 31, 2009, the company incurred capital expenditure of Rs. 16,891 million (US$ 362 million).

Human Resources
As on December 31, 2009, the company had a total of 18,201 employees consisting of 7,185 in Mobile services, 4,473 in Telemedia service, 3,046 in Enterprise services, 2,655 in Others and 842 in Passive Infrastructure services.

Mobile Services

Customer Base, Churn, ARPU and MoU
As at the end of the quarter the company had 118,864,031 GSM mobile customers on its network, which accounted for a market share of 22.7% of the all India mobile market.

Of its 118,864,031 GSM mobile customers as of December 31, 2009, post-paid customers contributed 4.7% to the overall customer base while pre-paid customers contributed the balance 95.3%. During the quarter, Bharti's share of 8,352,615 net additions was 15.9% of all India wireless subscriber net additions.
The average monthly churn for the quarter ended December 31, 2009 was 1.9% (1.0% voluntary churn and 0.9% company

initiated churn) for its post-paid segment, and 6.5% for the pre-paid segment.

During the quarter blended ARPU was Rs. 230 (US$ 4.9) per month as compared to Rs. 252 (US$ 5.4) per month in the quarter ended September 30, 2009. The blended monthly usage per customer, during the quarter was at 446 minutes. The Average rate per minute during the quarter was Rs. 0.52 . 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 11.0% of the total revenues of the segment. The Short Messaging Services (SMS) revenue, which is primarily text messaging, accounted for 6.0% of the total revenue of the segment, for the quarter ended December 31, 2009.

Revenues, EBITDA and EBIT
The revenues for the quarter ended December 31, 2009 for mobile services stood at Rs. 79,618 million, an increase of 0.3% 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 December 31, 2009 was Rs. 24,178 million representing decline of 3% over the quarter ended December 31, 2008. The EBITDA margin for the quarter ended December 31, 2009 was 30.4%. The EBIT for the quarter ended December 31, 2009 was Rs. 16,303 million as compared to Rs. 18,407 million for the quarter ended December 31, 2008, a decline of 11%.

Capital Expenditure
During the quarter ended December 31, 2009, the company incurred a capital expenditure of Rs. 7,743 million (US$ 166 million) on its mobile services.

<u>Telemedia Services</u>

Customer Base and ARPU
At the end of the quarter ended December 31, 2009, the company had its Telemedia operations in 95 cities. During the quarter, the company added 60,291 customers on its Telemedia networks with 2,988,545 customers as on December 31, 2009. The company had approximately 1.24 million customers (41.5% of the total customer base) subscribing to broadband (DSL) services.

The ARPU for the quarter was Rs. 964 (US$ 20.6) per month.

Revenues, EBITDA and EBIT
For the quarter ended December 31, 2009, the revenues from its Telemedia operations of Rs 8,550 million, represented a growth of 1% over the corresponding quarter last year. The EBITDA for the quarter was Rs. 3,944 million compared to Rs. 3,531 million in the corresponding prior year quarter, an increase of 11.7%. The EBITDA margin for this segment was 46.1% for the quarter ended December 31, 2009. The EBIT for the quarter ended December 31, 2009 was Rs 2,077 million.

Capital Expenditure
During the quarter ended December 31, 2009, the company incurred a capital expenditure of Rs. 1,761 million (US$ 38 million) on its Telemedia services.

<u>Enterprise Services</u>

Revenues, EBITDA and EBIT
The revenues for the quarter ended December 31, 2009 for Enterprise services stood at Rs 20,546 million, a decrease of 5.8% over the corresponding quarter last year. The revenue from this segment contributed to 21% of the total consolidated revenues. The EBITDA during the quarter ended December 31, 2009 was Rs 10,035 million, an increase of 2% over the corresponding quarter last year. The EBITDA margin for the quarter ended December 31, 2009 was 48.8%. The EBIT for the quarter ended December 31, 2009 was Rs 8,222 million as compared to Rs 8,259 million for the quarter ended December 31, 2008, a decline of 0.4%.

Capital Expenditure
During the quarter ended December 31, 2009, the company incurred a capital expenditure of Rs. 3,337 million (US $71 million) on its Enterprise Services.

<u>Passive Infrastructure Services - Infratel</u>

Towers and Sharing Operators
As at the end of the quarter, the company had 29,806 towers. Sharing factor for the quarter ended December 31, 2009 was 1.57 times.

Revenues, EBITDA and EBIT
For the quarter ended December 31, 2009, the revenues from its passive infrastructure services were Rs. 9,267 million. The EBITDA for the quarter ended December 31, 2009 was Rs 4,269 million. The EBITDA margin for the quarter ended December 31, 2009 was 46.1%. The EBIT for the quarter ended December 31, 2009 was Rs. 803 million.

Capital Expenditure
During the quarter ended December 31, 2009, the company incurred a capital expenditure of Rs. 1,926 million (US $41 million) on its passive infrastructure services.

SECTION 6

STOCK MARKET HIGHLIGHTS

6.1 General Information

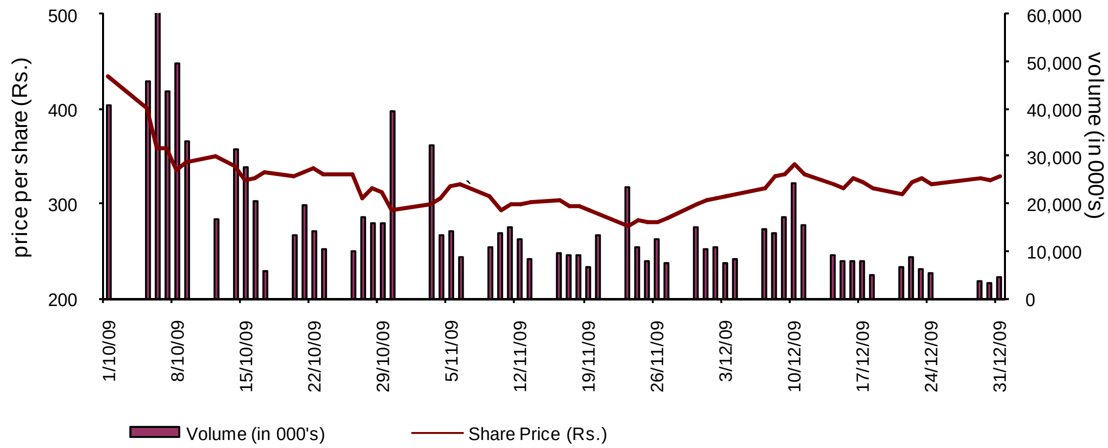
Shareholding and Financial Data		
Code/Exchange		532454/BSE
Bloomberg/Reuters		BHARTI IN/BRTI.BO
No. of Shares Outstanding (31/12/09)	Million Nos.	3,796.95
Closing Market Price - BSE (31/12/09)	Rs./Share	328.80
Combined Volume (NSE & BSE) (01/10/09-31/12/09)	No. in Mn/day	16.52
Combined Value (NSE & BSE) (01/10/09-31/12/09)	Rs. bn./day	5.49
Market Capitalization	Rs. bn	1,248
Market Capitalization	US$ bn	26.74
Book Value Per Equity Share	Rs./share	98.02
Market Price/Book Value	Times	3.35
Net Debt to EBITDA (LTM)[11]	Times	0.12
Enterprise Value	Rs. bn	1,268
Enterprise Value	US$ bn	27.16
Enterprise Value/ Annualised Q3 Revenue	Times	3.24
Enterprise Value/ Annualised Q3 EBITDA	Times	8.10

Note 11: Net Debt to EBITDA (LTM) for the period amounts to Nil, exclusive of fully and compulsory convertible, non-cumulative, unsecured and interest free Debentures.

6.2 Summarized Shareholding pattern as of December 31, 2009

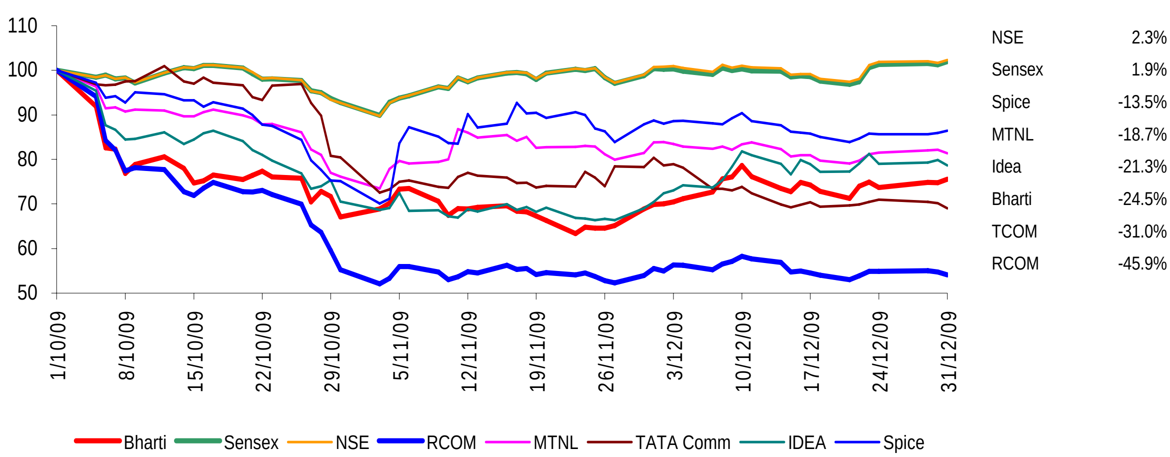
Category	Number of Shares	%
Promoter & Promoter Group		
Indian	1,725,513,056	45.45%
Foreign	850,280,286	22.39%
Sub total	**2,575,793,342**	**67.84%**
Public Shareholding		
Institutions	966,433,310	25.45%
Non-institutions	254,725,328	6.71%
Sub total	**1,221,158,638**	**32.16%**
Total	**3,796,951,980**	**100.00%**

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



Source: Bloomberg

6.4 Comparison of Domestic Telecom stock movement with Sensex and Nifty



Source: Bloomberg

SECTION 7

Use of Non-GAAP Financial Information

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

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

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

7.1 Reconciliation of Non-GAAP financial information based on USGAAP

7.1.1 Consolidated

Amount in Rs million

Particulars	Quarter Ended December 2009	Nine Months Ended December 2009
Operating Income To EBITDA		
Operating Income	**23,709**	**77,517**
Depreciation and Amortization	15,403	44,529
EBITDA	**39,112**	**122,046**
Operating Income to Cash Profit from Operations		
Operating Income	**23,709**	**77,517**
Depreciation and Amortization	15,403	44,529
Interest income	4,738	13,186
Interest expense	(2,970)	(9,241)
Cash Profit from Operations	**40,881**	**125,992**
Operating Income to EBIT		
Operating Income	**23,709**	**77,517**
Less:		
Non operating expenses	44	179
Add:		
Other income	223	818
EBIT	**23,889**	**78,157**
Total Revenue to Net Revenue		
Total Revenue	**97,722**	**295,593**
Less:		
Access charges	11,166	33,236
Net Revenue	**86,556**	**262,357**
Income before Income taxes to Income after current tax expense		
Income before Income taxes	25,716	82,393
Less:		
Current tax expense	5,369	17,275
Income after current tax expense	**20,347**	**65,118**

7.1.1 Consolidated (cont.)

Amount in Rs million

Particulars	As at December 31, 2009	As at December 31, 2009
Total Non Current Assets		
Property and equipment, net	434,285	434,285
Acquired intangible assets, net	12,785	12,785
Goodwill	27,054	27,054
Investment in associates and joint ventures	203	203
Restricted cash, non-current	15	15
Other assets	9,450	9,450
Total Non Current Assets	**483,793**	**483,793**

Particulars	As at December 31, 2009	As at December 31, 2009
Total Non Current Liabilities		
Long-term debt, net of current portion	43,251	43,251
Deferred taxes on income	1,142	1,142
Unearned income- Indefeasible right to use sales	3,117	3,117
Other liabilities	5,872	5,872
Total Non Current Liabilities	**53,382**	**53,382**

7.1.2 Mobile Services

Amount in Rs million

Particulars	Quarter Ended December 31, 2009	Nine Months Ended December 31, 2009
Operating Income To EBITDA		
Operating Income	**16,118**	**53,171**
Depreciation and Amortization	8,060	24,050
EBITDA	**24,178**	**77,221**
Operating Income to EBIT		
Operating Income	**16,118**	**53,171**
Add:		
Other income	184	548
EBIT	**16,303**	**53,719**

7.1.3 Telemedia Services

Amount in Rs million

Particulars	Quarter Ended December 31, 2009	Nine Months Ended December 31, 2009
Operating Income To EBITDA		
Operating Income	**2,065**	**5,715**
Depreciation and Amortization	1,879	5,359
EBITDA	**3,944**	**11,074**
Operating Income to EBIT		
Operating Income	**2,065**	**5715**
Add:		
Other income	12	35
EBIT	**2,077**	**5750**

7.1.4 Enterprise Services

Amount in Rs million

Particulars	Quarter Ended December 31, 2009	Nine Months Ended December 31, 2009
Operating Income To EBITDA		
Operating Income	**8,161**	**25,998**
Depreciation and Amortization	1,874	5,306
EBITDA	**10,035**	**31,304**
Operating Income to EBIT		
Operating Income	**8,161**	**25,998**
Add:		
Other income	61	315
EBIT	**8,222**	**26,313**

7.1.5 Others

Amount in Rs million

Particulars	Quarter Ended December 31, 2009	Nine Months Ended December 31, 2009
Operating Income To EBITDA		
Operating Income	**(3,486)**	**(9,008)**
Depreciation and Amortization	1,011	2,063
EBITDA	**(2,475)**	**(6,945)**
Operating Income To EBIT		
Operating Income	**(3,486)**	**(9,008)**
Less:		
Non operating expenses	44	177
Add:		
Other Income	7	27
EBIT	**(3,523)**	**(9,158)**

7.1.6 Passive Infrastructure Services

Amount in Rs million

Particulars	Quarter Ended December 31, 2009	Nine Months Ended December 31, 2009
Operating Income To EBITDA		
Operating Income	**801**	**1,635**
Depreciation and Amortization	3,468	10,211
EBITDA	**4,269**	**11,846**
Operating Income To EBIT		
Operating Income	**801**	**1,635**
Less:		
Non operating expenses	0	1
Add:		
Other Income	2	31
EBIT	**803**	**1,665**

7.2 Schedules to Financial Statements

7.2.1 Schedule of Cost of services

Amount in Rs million

Particulars	Quarter Ended December 31, 2009	Nine Months Ended December 31, 2009
Access charges	11,166	33,236
Licence fees, revenue share and spectrum charges	9,935	30,283
Network operations costs	19,813	56,616
Employee costs	4,007	12,901
Depreciation and Amortization (excluding intangibles)	14,938	43,130
Cost of Services	**59,859**	**176,166**

7.2.2 Schedule of Operating expenses

Amount in Rs million

Particulars	Quarter Ended December 31, 2009	Nine Months Ended December 31, 2009
Network operations costs	19,813	56,616
Equipment costs	144	373
Employee costs	4,007	12,901
Selling, general and administrative costs	13,545	40,138
Operating Expenses	**37,509**	**110,028**

7.2.3 Schedule of Depreciation and Amortization

Amount in Rs million

Particulars	Quarter Ended December 31, 2009	Nine Months Ended December 31, 2009
Fixed Assets	14,718	42,403
Licence Fees	181	517
ESOP	328	1,061
Intangibles	176	548
Depreciation and Amortization	**15,403**	**44,529**

7.2.4 Schedule of Net debt

Amount in Rs million

Particulars	As at December 31, 2009	As at December 31, 2009
Long term debt, net of current portion	43,251	43,251
Short-term borrowings and current portion of long-term debt	52,572	52,572
Less:		
Cash and cash equivalents	5,039	5,039
Restricted cash	84	84
Restricted cash, non-current	15	15
Short term investments	71,372	71,372
Net Debt [12]	**19,313**	**19,313**

Note 12: Net Debt for the period amounts to Nil, 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 December 31, 2009	Nine Months Ended December 31, 2009
Interest on borrowings	579	2,155
Finance charges	316	853
Finance income	(1,178)	(3,646)
Derivatives and exchange fluctuation	(1,486)	(3,308)
Finance cost (net)	**(1,769)**	**(3,946)**

7.2.6 Schedule of Income tax

Amount in Rs million

Particulars	Quarter Ended December 31, 2009	Nine Months Ended December 31, 2009
Current tax expense	5,369	17,275
Deferred tax expense / (income)	(2,177)	(6,768)
Income tax expense	**3,192**	**10,507**

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			Nine Months Ended		
	Dec. 2009	Dec. 2008	Y-on-Y Growth	Dec. 2009	Dec. 2008	Y-on-Y Growth
Revenues						
Services	96,149	95,987	0%	291,175	269,504	8%
Indefeasible right to use sales	1,304	109		3,911	327	
Equipment Sales	270	238	13%	508	1,539	-67%
Total Revenues	**97,722**	**96,334**	**1%**	**295,593**	**271,370**	**9%**
Operating Expenses						
Cost of Services	(59,858)	(55,842)	7%	(176,166)	(154,893)	14%
(Inclusive of depreciation and amortization)						
Costs of Equipment sales	(144)	(225)	-36%	(373)	(1,274)	-71%
Selling, general & administrative expenses	(14,011)	(13,519)	4%	(41,537)	(37,835)	10%
(Inclusive of amortization of intangibles)						
Total Operating Expense	**(74,013)**	**(69,586)**	**6%**	**(218,076)**	**(194,002)**	**12%**
Operating Income	**23,709**	**26,748**	**-11%**	**77,517**	**77,368**	**0%**
Interest expense	(2,970)	(10,011)		(9,241)	(24,408)	
Interest income	4,738	8,107		13,186	14,931	
Share of (loss)/profits in associates / joint ventures	58	(451)		290	(657)	
Other income	223	239	-7%	818	1,097	-25%
Non operating expenses	(43)	(3)		(178)	(164)	
Income before Income Taxes	**25,716**	**24,629**	**4%**	**82,393**	**68,167**	**21%**
Income tax expense	(3,192)	(2,558)		(10,507)	(4,593)	
Net income	**22,524**	**22,071**	**2%**	**71,886**	**63,574**	**13%**
Net income attributable to non controlling interest	426	478		1,411	1,268	
Net income attributable to Bharti	22,098	21,593	2%	70,475	62,306	13%
Net Income	**22,524**	**22,071**	**2%**	**71,886**	**63,574**	**13%**
Earnings per share for profit attributable to common shareholders						
Basic[13]	5.83	5.69		18.58	16.43	
Diluted[13]	5.83	5.69		18.57	16.42	
Weighted average number of shares used in computing earnings per share						
Weighted average number of common shares (in millions)[13]	3,793	3,792		3,793	3,792	
Weighted average number of diluted shares (in millions)[13]	3,794	3,794		3,794	3,795	

Note 13: Adjusted for the share split approved by shareholders on 11th July 2009 for all the periods shown above.

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

Amount in Rs. Million

Particulars	As at December 31, 2009
ASSETS	
Cash and cash equivalents	5,039
Accounts receivable, net of allowances for doubtful debts	13,752
Unbilled receivables	10,042
Inventories	797
Short term investments	71,372
Deferred taxes on income	9,576
Derivative financial instruments	5,849
Restricted cash	84
Pre-paid expenses and other current assets	21,175
Due from related parties	8,923
Total Current Assets	**146,610**
Property and equipment, net	434,285
Acquired intangible assets, net	12,785
Goodwill	27,054
Investment in associates and joint ventures	203
Restricted cash, non-current	15
Other assets	9,451
Total Assets	**630,404**
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities	
Short-term borrowings and current portion of long-term debt	52,572
Trade payables	25,670
Equipment supply payables	45,746
Accrued expenses	27,174
Unearned income	28,736
Unearned income- Indefeasible right to use sales	292
Derivative financial instruments	537
Due to related parties	32
Other current liabilites	11,298
Deferred taxes on income	412
Total current liabilities	**192,469**
Long-term debt, net of current portion	43,251
Deferred taxes on income	1,142
Unearned income- Indefeasible right to use sales	3,117
Other liabilities	5,872
Total liabilities	**245,851**
Stockholders' equity	
Common stock	18,985
Advances against equity	39
Additional paid in capital	76,133
Treasury stock	(90)
Retained earnings	276,697
Accumulated other comprehensive income (loss)	415
Total stockholders' equity	**372,179**
Non Controlling Interest	12,374
Total Equity	**384,553**
Total liabilities and stockholders' equity	**630,404**

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

Amount in Rs. Million

Particulars		Quarter ended December 31, 2009	Nine Months ended December 31, 2009
Cash flows from operating activities			
Net income	**a**	**22,098**	**70,475**
Add: Non Cash items	**b**		
Depreciation and amortization		15,403	44,529
Tax expense / (income)		3,192	10,507
Impact of fair valuation of financial instruments		(1,766)	(3,954)
Cash generated from operations before working capital changes	**c=a+b**	**38,927**	**121,557**
(Increase)/decrease in working capital		(4,117)	(8,726)
(Increase)/decrease in non-current assets		2,061	239
Increase/(decrease) in non-current liabilities		(1,699)	(1,768)
Net cash provided/(used) by/in operating activities	**d**	**(3,755)**	**(10,255)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(16,891)	(66,770)
(Investment) / sale in associate		6	(76)
Net cash provided/(used) by/in investing activities	**e**	**(16,885)**	**(66,846)**
Cash flows from financing activities			
Increase/(decrease) in borrowings		(7,474)	(14,696)
Increase/(decrease) in Stockholders Equity		982	(2,415)
Net cash provided/(used) by/in financing activities	**f**	**(6,492)**	**(17,111)**
Cash and cash equivalents[14]			
Beginning of the period	**g**	64,716	49,166
End of the period	**h=c+d+e+f +g**	76,511	76,511

Note 14: 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				
	Dec-09	Sep-09	Jun-09	Mar-09	Dec-08
Total Revenues	97,722	98,455	99,416	98,245	96,334
Access and interconnection charges	11,166	10,699	11,371	14,149	13,426
Operating Expenses	37,509	36,118	36,401	33,474	33,426
Licence Fee	9,935	10,222	10,126	10,608	10,030
EBITDA	39,112	41,416	41,518	40,014	39,450
Cash profit from operations after Derivative and Exchange Fluctuations	40,881	40,988	44,123	37,878	37,546
Income before income taxes	25,716	26,589	30,088	24,906	24,629
Net income	22,098	23,210	25,167	22,393	21,593

	Dec-09	Sep-09	Jun-09	Mar-09	Dec-08
As a % of Total Revenues					
Access and interconnection charges	11.4%	10.9%	11.4%	14.4%	13.9%
Operating Expenses	38.4%	36.7%	36.6%	34.1%	34.7%
Licence Fee	10.2%	10.4%	10.2%	10.8%	10.4%
EBITDA	40.0%	42.1%	41.8%	40.7%	41.0%
Cash profit from operations after Derivative and Exchange Fluctuations	41.8%	41.6%	44.4%	38.6%	39.0%
Income before income taxes	26.3%	27.0%	30.3%	25.4%	25.6%
Net income	22.6%	23.6%	25.3%	22.8%	22.4%

A.2.2 *Based on Balance Sheet*

Amount in Rs. Million

Parameters	As at				
	Dec-09	Sep-09	Jun-09	Mar-09	Dec-08
Stockholder's Equity	372,179	349,091	329,876	303,945	281,233
Net Debt	19,313	42,108	47,790	69,635	64,923
Capital Employed = Stockholder's equity + Net Debt	391,492	391,199	377,666	373,580	346,156

Parameters	Dec-09	Sep-09	Jun-09	Mar-09	Dec-08
Return on Stockholder's equity (LTM)	28.4%	30.3%	31.8%	32.6%	34.1%
Return on Capital Employed (LTM)	24.1%	26.0%	28.5%	30.8%	32.5%
Net Debt to EBITDA (LTM) [15]	0.12	0.26	0.30	0.46	0.45
Assets Turnover ratio (LTM)	97.5%	102.3%	105.5%	106.2%	107.7%
Interest Coverage ratio (times)	67.55	56.40	49.34	45.84	40.54
Book Value Per Equity Share (in Rs)	98.02	91.9	86.9	80.1	74.1
Net debt to Stockholders' Equity (Times) [15]	0.05	0.12	0.14	0.23	0.23
Per share data (for the period)					
Net profit/(loss) per common share (in Rs)[16]	5.83	6.12	6.64	5.90	5.69
Net profit/(loss) per diluted share (in Rs)[16]	5.83	6.12	6.63	5.90	5.69
Market Capitalization (Rs. bn)	1,248	1,589	1,523	1,188	1,357
Enterprise Value (Rs. bn)	1,268	1,631	1,570	1,253	1,422

Note 15: Net Debt to EBITDA (LTM) for the period amounts to Nil and Net Debt to Stockholders Equity amounts to Nil, exclusive of fully and compulsory convertible, non-cumulative, unsecured and interest free Debentures.
Note 16: Adjusted for the share split approved by shareholders on 11th July 2009 for all the periods shown above.

A.2.3 Bharti's Three Line Graph

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

The parameters considered for the three-line graph are:

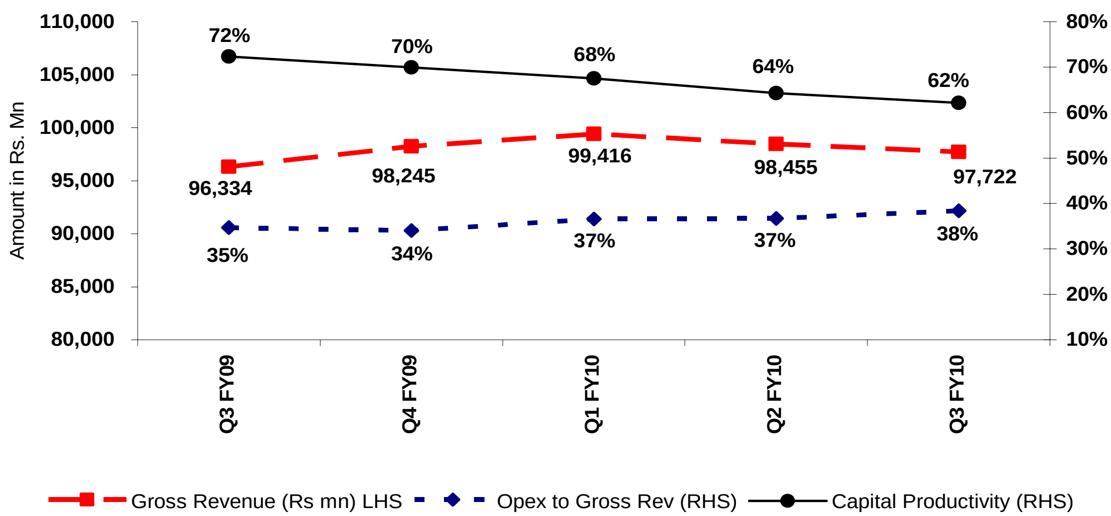
1. Gross Revenues i.e. absolute turnover/sales

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

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

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

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



A.2.4 Operational Performance

Parameters	Unit	Dec. 31, 2009	Sept. 30, 2009	June 30, 2009	March 31, 2009	Dec. 31, 2008
Consolidated						
Customers	000's	121,853	113,440	105,196	96,649	88,270
Employees	No.	18,201	18,598	23,789	24,538	25,553
Mobile services						
Customers	000's	118,864	110,511	102,368	93,923	85,651
Pre-paid customers as a % of total customers	%	95.3%	95.2%	94.7%	94.2%	93.5%
Post-paid customers as a % of total customers	%	4.7%	4.8%	5.3%	5.8%	6.5%
Bharti's mobile subscribers market share[17]	%	22.7%	23.4%	24.0%	24.0%	24.7%
Average Revenue Per User (ARPU)	Rs.	230	252	278	305	324
Average Rate Per Minute (ARPM)	Rs	0.52	0.56	0.58	0.63	0.64
Average Minutes of Use Per User	Minutes	446	450	478	485	505
Post-paid Voluntary Churn	%	1.0%	0.9%	1.2%	1.2%	1.1%
Post-paid Company Initiated Churn	%	0.9%	1.0%	1.3%	1.4%	1.2%
Pre-paid Churn	%	6.5%	4.6%	3.5%	3.2%	2.9%
SMS Revenue as a % of Total Mobile Revenues	%	6.0%	4.9%	4.3%	3.7%	4.1%
Employees	No.	7,185	7,322	7,646	7,832	8,115
Telemedia Services						
Customers	000's	2,989	2,928	2,828	2,726	2,619
Average Revenue Per User (ARPU)	Rs.	964	989	1,027	1,071	1,098
Employees	No.	4,473	4,705	9,514	10,022	10,827
Enterprise Services						
Employees	No.	3,046	3,191	3,364	3,646	3,701
Others						
Employees	No.	2,655	2,604	2,539	2,418	2,330
Passive Infrastructure Services						
Employees [18]	No.	842	776	726	620	580

Note 17: All India mobile subscribers for the month of October 2009 and November 2009 are as per report published by TRAI. Due to the non publication of TRAI report for December 2009 as on date, all India mobile subscriber net additions for December 2009 are based on COAI reportings and estimated for all other operators not reporting their subscribers through COAI.

A.2.5 Traffic, Coverage and Network Trends

Parameters	Unit	Dec. 31, 2009	Sept. 30, 2009	June 30, 2009	March 31, 2009	Dec. 31, 2008
Mobile Services	Mn Min	153,241	143,680	140,713	130,669	123,626
Telemedia Services	Mn Min	4,576	4,796	4,746	4,737	4,750
National Long Distance Services	Mn Min	13,944	12,417	11,781	11,690	11,609
International Long Distance Services	Mn Min	3,100	3,181	2,869	2,772	2,603
Total Minutes on Network [19]	**Mn Min**	**174,861**	**164,074**	**160,109**	**149,867**	**142,588**

Note 19: The minutes are gross of inter-segment eliminations

Parameters	Unit	Dec. 31, 2009	Sept. 30, 2009	June 30, 2009	March 31, 2009	Dec. 31, 2008
Mobile Services						
Census Towns	No.	5,078	5,072	5,067	5,060	5,057
Non-Census Towns and Villages	No.	433,851	429,723	423,149	414,906	401,882
Population Coverage	%	84%	83%	82%	81%	79%
Network Sites	No.	102,190	99,501	96,149	93,368	88,319
Telemedia Services						
Cities covered	No.	95	95	95	95	95
Enterprise Services (National Long Distance)						
Optic Fibre Network	RKms	118,337	113,326	104,540	101,337	90,205

A.2.6 Passive Infrastructure Services

A.2.6.1 Bharti Infratel

Parameters	Unit	Dec. 31, 2009	Sept. 30, 2009	June 30, 2009	March 31, 2009	Dec. 31, 2008
Total Towers[20]	No.	29,806	29,112	28,078	27,548	61,355
Key Indicators						
Sharing Revenue per Sharing Operator per month	Rs.	38,107	36,696	36,420	33,586	31,488
Sharing Factor	Times	1.57	1.49	1.43	1.34	1.34

Note 20: Total towers as on December 31, 2009, September 30, 2009, June 30, 2009 and March 31, 2009 are excluding 35,066 towers in 12 circles for which the right of use has been assigned to Indus with effect from 1st Jan 2009

A.2.6.2 Indus Towers

Parameters	Unit	Dec. 31, 2009	Sept. 30, 2009	June 30, 2009	March 31, 2009	Dec. 31, 2008
Total Towers[21]	No.	102,696	100,728	97,925	95,154	-
Key Indicators						
Sharing Factor	Times	1.66	1.61	1.55	1.48	-

Note 21: Bharti Infratel holds 42% in Indus towers

A.3 Key Accounting Policies as per US GAAP

1. Joint Ventures

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

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

2. Property and equipment

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

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

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

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

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

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

3. Goodwill

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

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

The Group adopted ASC 350-10 (SFAS No. 142, "Goodwill and Other Intangible Assets" ('SFAS 142')) which sets forth the accounting for goodwill and intangible assets subsequent to their acquisition. ASC 350-10 (SFAS 142) requires that goodwill and indefinite-lived intangible assets be allocated to the reporting unit level, which the Group defines as each circle. ASC 350-10 (SFAS 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 ASC 350-10 (SFAS 142) is performed in two phases. The first step of the impairment test, used to identify potential impairment, compares the fair value of the reporting unit with its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds its fair value, goodwill of the reporting unit is considered impaired, and step two of the impairment test must be performed. The second step of the impairment test quantifies the amount of the impairment loss by comparing the carrying amount of goodwill to the implied fair value. An impairment loss is recorded to the extent the carrying amount of goodwill exceeds its implied fair value.

4. Foreign currency transactions

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

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

5. Capital leases

Lessee accounting

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

Lessor accounting

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

6. Impairment of long – lived assets and intangible assets

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

7. Revenue recognition

(i) Service revenues

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

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

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

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

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

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

(ii) Equipment sales

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

(iii) Multiple element arrangements

The Group enters into certain multiple-element revenue arrangements which involve the delivery or performance of multiple products, services or rights to use assets including VSAT and internet equipment, internet and satellite services, set top boxes and subscription fees on DTH, indefeasible right to use and hardware and equipment maintenance. The Group evaluates all deliverables in an arrangement to determine whether they represent separate units of accounting at the inception of the arrangement in accordance with ASC 605-25 (EITF 00-21 "Revenue Arrangements with Multiple Deliverables").

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

8. License fees

Licenses signed prior to NTP - 99

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

Licenses signed under NTP - 99

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

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

UASL Licenses & license fees

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

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

9. Other intangible assets

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

- Software is capitalized at the amounts paid to acquire the respective license for use and is amortized over the period of such license, not exceeding three years. Software upto Rs. 500 (thousand) is written off in the year placed in service.
- Bandwidth capacities are capitalized at the amounts paid to acquire the capacities and are amortized over the period of the agreement subject to a maximum of 18 years.
- Brands are valued using the Royalty Relief approach and are amortized on a straight-line basis over the period of expected benefit, not exceeding the life of the licenses and are written off in their entirety when no longer in use.
- Customer relationships reflect the estimated fair value of the customer accounts acquired from which the Group can expect to derive future benefits over the estimated life.
- Distribution networks reflect the fair value of the estimated benefit and are amortized over an estimated useful life of three years.
- The fair value of licenses are valued using the Market Value Approach. The licenses are amortized over the remaining license period
- Noncompete clauses are fair valued based on the actual and projected business plans and are amortized on a straight-line basis over the remaining period of license.

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

10. Income-taxes

In accordance with the provisions of ASC 740-10 (SFAS 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.

ASC 815-10 (SFAS No. 133, ''Accounting for Derivative Instruments and Hedging Activities'' ('SFAS 133')), 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 ASC 410-20 (SFAS 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 services business. The Group has determined these as integral equipment. Under the agreements, title is not transferred to the lessee. The transactions are therefore recorded as operating lease agreements. Direct expenditures incurred in connection with agreements are capitalized and expensed off over the term of the agreement. The contracted sales price is primarily paid in advance and is recognized as revenue during the period of the agreement. IRU Sales not recognized in consolidated statements of income, net of amount recognizable within one year is recorded as unearned income in non-current liability and amount recognizable within one year is recorded as unearned income in the current liabilities. Cashless swap of IRU where either the fair value of the equipment relinquished can not be reasonably determined or the group has continuing involvement with the equipment transferred are accounted for at costs.

15. Allowance for uncollectible accounts receivable

The allowance for uncollectible accounts receivable reflects management's best estimate of probable losses inherent in the accounts receivable balance. Management primarily determines the allowance based on the aging of accounts receivable balances and historical write-off experience, net of recoveries. The Group provides for amounts outstanding for more than 90 days in case of active subscribers and for all amounts outstanding from customers who have been deactivated as reduced by security deposits, or in specific cases where management is of the view that the amounts are not recoverable. The Group provides for receivables outstanding for more than 105 days for site sharing debtors for passive infrastructure. For receivables due from the other operators on account of their NLD and ILD traffic, IUC and roaming charges, the Group provides for amounts outstanding for more than 120 days from the date of billing net of any amounts payable to the operators pertaining to the same period or in specific cases where management is of the view that the amounts are not recoverable. Amounts due from debtors that have been outstanding, though fully provided, are evaluated on a regular basis by the management and are written off, if as a result of such evaluation, it is determined that these amounts will not be collected.

16. Issuance of Stock by Subsidiaries

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

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

Amount in Rs million

Particulars	Quarter ended December 31, 2009	Nine Months ended December 31, 2009
	Audited	Audited
Service Revenue	102,823	310,372
Sales of Goods	227	528
Total Income	**103,050**	**310,901**
Profit before Finance Expenses /(Income) (Net), Depreciation, Amortization, Pre-operative Expenditure,Charity and Donation, Taxation and Other Income	**41,364**	**127,800**
Finance expenses (net)	(1,319)	(3,283)
Depreciation and Amortization	15,915	45,283
Amortisation	874	2,639
Share of profits/ (Loss) in associates / joint ventures	(10)	(16)
Other Income	226	793
Charity and Donation	44	179
Profit Before tax	**26,067**	**83,759**
Tax Expenses/ (Income)		
-Current Tax	2,677	8,266
-Deferred Tax	594	2,695
Profit After Tax	**22,796**	**72,798**
Minority Interest	427	1,408
Profit for the period	**22,369**	**71,390**

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

Amount in Rs million

Particulars	Quarter ended December 31, 2009	Nine Months ended December 31, 2009
Net profit / (loss) as per US GAAP	**22,098**	**70,475**
Add: Differences on account of:		
Being difference in revenue recognition	29	93
Differences in accounting for finance charges	880	2,779
Differential depreciation provided in IGAAP due to forex fluctuations not considered in US GAAP	116	283
Minority Interest and loss of Joint Venture	25	(0)
Less: Differences on account of:		
Amortisation of Goodwill/ Intangibles	203	604
License fee amortisation	146	438
Remeasurement of financial instruments not applicable in IGAAP	397	896
Minority Interest and loss of Joint Venture		
Deferred Tax expense	32	298
Consolidation of ESOP trust	0	4
Net profit/(loss) as per Indian GAAP	**22,369**	**71,390**

GLOSSARY

Technical and Industry Terms

Company Related	
Access and Interconnection Charges / Total Revenues	Access and interconnection charges for the relevant period divided by total revenues for the relevant period.
AGR	Adjusted Gross Revenues. Used for computing the License Fees and WPC charges payable by an Access Provider and have been provisionally defined as gross revenue of the Access Provider net of access charges actually paid to other telecom service providers, roaming revenues passed on to other telecom service providers and service tax and sales tax actually paid to the Government, if the same had been included in the Gross Income.
ARPU (for Mobile and Telemedia Services)	Average revenue per customer per month is computed by: dividing the total revenues, excluding equipment sales during the relevant period by the average customers; and dividing the result by the number of months in the relevant period.
ARPM (Average Rate Per Minute)	Average Rate Per Minute is computed by: Dividing the total revenues by total minutes.
Asset Turnover	Asset Turnover is defined as total revenues, for the preceding (last) 12 months from the end of the relevant period, divided by average assets. Asset is defined as the sum of non current assets and net current assets. Net current assets are computed by subtracting current liabilities from current assets. Average assets are calculated by considering average of quarterly average for the preceding (last) four quarters from the end of the relevant period.
Average Minutes of Use per user	Average minutes of usage per customer per month is calculated by dividing the total minutes of usage (incoming, outgoing and in-roaming) on our network during the relevant period by the average customers; and dividing the result by the number of months in the relevant period.
Average Sharing Operators	Average Sharing Operators are derived by computing the average of the monthly average sharing operators for the relevant period
Average Customers	Average customers are derived by computing the average of the monthly average customers for the relevant period.
Average Towers	Average towers are derived by computing the average of the monthly average towers for the relevant period
Book Value Per Equity Share	Total stockholder’s equity as at the end of the relevant period divided by issued and outstanding equity shares as at the end of the relevant period.
Capital Employed	Capital Employed is defined as sum of stockholder’s equity and net debt.
Cash Profit From Operations	It is not a US GAAP measure and is defined as operating income adjusted for depreciation and amortization, pre-operating costs, interest expense and interest income.
Cell	Cell means the radio frequency coverage area of a site in radio access network which is part of a cellular mobile telephone network
Churn	Churn is calculated by dividing the total number of disconnections during the relevant period by the average customers; and dividing the result by the number of months in the relevant period. Post-paid churn has been subdivided into: a) Voluntary: indicating the number of subscribers who opt out of the network at their own behest. b) Company initiated churn: indicating the number of subscribers whose churn is initiated by the company due to non-payment.
Customers Per Employee	Number of customers on networks of a business unit as at end of the relevant period divided by number of employees in the respective business unit as at end of the relevant period.
DTH	Direct to Home broadcast service
Earnings Per Basic Share.	It is computed by dividing net income attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.
Earnings Per Diluted Share	The calculation of Net Profit/ (loss) per diluted share adjusts net profit or loss and the weighted average number of ordinary shares outstanding, to give effect to all dilutive potential ordinary shares that were outstanding during the year.

	Net profit or loss attributable to ordinary shareholders is adjusted for the after-tax effect of the following: (1) dividends on potential ordinary shares (for example, dilutive convertible preferred shares); (2) interest recognized on potential ordinary shares (for example, dilutive convertible debt); and (3) any other changes in income or expense resulting from the conversion of dilutive potential ordinary shares (e.g., an entity's contribution to its non-discretionary employee profit-sharing plan may be revised based on changes in net profit due to the effects of items discussed above).
EBITDA	Earnings/ (loss) before interest, taxation, depreciation and amortization. It is not a US GAAP measure and is defined as operating income adjusted for depreciation and amortization and pre-operating costs.
EBITDA Margin or EBITDA / Total Revenues	It is computed by dividing EBITDA for the relevant period by total revenues for the relevant period.
EBIT	Earnings / (Loss) before interest, taxation and share of Profit/ (Loss) on JV for the relevant period. It is equivalent to Income/ (loss) before interest income, interest expense, taxes and share of Profit / (Loss) on JV.
Gross Revenue per Employee per month	It is computed by dividing the Gross Revenue (net of inter-segment eliminations) by the closing number of employees in a given business unit and number of months in the relevant period.
ILD	International Long Distance Services.
Income/(loss) after current tax expense	It is not a US GAAP measure and is defined as Income/ (loss) before taxation adjusted for current tax expense.
Interest Coverage Ratio	EBITDA for the relevant period divided by interest on borrowing for the relevant period.
Investments in projects	The investment in projects comprises gross fixed assets, intangible assets, capital work in progress, gross goodwill, investment in JV's and one-time entry fee paid towards acquisition of licenses.
ICT	Information Communication Technology
IPTV	Internet Protocol TV. IPTV is the method of delivering and viewing television programmes using an IP transmission and service infrastructure, which can deliver digital television to the customers. IPTV when offered using an IP network and high speed broadband technology becomes interactive because of availability of return path and is capable of providing Video on Demand (VOD), time shifted television and many other exciting programmes.
LTM	Last twelve months.
Market Capitalization	Number of issued and outstanding shares as at end of June 30, 2009 multiplied by closing market price (BSE) as at end of June 30, 2009.
MoU	Minutes of Usage. Duration in minutes for which a customer uses the network. It is typically expressed over a period of one month.
MPLS	MPLS stands for Multi Protocol Label Switching network created on SDH platform. It simplifies the configuration and management of larger networks as point to point connections are not required.
Network Site	Comprises of Base Transmission System (BTS) which holds the radio transreceivers (TRXs) that define a cell and coordinates the radio links protocols with the mobile device. It includes all the Ground based, Roof top and In Building Solutions as at the end of the period.
Net Debt	It is not a US GAAP measure and is defined as the long-term debt, net of current portion plus short-term borrowings and current portion of long-term debt minus cash and cash equivalents, restricted cash, restricted cash non-current, short-term investments and investments as at the end of the relevant period.
Net Debt to EBITDA	It is computed by dividing net debt as at the end of the relevant period by EBITDA for preceding (last) 12 months from the end of the relevant period.
Net Debt to Stockholder's Equity	It is computed by dividing net debt as at the end of the relevant period by stockholder's equity as at the end of the relevant period.
Net Revenues	It is not a US GAAP measure and is defined as total revenues adjusted for access charges for the relevant period.
NLD	National Long Distance Services.
Non Voice Revenue as a % of consolidated revenue	It is computed by dividing the total non-voice revenue of the company (consolidated) by the total revenues for the relevant period. Non-voice revenues include VAS Revenues for Mobile, VAS and Internet Revenues for Telemedia Services, Bandwidth Revenue for Long Distance Services, and Bandwidth and Internet Revenues for Enterprise Services.

Non Voice Revenue as a % of Mobile Revenue	It is computed by dividing the total non voice revenue of mobile services by the total revenues of mobile services for the relevant period. Non voice revenue for mobile services includes revenues from value added services (including SMS, GPRS, MMS, Ring Back Tones etc.).
Operating Income	Operating Income is defined as total revenues less total operating expenses for the relevant period.
POI	The geographical location where two networks interconnect and exchange traffic
POP	Point of Presence. POP means a technical arrangement made by the National Long Distance Service Operator under which it can accept outgoing calls from and deliver terminating calls to the area required to be served from such Point of Presence.
Post-Paid Services	The provision of mobile services, wherein the subscribers pay for usage including airtime, rental value added services, access and interconnection charges and any other applicable charges at the end of the billing period.
Pre-Paid Services	The provision of mobile services wherein subscribers pay a fixed amount, which is valid for a certain period, for usage including airtime, value added services, access and interconnection charges and any other applicable charges prior to commencement of service.
Return On Capital Employed (ROCE)	For the full year ended March 31, 2006, 2007, 2008 and 2009, ROCE is computed by dividing the sum of net profit and finance cost (net) for the period by average (of opening and closing) capital employed. For the quarterly computation, it is computed by dividing the sum of net profit and finance cost (net) for the preceding (last) 12 months from the end of the relevant period by average capital employed. Average capital employed is calculated by considering average of quarterly average for the preceding (last) four quarters from the end of the relevant period.
Return On Stockholder's Equity	For the full year ended March 31, 2006, 2007, 2008 and 2009, it is computed by dividing net profit for the period by the average (of opening and closing) Stockholder's equity. For the quarterly computations, it is computed by dividing net profit for the preceding (last) 12 months from the end of the relevant period by the average Stockholder's equity for the preceding (last) 12 months. Average Stockholder's equity is calculated by considering average of quarterly average for the preceding (last) four quarters from the end of the relevant period.
SDH	Synchronous Digital Hierarchy. It is a standard technology for synchronous data transmission on optical media, and provide faster and less expensive network interconnection.
Sharing revenue per Sharing Operator per month	It is computed by dividing gross revenue less energy and other pass through, from Passive Infrastructure services by average sharing operators.
Sharing factor	It is computed by dividing average sharing operators by average towers
Total Towers	It is the sum of ground based towers, 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
IN	Intelligent Network
ISP	Internet Service Provider
IUC	Interconnection Usage Charges.
LDCA	Long Distance Charging Area
MNO	Mobile Network Operator
MNP	Mobile Number Portability
NLDO	National Long Distance Operator
Paging Channel	Paging Channel means a signaling control channel in a CDMA network
PLMN	Public Land Mobile Network
PSTN	Public Switch Telephone Network
SDCA	Short Distance Charging Area
SDCCH	Stand-alone Dedicated Control Channel or SDCCH means, a GSM control channel for signaling purposes
TCH	Traffic Channel or TCH means, a logical channel in a GSM or CDMA network which carries either encoded speech or user data
TDSAT	Telecom Disputes Settlement & Appellate Tribunal.
TEC	Telecom Engineering Centre.
TRAI	Telecom Regulatory Authority of India.
UASL	Unified Access Service License.
USOF	Universal Service Obligation Fund.

Others (Industry)

BSE	The Stock Exchange, Mumbai
GSM	Global System for Mobile Communications.
IGAAP	Generally Accepted Accounting Principles in India.
NSE	The National Stock Exchange of India Limited.
Sensex	Sensex is a stock index introduced by The Stock Exchange, Mumbai in 1986.
SMS	Short Messaging Service.
USGAAP	United States Generally Accepted Accounting Principles.

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