

## BHARTI AIRTEL LIMITED

Registered Office: Qutab Ambience, H-5/12, Mehrauli Road, New Delhi – 110030

Financial results for the first quarter (Q1) ended June 30, 2006

1. Un-audited consolidated summarised financial results of Bharti Airtel Limited and its subsidiaries prepared as per United States Generally Accepted Accounting Principles (US GAAP)

*(Amount in Rs. crore, except ratios)*

Particulars	Quarter Ended	Quarter Ended	Y-o-Y Growth
	June 2006	June 2005	
Total revenues	3,856.36	2,517.27	53%
EBITDA	1,502.14	940.70	60%
Cash profit from operations	1,333.00	925.83	44%
Earnings/(loss) before taxation	859.91	598.01	44%
Current tax expense/ (income)	109.41	51.11	
Earnings/(loss) after current tax expense	750.50	546.90	37%
Deferred tax expense / (income)	(14.20)	30.40	
Net profit / (loss)	755.09	509.94	48%
EBITDA / Total revenues	39.0%	37.4%	

2. Audited consolidated summarised financial results of Bharti Airtel Limited and its subsidiaries prepared as per Indian Generally Accepted Accounting Principles (IGAAP)

*(Amount in Rs. crore)*

Particulars	Quarter ended	Quarter ended	Year ended
	June 30, 2006	June 30, 2005	March 31, 2006
	Audited	Audited	Audited
Service Revenue	3,806.03	2,480.76	11,539.26
Sales of Goods	9.46	32.83	124.82
Other Income	26.62	13.80	61.41
<b>Total Income</b>	<b>3,842.11</b>	<b>2,527.39</b>	<b>11,725.49</b>
<b>Profit including Other Income and before Finance Expenses /(Income) (Net), Depreciation, Amortisation, Pre-operative Expenditure, Charity and Donation and Taxation</b>	<b>1,524.79</b>	<b>954.68</b>	<b>4,225.00</b>
Finance expenses (net)	64.21	55.68	224.41
Depreciation	469.19	314.74	1,481.92
Amortisation	45.25	36.68	159.96
Preoperative Expenditure Written off	0.87	0.63	2.97
Charity & Donation	0.06	0.09	10.25
<b>Profit Before tax</b>	<b>945.21</b>	<b>546.86</b>	<b>2,345.49</b>
MAT credit	3.75	-	-
Tax Expenses/ (Income)			
- Current tax	108.41	47.71	177.39
- Fringe Benefit Tax	4.75	3.52	19.76
- Deferred tax	(6.80)	18.35	93.74
<b>Profit After Tax</b>	<b>842.60</b>	<b>477.28</b>	<b>2,054.60</b>
Minority Interest	11.21	6.81	26.65
<b>Profit for the period</b>	<b>831.39</b>	<b>470.47</b>	<b>2,027.95</b>

3. **Summary of differences in net profit/ (loss) between US GAAP (Un-audited) and Indian GAAP (Audited)**

*(Amount in Rs. crore)*

Particulars	Quarter Ended
	June 30, 2006
<b>Net profit / (loss) as per US GAAP [Un-audited]</b>	<b>755.09</b>
<b>Add: Differences on account of:</b>	
Differences in accounting for finance charges	106.05
Differential depreciation provided in IGAAP due to forex fluctuations not considered in US GAAP	5.20
<b>Less: Differences on account of:</b>	
Deferred Tax expense	7.40
Minority Interest and loss of Joint Venture	1.37
Amortisation of Goodwill/ Intangibles	6.69
Being difference in revenue recognition	4.21
License fee amortisation	14.73
Remeasurement of financial instruments not applicable in IGAAP	0.55
<b>Net profit/(loss) as per Indian GAAP [Audited]</b>	<b>831.39</b>

4. **Bharti Airtel Limited - Audited financial results for the first quarter (Q1) ended June 30, 2006 as per Indian GAAP (as Stand alone entity)**

(Amount in Rs. crore, except per share data)

S. No.	Particulars	Quarter Ended June 30,		Year ended
		2006	2005	March 31, 2006
		Audited	Audited	Audited
1	Net Sales/ Income from Operations	3,682.47	2,413.31	11,228.68
2	Other Income	18.09	10.80	61.90
	<b>Total Revenue</b>	<b>3,700.56</b>	<b>2,424.11</b>	<b>11,290.58</b>
3	<b>Total Expenditure</b>	<b>2,273.54</b>	<b>1,533.74</b>	<b>7,346.85</b>
	(a) Increase/ (Decrease) in stock in trade*	-	-	-
	(b) Consumption of raw materials*	-	-	-
	(c) Staff Cost	235.60	164.92	788.16
	(d) Other Expenditure	2,037.94	1,368.82	6,558.69
4	Interest	65.48	56.21	225.60
5	Depreciation	451.25	305.53	1,432.35
6	<b>Profit/(Loss) before tax</b>	<b>910.29</b>	<b>528.63</b>	<b>2,285.78</b>
7	MAT credit	3.75	-	-
8	<b>Provision for Taxation</b>	<b>99.66</b>	<b>66.91</b>	<b>273.71</b>
	-Current Tax	101.62	45.49	166.52
	-Fringe Benefit Tax	4.61	3.41	19.05
	-Deferred Tax	(6.57)	18.01	88.14
9	<b>Net profit/(loss) after tax</b>	<b>814.38</b>	<b>461.72</b>	<b>2,012.07</b>
10	Paid-up equity share capital (Face value Rs.10/- each)	1,895.24	1,876.18	1,893.88
11	Reserves excluding revaluation reserves	6,299.04	3,492.01	5,449.55
12	<b>Earnings per share (in Rs.)</b>			
	a.Basic	4.298	2.471	10.692
	b.Diluted	4.283	2.435	10.605
		Not annualised	Not annualised	
13	<b>Aggregate of public shareholding</b>			
	a. Number of shares	1,035,255,537	1,012,042,596	1,032,592,576
	b. Percentage	54.62%	54.02%	54.52%
	<b>Items exceeding 10% of total expenditure</b>			
	(a) License Fees & Spectrum Charges (Revenue Share)	328.22	236.92	1,079.67
	(b) Access & Interconnection Charges	652.50	478.81	2,151.92
	(c) Network Operating Expenses	419.17	234.58	1,140.88
	(d) Sales & Marketing	252.23	183.55	801.36
	(e) Staff Cost	235.60	164.92	788.16
	(f) Administration & others	329.85	190.50	1,196.44

\*Item 3(a) & 3(b) are not applicable

- The above financial results for the first quarter (Q1 06-07) ended June 30, 2006 have been reviewed by the Audit Committee and approved by the Board of Directors in its meeting held on July 26, 2006 at New Delhi.
- During the quarter, the Company allotted 13,62,261 Equity Shares upon conversion of USD 7.292 Million Zero Coupon Convertible Bonds due 2009 (FCCBs) issued by the Company vide its Offering Circular dated May 12, 2004. Outstanding FCCBs as on date are USD 12.952 Million.
- Segment wise revenue, results and capital employed have been provided separately under Segment Reporting. The consolidated financial statement has been furnished to provide information about overall business of the Company and its subsidiaries.
- Previous year's figures have been regrouped/rearranged to conform to current period's classification.
- There were no pending complaints at the beginning of the quarter. During the quarter the Company received 3 complaints, which were resolved successfully.
- Reserves & surplus as at June 30, 2006 include Rs. 16.83 crores towards employee stock option outstanding (net of the related deferred cost) account.
- During the quarter the company has divested Rs. 0.495 crores of its investment in the JV Forum 1 Aviation Limited reducing its shareholding in the JV from 16.67% to 14.29%.
- Effective April 1, 2006 the Company has started deferring activation revenue and related direct activation costs (including the cost of telephone instruments and modems provided to customers) not exceeding the activation revenue, over the related estimated customers relationship period. Telephone instruments and modems provided to customers, considered as part of direct activation cost are treated as inventory, and not fixed assets as in the earlier years. Consequently, the service revenue, total expenditure(including license fees), depreciation and net profit for the period is lower by Rs 40.76 crores, Rs 6.52 crores, Rs. 28.34 crores and Rs. 5.90 crores respectively.

5. Segment Reporting - Audited as per Indian GAAP (as Stand alone entity)

(Amount in Rs. crore)

Particulars	Quarter Ended June 30, 2006	Quarter Ended June 30, 2005	Year ended March 31, 2006
	Audited	Audited	Audited
<b>1. Segment Revenue</b>			
Net sale/income from each segment			
a) Mobile Services	2,688.41	1,681.07	7,927.67
b) Broadband & Telephone Services	514.52	341.97	1,507.44
c) Enterprise Services - Carriers	709.48	521.33	2,462.78
d) Enterprise Services - Corporates	177.06	125.07	603.10
e) Others	1.44	0.22	7.60
<b>Total</b>	<b>4,090.91</b>	<b>2,669.66</b>	<b>12,508.59</b>
Less: Inter Segment Eliminations	(390.35)	(245.55)	(1,218.01)
<b>Net sales/Income</b>	<b>3,700.56</b>	<b>2,424.11</b>	<b>11,290.58</b>
<b>2. Segment Results</b>			
Profit/(Loss) before tax and interest from each segment			
a) Mobile Services	639.40	358.27	1,609.59
b) Broadband & Telephone Services	39.71	36.31	62.60
c) Enterprise Services - Carriers	255.18	165.06	776.78
d) Enterprise Services - Corporates	71.73	45.48	193.52
e) Others	(30.25)	(20.28)	(131.11)
<b>Total</b>	<b>975.77</b>	<b>584.84</b>	<b>2,511.38</b>
Less: Inter Segment Eliminations	-	-	-
<b>Total profit/(loss) before tax and interest</b>	<b>975.77</b>	<b>584.84</b>	<b>2,511.38</b>
Less :			
i) Interest	65.48	56.21	225.60
ii) Other Un-allocable Expenditure net off Un-allocable income	-	-	-
<b>Total profit before tax</b>	<b>910.29</b>	<b>528.63</b>	<b>2,285.78</b>
<b>3. Capital Employed</b> (Segment assets - Segment liabilities)			
a) Mobile Services	4,224.36	2,590.81	3,324.41
b) Broadband & Telephone Services	2,486.11	1,603.49	2,242.66
c) Enterprise Services - Carriers	1,622.32	733.34	1,313.48
d) Enterprise Services - Corporates	281.47	278.32	495.54
e) Others	(235.38)	232.18	60.48
<b>Total</b>	<b>8,378.88</b>	<b>5,438.14</b>	<b>7,436.57</b>

**Notes:**

- During the quarter the Company has refined the basis of segment accounting of revenues and costs relating to certain activities including data bandwidth and infrastructure. Consequently, revenues, results, assets and liabilities of Broadband and Telephone Service segment are higher by Rs.82.77 crores, Rs.59.85 crores, Rs. 206.87 crores and Rs.227.16 crores respectively; revenues of Enterprises Corporate segment are lower by Rs.7.86 crores and results and assets are higher by Rs. 35.94 crores and Rs.324.57 crores respectively; revenues, results and assets of Enterprise Carriers segment are lower by Rs. 92.14 crores, Rs.74.76 crores and Rs.198.64 crores respectively and liabilities are higher by Rs.105.63 crores and results of Mobile Services segment are lower by Rs.21.03 crores. However, there is no impact on consolidated revenues and results due to these changes.

For Bharti Airtel Limited

New Delhi  
July 26, 2006

Sunil Bharti Mittal  
Chairman & Managing Director

"Bharti Airtel", or "the Company" wherever stated stands for Bharti Airtel Limited.  
For more details on the financial results, please visit our website [www.bhartiairtel.in](http://www.bhartiairtel.in)