

BHARTI AIRTEL LIMITED

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

Financial results for the second quarter and half year ended September 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			Half Year Ended		
	September 2006	September 2005	Y-o-Y Growth	September 2006	September 2005	Y-o-Y Growth
Total revenues	4,357.14	2,709.10	61%	8,213.50	5,226.37	57%
EBITDA	1,702.45	1,021.14	67%	3,204.59	1,961.84	63%
Cash profit from operations	1,643.71	936.68	75%	2,976.72	1,862.50	60%
Income before income taxes	1,078.20	579.55	86%	1,938.11	1,177.56	65%
Current tax expense	119.53	41.01		228.95	92.12	
Income after current tax expense	958.67	538.54	78%	1,709.16	1,085.44	57%
Deferred tax expense	18.26	10.42		4.07	40.81	
Net income	933.82	520.91	79%	1,688.91	1,030.85	64%
EBITDA / Total revenues	39.1%	37.7%		39.0%	37.5%	

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 September 30, 2006	Quarter ended September 30, 2005	Half Year Ended September 30, 2006	Half Year Ended September 30, 2005	Year ended March 31, 2006
	Audited	Audited	Audited	Audited	Audited
	Service Revenue	4,309.74	2,695.95	8,115.77	5,176.71
Sales of Goods	19.53	32.15	28.99	64.98	124.82
Total Income	4,329.27	2,728.10	8,144.76	5,241.69	11,664.08
Profit before Finance Expenses /(Income) (Net), Depreciation, Amortisation, Pre-operative Expenditure, Charity and Donation, Taxation and other income	1,687.92	1,017.18	3,186.09	1,958.05	4,163.59
Finance expenses (net)	83.40	59.57	147.61	115.25	224.41
Depreciation	564.73	348.80	1,033.93	663.53	1,481.92
Amortisation	45.24	36.80	90.49	73.48	159.96
Other Income	33.76	14.60	60.38	28.41	61.41
Preoperative Expenditure Written off	0.23	0.57	1.09	1.21	2.97
Charity & Donation	5.12	0.10	5.18	0.18	10.25
Profit Before tax	1,022.96	585.94	1,968.17	1,132.81	2,345.49
MAT credit	2.07	-	5.82	-	-
Tax Expenses/ (Income)					
- Current tax	115.26	36.72	223.67	84.43	177.39
- Fringe Benefit Tax	6.35	4.36	11.10	7.88	19.76
- Deferred tax	19.00	30.49	12.21	48.84	93.74
Profit After Tax	884.42	514.37	1,727.01	991.66	2,054.60
Minority Interest	5.58	7.21	16.79	14.02	26.65
Profit for the period	878.84	507.16	1,710.22	977.64	2,027.95

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

(Amount in Rs. crore)

Particulars	Quarter Ended	Half Year Ended
	September 30, 2006	September 30, 2006
Net income as per US GAAP	933.82	1,688.91
Add: Differences on account of:		
Minority Interest and loss of Joint Venture	1.20	(0.17)
Differential depreciation provided in IGAAP due to forex fluctuations not considered in US GAAP	4.34	9.52
Less: Differences on account of:		
Amortisation of Goodwill/ Intangibles	6.77	13.46
Being difference in revenue recognition	13.74	17.95
License fee amortisation	14.73	29.46
Differences in accounting for finance charges	24.46	(81.60)
Remeasurement of financial instruments not applicable in IGAAP	0.08	0.63
Deferred Tax expense	0.74	8.14
Net profit as per Indian GAAP	878.84	1710.22

4. **Bharti Airtel Limited - Audited financial results for the second quarter and half year ended September 30, 2006 as per Indian GAAP (as Stand alone entity)**

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

S. No.	Particulars	Quarter Ended September 30,		Half Year Ended September 30,		Year ended
		2006	2005	2006	2005	March 31, 2006
		Audited	Audited	Audited	Audited	Audited
1	Net Sales/ Income from Operations	4,180.91	2,625.94	7,863.38	5,039.24	11,228.68
2	Other Income	32.07	14.10	50.16	24.90	61.90
	Total Revenue	4,212.98	2,640.04	7,913.54	5,064.14	11,290.58
3	Total Expenditure	2,561.48	1,676.29	4,835.02	3,210.03	7,346.85
	(a) Increase/ (Decrease) in stock in trade*	-	-	-	-	-
	(b) Consumption of raw materials*	-	-	-	-	-
	(c) Staff Cost	265.44	196.10	501.04	361.02	788.16
	(d) Other Expenditure	2,296.04	1,480.19	4,333.98	2,849.01	6,558.69
4	Interest	85.59	57.07	151.07	113.28	225.60
5	Depreciation	541.40	338.28	992.65	643.81	1,432.35
6	Profit/(Loss) before tax	1,024.51	568.40	1,934.80	1,097.02	2,285.78
7	MAT credit	2.07	-	5.82	-	-
8	Provision for Taxation	138.23	67.97	237.89	134.87	273.71
	-Current Tax	114.26	34.35	215.88	79.83	166.52
	-Fringe Benefit Tax	6.13	4.20	10.74	7.61	19.05
	-Deferred Tax	17.84	29.42	11.27	47.43	88.14
9	Net profit/(loss) after tax	888.35	500.43	1,702.73	962.15	2,012.07
10	Paid-up equity share capital (Face value Rs.10/- each)	1,895.49	1,884.06	1,895.49	1,884.06	1,893.88
11	Reserves excluding revaluation reserves	7,201.24	4,168.31	7,201.24	4,168.31	5,449.55
12	Earnings per share (in Rs.)					
	a. Basic	4.687	2.665	8.985	5.137	10.692
	b. Diluted	4.678	2.665	8.961	5.101	10.605
13	Aggregate of public shareholding					
	a. Number of shares	739,839,495	1,022,770,896	739,839,495	1,022,770,896	1,032,592,576
	b. Percentage	39.03%	54.29%	39.03%	54.29%	54.52%
14	Items exceeding 10% of total expenditure					
	(a) License Fees & Spectrum Charges (Revenue Share)	375.71	263.86	703.93	500.78	1,079.67
	(b) Access & Interconnection Charges	728.03	487.02	1,380.53	965.83	2,151.92
	(c) Network Operating Expenses	468.07	269.20	887.24	503.78	1,140.88
	(d) Sales & Marketing	264.10	190.50	516.33	374.05	801.36
	(e) Staff Cost	265.43	196.10	501.03	361.02	788.16
	(f) Administration & others	434.27	224.23	764.12	414.73	1,196.44

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

- The above financial results for the second quarter and half year ended on September 30, 2006 have been reviewed by the Audit Committee in its meeting held on October 26, 2006 and approved by the Committee of the Board of Directors in its meeting held on October 27, 2006 at New Delhi.
- The Company has during the quarter ended September 30, 2006 allotted 2,43,608 Equity Shares upon conversion of USD 1.304 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, after the aforesaid conversion are USD 11.648 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.
- There were no investors' complaints pending as on July 1, 2006. All the 14 complaints received during the quarter were resolved and no complaints were outstanding as on September 30, 2006.
- Previous year's figures have been regrouped / rearranged to conform to current period's classification.
- Pursuant to the ESOP Scheme 2005, the Company has allotted 7575 Equity Shares to the employees of the Company upon exercise of stock options on October 16, 2006.

7. For the reasons mentioned in Para 2 and 6, the paid-up equity share capital of the Company stand increased from Rs. 1895.24 crore to Rs. 1895.49 crore.
8. Reserves and surplus as at September 30, 2006 include Rs. 25.25 crores towards employee stock option outstanding (net of the related deferred cost) account.
9. During the half year ended September 30, 2006, the company has subscribed to 43,750,000 shares of Bharti Hexacom Limited (BHL) pursuant a rights issue made by BHL for an aggregate consideration of Rs. 87.50 crores resulting in increase in its stake from 68.5% to 68.89% .
10. Effective April 1, 2006, the company has started deferring activation revenue and related activation cost, not exceeding the activation revenue, over the related estimated customer relationship period. Consequently, the service revenue , total expenditure, license fee and profit before tax for half year ended September 30, 2006 are lower by Rs 74.47 crores, Rs. 41.89 crores, Rs. 8.67 crores, and Rs. 23.90 crores respectively.
11. Till June 30, 2006, the Company depreciated assets costing less than Rs. 5000 at 100% at the time of deployment. On a reconsideration to align its accounting policy with business objective, the company while retaining the depreciation at 100% has decided to apply it on a per annum basis i.e. over 12 months from deployment. Consequently, depreciation for quarter and half year (other than in respect of telephone instruments and modems as explained in notes below) ending September 30, 2006 is lower by Rs 20.90 crores and Rs 38.95 crores respectively and profit before tax higher by the same amount.
12. During the current quarter, company has reclassified customer premises equipments (CPE), comprising telephone instruments, modems and fixed wireless terminals as fixed assets in line with policy upto March 31, 2006 (this was changed to inventory in last quarter). Consequent impact on account of change in the accounting treatment as per note no 11 above and the reclassification of CPE's from inventory to fixed assets is a higher depreciation for quarter and half year ended September 30, 2006 of Rs 22.34 crores, lower total expenditure of Rs. 79.35 crores and an increase in profit by Rs 57.01 crores.
13. During the current quarter, Gross Revenue is lower due to a one time reversal of Rs. 29.21 crores resulting from non adherence of certain laid down company policies which also led to an additional provision of bad and doubtful debts amounting to Rs. 23.98 crores.

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

(Amount in Rs. crore)

Particulars	Quarter Ended September 30,		Half Year Ended September		Year ended
	2006	2005	2006	2005	March 31, 2006
	Audited	Audited	Audited	Audited	Audited
1. Segment Revenue					
Net sale/income from each segment					
a) Mobile Services	3,144.18	1,828.24	5,832.59	3,509.31	7,927.67
b) Broadband & Telephone Services	525.50	367.64	1,040.02	709.61	1,507.44
c) Enterprise Services - Carriers	832.78	557.87	1,542.26	1,079.20	2,462.78
d) Enterprise Services - Corporates	199.43	145.38	376.49	270.45	603.10
e) Others	0.65	3.67	2.09	3.89	7.60
Total	4,702.55	2,902.80	8,793.46	5,572.46	12,508.59
Less: Inter Segment Eliminations	(489.56)	(262.76)	(879.91)	(508.32)	(1,218.01)
Net sales/Income	4,212.98	2,640.04	7,913.54	5,064.14	11,290.58
2. Segment Results					
Profit/(Loss) before tax and interest from each segment					
a) Mobile Services	772.02	414.61	1,411.42	772.88	1,609.59
b) Broadband & Telephone Services	14.36	36.55	54.07	72.86	62.60
c) Enterprise Services - Carriers	293.66	146.76	548.84	311.82	776.78
d) Enterprise Services - Corporates	68.44	51.14	140.17	96.62	193.52
e) Others	(38.38)	(23.59)	(68.63)	(43.88)	(131.11)
Total	1,110.11	625.47	2,085.88	1,210.30	2,511.38
Total profit/(loss) before tax and interest	1,110.11	625.47	2,085.88	1,210.30	2,511.38
Less :					
i) Interest	85.59	57.07	151.07	113.28	225.60
ii) Other Un-allocable Expenditure net off Un-allocable income	-	-	-	-	-
Total profit before tax	1,024.51	568.40	1,934.80	1,097.02	2,285.78
3. Capital Employed					
(Segment assets - Segment liabilities)					
a) Mobile Services	5,037.47	2,887.08	5,037.47	2,887.08	3,324.41
b) Broadband & Telephone Services	2,766.29	1,736.05	2,766.29	1,736.05	2,242.66
c) Enterprise Services - Carriers	1,564.24	825.91	1,564.24	825.91	1,313.48
d) Enterprise Services - Corporates	343.67	227.84	343.67	227.84	495.54
e) Others	(500.09)	444.43	(500.09)	444.43	60.48
Total	9,211.58	6,121.31	9,211.58	6,121.31	7,436.57

Notes:

- Beginning April 01, 2006, the Group 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. 174.43 crores, Rs. 123.95 crores, Rs. 392.09 crores and Rs. 268.14 crores respectively; revenues of Enterprises Corporate segment are lower by Rs. 45.55 crores and results, assets and liabilities are higher by Rs. 54.27 crores, Rs. 318.81 crores and Rs. 225.99 crores respectively; revenues, results and assets of Enterprise Carriers segment are lower by Rs. 157.05 crores, Rs. 129.95 crores and Rs. 76.77 crores respectively and liabilities are higher by Rs. 91.70 crores and results and liabilities of Mobile Services segment are lower by Rs. 49.58 crores. Consequentially there is no impact on consolidated revenues, however, the results are lower by Rs. 1.31 crores

For Bharti Airtel Limited

New Delhi
October 27, 2006

Sd/-
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