

BHARTI AIRTEL LIMITED

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

Financial results for the third quarter and nine months ended December 31, 2006

1. 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			Nine Months Ended		
	December 2006	December 2005	Y-o-Y Growth	December 2006	December 2005	Y-o-Y Growth
	Un-audited	Un-audited		Audited	Un-audited	
Total revenues	4,912.92	3,025.60	62%	13,126.42	8,251.97	59%
EBITDA	2,005.45	1,120.04	79%	5,210.04	3,081.89	69%
Cash profit from operations	2,137.21	1,027.66	108%	5,113.93	2,890.17	77%
Income before income taxes	1,441.17	638.60	126%	3,379.28	1,816.16	86%
Current tax expense	127.27	53.40		356.22	145.52	
Income after current tax expense	1,313.90	585.20	125%	3,023.06	1,670.64	81%
Deferred tax expense	86.64	32.40		90.70	73.21	
Net income	1,215.13	545.33	123%	2,904.04	1,576.18	84%
EBITDA / Total revenues	40.8%	37.0%		39.7%	37.3%	

2. 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 December 31, 2006	Quarter ended December 31, 2005	Nine Months Ended December 31, 2006	Nine Months Ended December 31, 2005	Year ended March 31, 2006
	Audited	Audited	Audited	Audited	Audited
	Service Revenue	4,895.39	2,994.73	13,011.16	8,171.44
Sales of Goods	18.70	31.99	47.69	96.97	124.82
Total Income	4,914.09	3,026.72	13,058.85	8,268.41	11,664.08
Profit before Finance Expenses /(Income) (Net), Depreciation, Amortisation, Pre-operative Expenditure, Charity and Donation, Taxation and other income	2,016.32	1,116.27	5,202.41	3,074.31	4,163.59
Finance expenses (net)	58.99	72.09	206.59	187.34	224.41
Depreciation	715.48	379.79	1,749.41	1,043.32	1,481.92
Amortisation	35.73	43.08	126.23	116.56	159.96
Other Income	14.09	18.43	74.47	46.85	61.41
Preoperative Expenditure Written off	0.01	0.77	1.10	1.98	2.97
Charity & Donation	0.14	0.82	5.31	1.01	10.25
Profit Before tax	1,220.06	638.16	3,188.24	1,770.95	2,345.49
MAT credit	0.32	-	6.14	-	-
Tax Expenses/ (Income)					
- Current tax	132.99	48.52	356.65	132.95	177.39
- Fringe Benefit Tax	8.66	4.95	19.76	12.83	19.76
- Deferred tax	33.56	34.54	45.76	83.39	93.74
Profit After Tax	1,045.17	550.15	2,772.21	1,541.78	2,054.60
Minority Interest	11.83	6.61	28.62	20.63	26.65
Profit for the period	1,033.34	543.54	2,743.59	1,521.15	2,027.95

3. Summary of differences in net income/ profit between US GAAP and Indian GAAP.

(Amount in Rs. Crore)

Particulars	Quarter Ended	Nine Months
	December 31, 2006	December 31, 2006
Net income as per US GAAP	1,215.13	2,904.04
Add: Differences on account of:		
Minority Interest and loss of Joint Venture	0.59	0.42
Deferred Tax expense	59.32	51.18
Less: Differences on account of:		
Amortisation of Goodwill/ Intangibles	6.77	20.22
Being difference in revenue recognition	7.44	25.39
License fee amortisation	14.88	44.34
Differences in accounting for finance charges	189.76	108.16
Remeasurement of financial instruments not applicable in IGAAP	0.70	1.33
Differential depreciation provided in IGAAP due to forex fluctuations not considered in US GAAP	22.19	12.65
Net profit as per Indian GAAP	1,033.30	2,743.55

Note: Net income as per USGAAP for the quarter ended December 31, 2006 is as per un-audited financial statements and for the nine months ended December 31, 2006 is as per audited financial statements. Net income as per IGAAP for the quarter and nine months ended December 31, 2006 is as per audited financial statements.

4. **Bharti Airtel Limited - Audited financial results for the third quarter and nine months ended December 31, 2006 as per Indian GAAP (as Stand alone entity)**

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

S. No.	Particulars	Quarter Ended December 31,		Nine Months Ended December		Year ended
		2006	2005	2006	2005	March 31, 2006
		Audited	Audited	Audited	Audited	Audited
1	Net Sales/ Income from Operations	4,712.32	2,919.08	12,575.70	7,958.33	11,228.68
2	Other Income	11.36	16.95	61.52	41.85	61.90
	Total Revenue	4,723.68	2,936.03	12,637.22	8,000.18	11,290.58
3	Total Expenditure	2,767.83	1,875.02	7,602.85	5,085.05	7,346.85
	(a) Increase/ (Decrease) in stock in trade*	-	-	-	-	-
	(b) Consumption of raw materials*	-	-	-	-	-
	(c) Staff Cost	339.34	192.52	840.38	553.54	788.16
	(d) Other Expenditure	2,428.49	1,682.50	6,762.47	4,531.51	6,558.69
4	Interest	61.05	73.76	212.13	187.05	225.60
5	Depreciation	686.67	365.64	1,679.31	1,009.45	1,432.35
6	Profit/(Loss) before tax	1,208.13	621.61	3,142.93	1,718.63	2,285.78
7	MAT credit	0.32	-	6.14	-	-
8	Provision for Taxation	164.76	82.93	402.65	217.80	273.71
	-Current Tax	129.10	46.29	344.98	126.12	166.52
	-Fringe Benefit Tax	8.36	4.79	19.10	12.40	19.05
	-Deferred Tax	27.30	31.85	38.57	79.28	88.14
9	Net profit/(loss) after tax	1,043.69	538.68	2,746.42	1,500.83	2,012.07
10	Paid-up equity share capital (Face value Rs.10/- each)	1,895.74	1,890.06	1,895.74	1,890.06	1,893.88
11	Reserves excluding revaluation reserves	8,244.85	4,876.69	8,244.85	4,876.69	5,449.55
12	Earnings per share (in Rs.)					
	a. Basic	5.506	2.852	14.491	7.990	10.692
	b. Diluted	5.496	2.852	14.483	7.956	10.605
13	Aggregate of public shareholding					
	a. Number of shares	740,097,919	1,028,774,426	740,097,919	1,028,774,426	1,032,592,576
	b. Percentage	39.04%	54.43%	39.04%	54.43%	54.52%
14	Items exceeding 10% of total expenditure					
	(a) License Fees & Spectrum Charges (Revenue Share)	442.07	292.79	1,146.00	793.57	1,079.67
	(b) Access & Interconnection Charges	795.64	551.08	2,176.17	1,516.90	2,151.92
	(c) Network Operating Expenses	498.85	293.81	1,386.09	797.59	1,140.88
	(d) Sales & Marketing	247.63	197.14	763.96	571.19	801.36
	(e) Staff Cost	339.34	-	840.38	-	788.16
	(f) Administration & others	419.02	-	1,183.14	-	1,196.44

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

- The above financial results for the third quarter and nine months ended on December 31, 2006 have been reviewed by the Audit Committee in its meeting held on January 22, 2007 and approved by the Committee of the Board of Directors in its meeting held on January 23, 2007.
- During the quarter ended December 31, 2006 the company has allotted 2,18,199 equity shares upon conversion of USD 1.168 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 10.48 million.
- During the quarter ended December 31, 2006, the company has allotted 40,225 equity shares to the employees of the company upon exercise of stock options as per the ESOP Scheme 2005.
- Pursuant to the ESOP Scheme 2005, the company has also allotted 25,350 equity shares to the employees of the company upon exercise of stock options on January 3, 2007.
- For the reasons mentioned in para 2 and 3 the paid-up equity share capital of the company stand increased from Rs.1,895.49 crore to Rs.1,895.74 crore on December 31, 2006.
- For the reasons mentioned in para 4, the paid up equity share capital of the company stand increased from Rs. 1,895.74 crore to Rs.1,895.77 crore as on January 3, 2007.

7. There were no investors' complaints pending as on October 1, 2006. All the six complaints received during the quarter were resolved and no complaints were outstanding as on December 31, 2006.
8. During the quarter ended December 31, 2006 Bharti Airtel (USA) Limited, Bharti Airtel (UK) Limited, Bharti Airtel (Canada) Limited, Bharti Airtel (Hong Kong) Limited, have been incorporated as/ have become, the wholly owned subsidiaries of Bharti Airtel Limited. These companies have been incorporated for the business of providing international calling services and wholesale voice switching and data products in their respective countries. Bharti Airtel has made an investment of Rs. 6.92 crore (pending allotment) in the share capital of Bharti Airtel (USA) Limited.
9. During the quarter ended December 31, 2006, Bharti Infratel Limited has been incorporated as a wholly owned subsidiary with an initial investment of Rs. five lakh. The Board of Directors in its meeting held on January 22, 2007 approved a scheme of transfer of the towers for mobile communications and related passive infrastructure into Bharti Infratel Limited for enhanced operational efficiencies.
10. During the quarter ended December 31, 2006 Bharti Telemedia Limited was incorporated as a wholly owned subsidiary with an initial investment of Rs. five lakh. The Board of Directors at its meeting held on January 22, 2007 has approved commencement of Direct to Home (DTH) services through Bharti Telemedia Limited.
11. The Company has received a letter of offer from Telecommunications Regulatory Commission of Sri Lanka to provide 2G and 3G mobile services in Sri Lanka. This will be the first international operation of Bharti Airtel and is in line with the Company's plans to expand its telecom operations in the South Asian region.
12. 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.
13. Previous year's figures have been regrouped / rearranged to conform to current period's classification.
14. Reserves and surplus as at December 31, 2006 includes Rs. 25.78 crore towards employee stock option outstanding (net of the related deferred cost) account.
15. During the period ended December 31, 2006 the company has adopted Accounting Standard (AS) 15 revised for accounting of employee benefits. Pursuant to adoption of the revised AS, as per the transitional provisions, the additional liability of Rs. 6.70 crore up to March 31, 2006 has been adjusted against opening reserves and surplus.
16. Considering the actual usage, the company has revised the useful life of assets costing less than Rs. 5,000 from one month to one year with effect from April 1, 2006. Accordingly such assets, which were earlier depreciated over one-month are now being depreciated over a period of one year. In addition, the company has revised the economic useful life of certain class of plant and machinery. The net impact of these changes is not material to the results for nine months and quarter ended December 31, 2006.
17. 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 nine months ended December 31, 2006, are lower by Rs. 114.90 crore, Rs. 65.14 crore, Rs. 13.83 crore and Rs. 35.93 crore respectively.
18. The Board of directors at its meeting held on January 22, 2007 approved the acquisition of a submarine network cable system from Network i2i (jointly owned by Singtel and a Bharti group company) by way of purchase of all the assets or equity for an overall consideration of US\$ 110 million, subject to obtaining the requisite approvals.

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

(Amount in Rs. Crore)

Particulars	Quarter Ended December 31,		Nine Months Ended December		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	3,572.13	2,087.85	9,404.72	5,597.16	7,927.67
b) Broadband & Telephone Services	598.10	385.83	1,638.12	1,095.44	1,507.44
c) Enterprise Services - Carriers	931.83	632.82	2,474.09	1,712.02	2,462.78
d) Enterprise Services - Corporates	234.74	158.11	611.23	428.56	603.10
e) Others	0.23	3.03	2.32	6.93	7.60
Total	5,337.03	3,267.64	14,130.48	8,840.11	12,508.59
Less: Inter Segment Eliminations	(613.35)	(331.61)	(1,493.26)	(839.93)	(1,218.01)
Net sales/Income	4,723.68	2,936.03	12,637.22	8,000.18	11,290.58
2. Segment Results					
Profit/(Loss) before tax and interest from each segment					
a) Mobile Services	862.31	481.18	2,273.73	1,254.06	1,609.59
b) Broadband & Telephone Services	37.26	8.31	91.34	81.17	62.60
c) Enterprise Services - Carriers	330.10	180.00	878.95	491.82	776.78
d) Enterprise Services - Corporates	82.69	50.76	222.86	147.38	193.52
e) Others	(43.18)	(24.88)	(111.82)	(68.75)	(131.11)
Total	1,269.18	695.37	3,355.06	1,905.68	2,511.38
Total profit/(loss) before tax and interest	1,269.18	695.37	3,355.06	1,905.68	2,511.38
Less :					
i) Interest	61.05	73.76	212.13	187.05	225.60
ii) Other Un-allocable Expenditure net off Un-allocable income	-	-	-	-	-
Total profit before tax	1,208.13	621.61	3,142.93	1,718.63	2,285.78
3. Capital Employed					
(Segment assets - Segment liabilities)					
a) Mobile Services	5,534.81	3,083.09	5,534.81	3,083.09	3,324.41
b) Broadband & Telephone Services	2,782.78	1,928.81	2,782.78	1,928.81	2,242.66
c) Enterprise Services - Carriers	1,763.97	1,078.25	1,763.97	1,078.25	1,313.48
d) Enterprise Services - Corporates	398.02	454.25	398.02	454.25	495.54
e) Others	(281.94)	323.82	(281.94)	323.82	60.48
Total	10,197.64	6,868.22	10,197.64	6,868.22	7,436.57

Note:

1. During the nine months ended December 31, 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. 269.20 crore, Rs. 192.17 crore, Rs. 475.44 crore and Rs. 283.28 crore respectively; revenues of Enterprises Corporate segment are lower by Rs. 62.46 crore and results, assets and liabilities are higher by Rs. 88.37 crore, Rs. 267.46 crore and Rs. 226.44 crore respectively; revenues, results and assets of Enterprise Carriers segment are lower by Rs. 246.58 crore, Rs. 201.25 crore and Rs. 20.97 crore respectively and liabilities are higher by Rs. 132.85 crore and results and liabilities of Mobile Services segment are lower by Rs. 81.51 crore. Consequentially there is no impact on consolidated revenues and results.

For Bharti Airtel Limited

New Delhi
January 23, 2007

Rajan Bharti Mittal
Joint 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