

# BHARTI AIRTEL LIMITED

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

Financial results for the fourth quarter and full year ended March 31, 2007

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			Year Ended		
	March 2007	March 2006	Y-o-Y Growth	March 2007	March 2006	Y-o-Y Growth
	Un-audited	Un-audited		Audited	Audited	
Total revenues	<b>5,393.18</b>	3,411.33	58%	<b>18,519.60</b>	11,621.48	59%
EBITDA	<b>2,240.76</b>	1,278.22	75%	<b>7,450.80</b>	4,337.38	72%
Cash profit from operations	<b>2,193.04</b>	1,204.91	82%	<b>7,306.97</b>	4,086.21	79%
Income before income taxes	<b>1,506.76</b>	741.32	103%	<b>4,886.04</b>	2,536.61	93%
Current tax expense	<b>176.80</b>	51.31		<b>533.00</b>	177.26	
Income after current tax expense	<b>1,329.96</b>	690.01	93%	<b>4,353.04</b>	2,359.38	84%
Deferred tax expense/(income)	<b>(41.50)</b>	3.57		<b>49.20</b>	76.69	
Net income	<b>1,353.09</b>	682.31	98%	<b>4,257.15</b>	2,256.67	89%
EBITDA / Total revenues	<b>41.5%</b>	37.5%		<b>40.2%</b>	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 March 31, 2007	Quarter ended March 31, 2006	Year ended March 31, 2007	Year ended March 31, 2006
	Audited	Audited	Audited	Audited
Service Revenue	5,338.04	3,367.83	18,349.21	11,539.26
Sales of Goods	23.31	27.85	71.00	124.82
<b>Total Income</b>	<b>5,361.35</b>	<b>3,395.68</b>	<b>18,420.21</b>	<b>11,664.08</b>
<b>Profit before Finance Expenses /(Income) (Net), Depreciation, Amortisation, Pre-operative Expenditure, Charity and Donation, Taxation and other income</b>	<b>2,238.25</b>	<b>1,089.28</b>	<b>7,440.66</b>	<b>4,163.59</b>
Finance expenses (net)	42.25	37.07	248.85	224.41
Depreciation	699.25	438.60	2,448.70	1,481.92
Amortisation	44.16	43.40	170.40	159.96
Other Income	37.42	14.57	111.90	61.41
Preoperative Expenditure Written off	(0.25)	0.99	0.90	2.97
Charity & Donation	0.10	9.25	5.40	10.25
<b>Profit Before tax</b>	<b>1,490.16</b>	<b>574.53</b>	<b>4,678.31</b>	<b>2,345.49</b>
MAT credit	30.52	-	36.70	-
Tax Expenses/ (Income)				
- Current tax	177.01	44.43	533.70	177.39
- Fringe Benefit Tax	7.40	6.93	27.20	19.76
- Deferred tax expense/(income)	(1.89)	10.35	43.90	93.74
<b>Profit After Tax</b>	<b>1,338.16</b>	<b>512.82</b>	<b>4,110.21</b>	<b>2,054.60</b>
Minority Interest	19.60	6.03	48.20	26.65
<b>Profit for the period</b>	<b>1,318.56</b>	<b>506.79</b>	<b>4,062.01</b>	<b>2,027.95</b>

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

(Amount in Rs. Crore)

Particulars	Quarter Ended	Year Ended
	March 31, 2007	March 31, 2007
<b>Net income as per US GAAP</b>	<b>1,353.09</b>	<b>4,257.15</b>
<b>Add: Differences on account of:</b>		
Remeasurement of financial instruments not applicable in IGAAP	1.69	0.36
Differential depreciation provided in IGAAP due to forex fluctuations not considered in US GAAP	1.74	(10.82)
Differences in accounting for finance charges	4.44	(103.72)
<b>Less: Differences on account of:</b>		
Amortisation of Goodwill/ Intangibles	6.62	26.84
Being difference in revenue recognition	11.17	36.77
License fee amortisation	14.57	58.91
Minority Interest and loss of Joint Venture	0.89	0.47
Deferred Tax expense	9.15	(42.03)
<b>Net profit as per Indian GAAP</b>	<b>1,318.56</b>	<b>4,062.01</b>

Note: Net income as per USGAAP for the quarter ended March 31, 2007 is as per un-audited financial statements and for the full year ended March 31, 2007 is as per audited financial statements. Net income as per IGAAP for the quarter and full year ended March 31, 2007 is as per audited financial statements.

4. **Bharti Airtel Limited - Audited financial results for the fourth quarter and full year ended March 31, 2007 as per Indian GAAP (as Stand alone entity)**

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

S. No.	Particulars	Quarter Ended March 31,		Year Ended March 31,	
		2007	2006	2007	2006
		Audited	Audited	Audited	Audited
1	Net Sales/ Income from Operations	5,218.73	3,270.36	17,794.43	11,228.68
2	Other Income	32.04	20.05	93.56	61.90
	<b>Total Revenue</b>	<b>5,250.77</b>	<b>3,290.41</b>	<b>17,887.99</b>	<b>11,290.58</b>
3	<b>Total Expenditure</b>	<b>3,074.63</b>	<b>2,261.80</b>	<b>10,677.48</b>	<b>7,346.85</b>
	(a) Increase/ (Decrease) in stock in trade*	-	-	-	-
	(b) Consumption of raw materials*	-	-	-	-
	(c) Staff Cost	308.60	234.62	1,148.98	788.16
	(d) Other Expenditure	2,766.03	2,027.18	9,528.50	6,558.69
4	Interest	43.72	38.55	255.84	225.60
5	Depreciation	673.98	422.90	2,353.30	1,432.35
6	<b>Profit/(Loss) before tax</b>	<b>1,458.44</b>	<b>567.16</b>	<b>4,601.37</b>	<b>2,285.78</b>
7	MAT credit	12.60	-	18.71	-
8	<b>Provision for Taxation</b>	<b>184.20</b>	<b>55.92</b>	<b>586.86</b>	<b>273.71</b>
	-Current Tax	168.76	40.40	513.74	166.52
	-Fringe Benefit Tax	6.40	6.65	25.50	19.05
	-Deferred Tax	9.04	8.87	47.62	88.14
9	<b>Net profit/(loss) after tax</b>	<b>1,286.84</b>	<b>511.24</b>	<b>4,033.22</b>	<b>2,012.07</b>
10	Paid-up equity share capital (Face value Rs.10/- each)	1,895.93	1,893.88	1,895.93	1,893.88
11	Reserves excluding revaluation reserves	9,545.21	5,449.55	9,545.21	5,449.55
12	<b>Earnings per share (in Rs.)</b>				
	a. Basic	6.788	2.701	21.279	10.692
	b. Diluted	6.777	2.673	21.260	10.605
13	<b>Aggregate of public shareholding</b>				
	a. Number of shares	740,288,479	1,032,592,576	740,288,479	1,032,592,576
	b. Percentage	39.04%	54.52%	39.04%	54.52%
14	<b>Items exceeding 10% of total expenditure</b>				
	(a) License Fees & Spectrum Charges (Revenue Share)	492.43	286.10	1,638.43	1,079.67
	(b) Access & Interconnection Charges	919.68	635.01	3,095.86	2,151.92
	(c) Network Operating Expenses	535.32	343.29	1,921.41	1,140.88
	(d) Sales & Marketing	305.21	230.17	1,069.17	801.36
	(e) Staff Cost	308.60	234.62	1,148.98	788.16
	(f) Administration & others	477.83	481.50	1,660.97	1,196.44

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

- The above financial results for the fourth quarter and financial year ended on March 31, 2007 have been reviewed by the Audit Committee in its meeting held on April 26, 2007 and approved by the Board of Directors in its meeting held on April 27, 2007.
- During the quarter ended March 31, 2007 the company has allotted 65385 equity shares upon conversion of USD 350000 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 10.13 million.
- During the quarter ended March 31, 2007, the company has allotted 1,25,175 equity shares to the employees of the company upon exercise of stock options as per the ESOP Scheme 2005.
- For the reasons mentioned in para 2 and 3 the paid-up equity share capital of the company stand increased from Rs.1895.74 crore to Rs.1895.93 crore on March 31, 2007.
- Status of complaints as on March 31, 2007 is as follows:

Investors' complaints pending as on January 1, 2007	Nil
Complaints received during the quarter	6
Complaints resolved during the quarter	5
	=====
Pending as on March 31, 2007	1
	=====
- During the quarter ended March 31, 2007 Bharti Airtel Lanka (Private) Limited, was incorporated as a wholly owned subsidiary of Bharti Airtel for the purpose of providing 2G & 3G telecommunication services in Sri Lanka. The Company has paid an initial license fee of Rs 18.72 crores (including local taxes).

7. Bharti Airtel (Singapore) Private Limited, a wholly owned subsidiary was incorporated on 2nd April, 2007 and will obtain a license to enable interconnecting the i2i cable with other submarine cable systems landing in Singapore to provide increased onward connectivity to US West Coast and also to cater to connectivity requirements in Asia Pacific and for carrying the business of International Calling Card Services.
8. On 17 April 2007, the Hon'ble High Court of Delhi approved the amalgamation of Satcom Broadband Equipment Limited (SBEL) and Bharti Broadband Limited (BBL) into Bharti Airtel Limited. On completion of all procedural formalities, SBEL and BBL will stand dissolved (without the process of winding up) into Bharti Airtel Limited. The appointed date of the amalgamation is October 1, 2005.
9. Mr. Rajan Bharti Mittal has relinquished the position of Joint Managing Director w.e.f. April 1, 2007. He will continue to be the non-executive director on the Board of the Company.
10. Mr. Akhil Gupta, Joint Managing Director has relinquished the position of Chief Financial Officer w.e.f. April 1, 2007. Mr. Akhil Gupta will continue to be the Joint Managing Director of the Company. Mr. Sarvjit S. Dhillon has been appointed as Chief Financial Officer of the company w.e.f. April 1, 2007.
11. 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.
12. Previous year's figures have been regrouped / rearranged to conform to current period's classification.
13. Reserves and surplus as at March 31, 2007 include Rs. 30.00 crores towards employee stock option outstanding (net of the related deferred cost) account.
14. During the period ended March 31, 2007 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 crores up to March 31, 2007 has been adjusted against opening reserves and surplus.
15. 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 the year ended March 31, 2007.
16. 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 year ended March 31, 2007, are lower by Rs. 140.17 crores, Rs. 74.25 crores, Rs. 16.34 crores and Rs. 49.59 crores respectively.
17. At its meeting held on 26 April 2007, the Board approved the acquisition of 12,25,000 equity shares of Rs. 10 each of Bharti Aquanet Limited ("Aquanet") comprising 49% of the equity from Singtel i2i Limited for Rs. 15.45 crores, subject to obtaining requisite approvals. Post acquisition, Aquanet will become a wholly owned subsidiary of and will be merged with Bharti Airtel.
18. In line with emerging international practice, the Board of Directors has adopted a rotation policy for statutory and internal auditors for a maximum tenure of five years and rotation of audit partners every three years. Accordingly, they have recommended the appointment of S R Batliboi and Associates, Chartered Accountants, a member firm of Ernst & Young Global as statutory auditors at the conclusion of the forthcoming annual general meeting on 2 July 2007 and Ernst and Young as auditors for US GAAP for the financial year ending 31 March 2008. The Board has also proposed to appoint Price Waterhouse, Chartered Accountants as internal auditors after conclusion of their tenure as statutory auditors of the company.
19. In order to comply with the guidelines on foreign direct investment in direct to home ("DTH") broadcasting sector, Bharti Airtel Limited equity stake in Bharti Telemedia Limited ("Telemedia") is being restricted to 40% and the balance 60% will be held by a Bharti group company. Telemedia was incorporated as a wholly owned subsidiary of the Company to undertake DTH business.

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

(Amount in Rs. Crore)

Particulars	Quarter Ended March 31,		Year Ended March 31,	
	2007	2006	2007	2006
	Audited	Audited	Audited	Audited
<b>1. Segment Revenue</b>				
Net sale/income from each segment				
a) Mobile Services	4,025.80	2,330.50	13,430.52	7,927.67
b) Broadband & Telephone Services	600.44	412.00	2,238.56	1,507.44
c) Enterprise Services - Carriers	1,015.25	750.76	3,489.34	2,462.78
d) Enterprise Services - Corporates	240.82	174.54	852.06	603.10
e) Others	0.10	0.67	2.43	7.60
<b>Total</b>	<b>5,882.41</b>	<b>3,668.48</b>	<b>20,012.91</b>	<b>12,508.59</b>
Less: Inter Segment Eliminations	(631.64)	(378.07)	(2,124.92)	(1,218.01)
<b>Net sales/Income</b>	<b>5,250.77</b>	<b>3,290.41</b>	<b>17,887.99</b>	<b>11,290.58</b>
<b>2. Segment Results</b>				
Profit/(Loss) before tax and interest from each segment				
a) Mobile Services	1,056.26	355.53	3,329.99	1,609.59
b) Broadband & Telephone Services	81.36	(18.57)	172.70	62.60
c) Enterprise Services - Carriers	315.03	284.96	1,193.97	776.78
d) Enterprise Services - Corporates	106.70	46.15	329.56	193.52
e) Others	(57.19)	(62.36)	(169.01)	(131.11)
<b>Total</b>	<b>1,502.16</b>	<b>605.71</b>	<b>4,857.21</b>	<b>2,511.38</b>
Less: Inter Segment Eliminations	-	-	-	-
<b>Total profit/(loss) before tax and interest</b>	<b>1,502.16</b>	<b>605.71</b>	<b>4,857.21</b>	<b>2,511.38</b>
Less :				
i) Interest	43.72	38.55	255.84	225.60
ii) Other Un-allocable Expenditure net off Un-allocable income	-	-	-	-
<b>Total profit before tax</b>	<b>1,458.44</b>	<b>567.16</b>	<b>4,601.37</b>	<b>2,285.78</b>
<b>3. Capital Employed</b>				
(Segment assets - Segment liabilities)				
a) Mobile Services	6,442.63	3,324.41	6,442.63	3,324.41
b) Broadband & Telephone Services	2,893.00	2,242.66	2,893.00	2,242.66
c) Enterprise Services - Carriers	1,914.35	1,313.48	1,914.35	1,313.48
d) Enterprise Services - Corporates	469.78	495.54	469.78	495.54
e) Others	(74.14)	60.48	(74.14)	60.48
<b>Total</b>	<b>11,645.62</b>	<b>7,436.57</b>	<b>11,645.62</b>	<b>7,436.57</b>

**Note:**

- During the year ended March 31, 2007, the Group has refined the basis of segment accounting of revenues and costs relating to certain activities including data bandwidth and infrastructure. Consequently, as compared to the basis adopted by the Group in the earlier year, revenues, results, assets and liabilities of Broadband and Telephone Service segment are higher by Rs. 369.46 crores, Rs. 267.81 crores, Rs. 396.16 crores and Rs. 69.28 crores respectively; revenues of Enterprises Corporate segment are lower by Rs. 106.76 crores and results, assets and liabilities are higher by Rs. 142.19 crores, Rs. 254.49 crores and Rs. 206.46 crores respectively; revenues, results of Enterprise Carriers segment are lower by Rs. 352.03 crores, Rs. 289.58 crores respectively and assets and liabilities are higher by Rs. 164.97 crores and Rs. 419.47 crores respectively and results of Mobile Services segment are lower by Rs. 120.42 crores and liabilities are higher by Rs. 120.42 crores. Consequentially there is no impact on consolidated revenues and results.

For Bharti Airtel Limited

New Delhi  
April 27, 2007

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)