Quarterly report on the results for the fourth quarter and full year ended March 31, 2007

Bharti Airtel Limited

(Incorporated as a public limited company on July 7, 1995 under the Companies Act, 1956)
Qutab Ambience, H-5/12, Mehrauli Road, New Delhi 110030, India

April 27, 2007

Sunil B Mittal
Chairman & Managing Director

Manoj Kohli
President & Chief Executive Officer

Akhil Gupta
Joint Managing Director

Sarvjit Dhillon
Chief Financial Officer & Director Strategy

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 Enterprise Services
Broadband & Telephone Services

<u>Supplemental Disclosures</u>

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.43.10 = US $1.00, the noon buying rate as announced by the Federal Reserve Bank of New York on March 30, 2007. 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 websites www.bhartiairtel.in, www.airtel.in, www.airteltelephone.com, www.airtel-broadband.com, www.airtellongdistance.com and www.airtelenterprise.com 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. **<u>Further, disclosures are also provided under “Use of Non - GAAP financial information” on page 19.</u>**

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 Comtel Limited (“Bharti Comtel”), Bharti Aquanet Limited (“Bharti Aquanet”), Satcom Broadband Equipment Limited (Satcom), Bharti Broadband Limited (BBL), Bharti Infratel Limited (Bharti Infratel), 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) Ltd.

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TABLE OF CONTENTS

Section 1

BHARTI AIRTEL – PERFORMANCE AT A GLANCE

Particulars	UNITS	Full Year Ended March 31,				Quarter Ended			
		2004	2005	2006	2007	June 30, 2006	Sept 30, 2006	Dec. 31, 2006	Mar. 31, 2007
Total Customer Base	**000's.**	**7,141**	**11,842**	**20,926**	**39,013**	**24,577**	**28,693**	**33,712**	**39,013**
Mobile Services	000's.	6,504	10,984	19,579	37,141	23,073	27,061	31,974	37,141
Broadband & Telephone Services	000's.	637	857	1,347	1,871	1,505	1,631	1,738	1,871
Consolidated financials as per US GAAP									
Revenue	INR Mn.	48,320	80,028	116,215	185,196	38,564	43,571	49,129	53,932
EBITDA	INR Mn.	15,968	30,128	43,374	74,508	15,021	17,025	20,055	22,408
Cash profit from operations	INR Mn.	13,588	28,132	40,862	73,070	13,330	16,437	21,372	21,930
Income / (loss) before income taxes	INR Mn.	5,976	16,604	25,366	48,860	8,599	10,782	14,412	15,068
Net income / (loss)	INR Mn.	5,076	14,978	22,567	42,571	7,551	9,338	12,151	13,531
Consolidated financials as per US GAAP									
Revenue	US$ Mn.	1,113	1,835	2,613	4,297	841	948	1,114	1,251
EBITDA	US$ Mn.	368	691	975	1,729	327	371	455	520
Cash profit from operations	US$ Mn.	313	645	919	1,695	291	358	485	509
Income / (loss) before income taxes	US$ Mn.	138	381	570	1,134	187	235	327	350
Net income / (loss)	US$ Mn.	117	343	507	988	165	203	275	314
Key Ratios									
EBITDA Margin	%	33.0%	37.6%	37.3%	40.2%	39.0%	39.1%	40.8%	41.5%
Net Profit Margin	%	10.5%	18.7%	19.4%	23.0%	19.6%	21.4%	24.7%	25.1%
Net Debt to funded equity ratio	Times	0.89	0.66	0.48	0.45	0.42	0.41	0.34	0.31
Return on Stockholders Equity	%	11.7%	28.0%	29.5%	37.4%	29.6%	31.6%	35.5%	38.2%
Return on Capital employed	%	9.7%	18.0%	21.3%	28.2%	24.0%	25.1%	26.3%	28.6%

1. *Annual financial highlights for the year ended March 31, 2004, 2005, 2006 and 2007 are based on consolidated audited results as per United States Generally Accepted Accounting Principles (US GAAP).*
2. *Financial highlights for the quarter ended June 30, 2006; September 30, 2006, December 31, 2006 and March 31, 2007 are un-audited and are based on the consolidated results as per United States Generally Accepted Accounting Principles (US GAAP).*
3. *Income/ (loss) before income taxes for the full year ended March 31, 2006 and 2007, quarter ended December 31, 2006 and March 31, 2007 are after fringe benefit tax For the quarter ended June 30, 2006 and September 30, 2006 fringe benefit tax is included in current tax expense.*
4. *Exchange rate for Rupee conversion to US$ is (a) Rs. 47.53 for financial year ended March 31, 2003 (b) Rs. 43.40 for the financial year ended March 31, 2004 (c) Rs. 43.62 for the financial year ended March 31, 2005 (d) Rs. 44.48 for the financial year ended March 31, 2006 (e) Rs. 43.10 for the financial year ended March 31, 2007, (f) Rs. 45.87 for the quarter ended June 30, 2006 (g) Rs. 45.95 for the quarter ended September 30, 2006, (h) Rs. 44.11 for the quarter ended December 31, 2006 and (i) Rs. 43.10 for the quarter ended March 31, 2007 being the noon buying rate as announced by The Federal Reserve Bank of New York at the end of the respective periods.*

Section *2*

AN OVERVIEW

2.1 Introduction

We are one of India's leading providers of telecommunication services with a nationwide presence in all the 23 licensed jurisdictions (also known as Telecom Circles). We served an aggregate of 39,012,597 customers as of March 31, 2007, of whom 37,141,210 subscribe to our GSM services and 1,871,387 use our broadband & telephone services either for voice or broadband access delivered through DSL. We are the largest wireless service provider in the country, based on the number of customers reported by the industry as of March 31, 2007. We also offer an integrated suite of telecom solutions to our enterprise customers, in addition to providing long distance connectivity both nationally and internationally. All these services are rendered under a unified brand "Airtel".

2.2 Business Divisions

Mobile Services - We offer mobile and fixed wireless services (FWP) using GSM technology on 900MHz and 1800MHz bands, and are the largest wireless service provider in the country, based on the number of customers. Our 37,141,210 mobile customers accounted for a market share of 22.9% of wireless market, as on March 31, 2007.

We offer postpaid, prepaid, roaming and value added services through our extensive sales and distribution channel covering over 5,00,000 outlets.

Our network is present in 4,676 census towns and 207,327 non-census towns & villages in India, thus covering approximately 59% of the country's population. Our network operating centers, which monitor the health of our mobile network are located in Gurgaon, near Delhi, and Chennai.

Broadband & Telephone Services - We provide broadband (DSL) & telephone services (fixed line) in 94 cities. We had 1,871,387 customers as on March 31, 2007 of which 32% were subscribing to broadband services.

The objective of our broadband & telephone business is to have a presence in cities with high revenue potential. Our product offering in this segment includes supply & installation of fixed-line telephones providing local, national & international long distance voice connectivity and broadband Internet access through DSL. The business also provides value added services such as intelligent network based advanced management services, viz. toll free numbers, virtual private automatic branch exchange networks, ring back tones and call forwarding among others.

- **Enterprise Services** - Our Enterprise Services division comprises of the Carriers and Corporates business units.

Carriers – This business unit is India's first private long distance communications service provider, offering a portfolio of wholesale services in data and voice domain. This business segment includes the pan India network infrastructure including the optical transport network, national and international voice-switching network, multi protocol label switches (MPLS), asynchronous transfer modes (ATM) and frame relays (FR) among others. It offers extensive coverage through 40,484 km long optical transport network connected with our two international submarine cable landing stations in Chennai for Network i2i (owned by an associate company) and SMW 4 (owned by a consortium of 16 telecom operators including Bharti Airtel). The cable stations provide international connectivity across transatlantic and transpacific routes with resilience and restorability.

Corporates – This business unit serves as the single point of contact for all data and telecommunication needs for corporates and small and medium enterprises (SMEs) and provides end-to-end telecom solutions. It combines owned media and technologies with those of alliance partners to provide solutions. The group focuses on the following industry verticals: BFSI, IT, ITES, manufacturing & distribution, media & services, government & PSUs, education, telecom, and retail among others. Services provided include mobile services, voice services, satellite services (BIT internet, VPNs, satellite based IPLCs for redundancy reasons), managed data & Internet services, managed e–business services and managed customised integrated solutions.

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 & Technology Partners - We believe in deploying the finest technology and operating state-of-the-art networks. Equipment suppliers for our mobile networks include Ericsson and Nokia. In case of the telephone services and long distance networks, equipment suppliers include Siemens, Nortel, Corning, among others. We have an information technology alliance with IBM for our group - wide information technology requirements. We also have a technology alliance with Nortel for call center technology requirements.

Section 3

FINANCIAL HIGHLIGHTS

This section presents the (1) un-audited financial results for the quarter ended March 31, 2006 and March 31, 2007; and, (2) audited financial results for full year ended March 31, 2006 and full year ended March 31, 2007 as per United States Generally Accepted Accounting Principles (USGAAP).

Detailed financial statements, analysis and other related information is attached to this report as Annexures (page 26). Also, kindly refer to Section 7 (use of Non - GAAP financial information on page 19) and Glossary (page 36) for detailed definitions.

3 Consolidated - Summary of Consolidated Financial Statements

3.1.1 Consolidated Summarised Statement of Operations (net of inter segment eliminations)

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Year Ended		
	March 2007	March 2006	Y-on-Y Growth	March 2007	March 2006	Y-on-Y Growth
Total revenues	53,932	34,113	58%	185,196	116,215	59%
EBITDA	22,408	12,782	75%	74,508	43,374	72%
Cash profit from operations	21,930	12,049	82%	73,070	40,862	79%
Income before Income taxes	15,068	7,413	103%	48,860	25,366	93%
Current tax expense	1,768	513		5,330	1,773	
Income after current tax expense	13,300	6,900	93%	43,530	23,594	85%
Deferred tax expense / (Income)	(415)	36		492	767	
Net income	13,531	6,823	98%	42,571	22,567	89%
EBITDA / Total revenues	41.5%	37.5%		40.2%	37.3%	

3.1.2 Consolidated Summarised Balance Sheet

Amount in Rs. Million

Particulars	As at March 31, 2007
ASSETS	
Total current assets	44,843
Total non current assets	253,045
Total assets	**297,888**
LIABILITIES AND STOCKHOLDERS' EQUITY	
Total current liabilities	106,649
Total non current liabilities	53,885
Total liabilities	**160,534**
Minority Interests	**1,801**
Total stockholders' equity	**135,553**
Total liabilities and stockholders' equity	**297,888**

3.2 Segment - wise Summarised Statement of Operations

3.2.1 Mobile Services - comprises of consolidated statement of operations of mobile operations.

Amount in Rs. Million, except ratios

Partibulars	Quarter Ended			Year Ended		
	March 2007	March 2006	Y-on-Y Growth	March 2007	March 2006	Y-on-Y Growth
Total revenues	42,431	24,134	76%	141,442	82,390	72%
EBITDA	16,604	8,746	90%	53,253	29,636	80%
EBIT	11,424	5,673	101%	35,654	19,177	86%
EBITDA / Total revenues	39.1%	36.2%		37.7%	36.0%	

3.2.2 Non-mobile Services – comprises of the Broadband & Telephone Services and Enterprise Services (carriers and corporates).

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Year Ended		
	March 2007	March 2006	Y-on-Y Growth	March 2007	March 2006	Y-on-Y Growth
Total revenues	18,711	13,570	38%	66,390	46,613	42%
EBITDA	6,623	4,419	50%	23,552	14,932	58%
EBIT	4,867	3,019	61%	16,720	10,144	65%
EBITDA / Total revenues	35.4%	32.6%		35.5%	32.0%	

3.2.3 Broadband & Telephone Services - comprises of consolidated statement of operations of broadband & telephone operations.

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Year Ended		
	March 2007	March 2006	Y-on-Y Growth	March 2007	March 2006	Y-on-Y Growth
Total revenues	6,044	4,102	47%	22,453	15,015	50%
EBITDA	1,727	934	85%	5,602	3,595	56%
EBIT	833	215	288%	1,740	1,107	57%
EBITDA / Total revenues	28.6%	22.8%		24.9%	23.9%	

3.2.4 Enterprise Services – comprises of the Enterprise Services – Carriers (Long distance services) and Enterprise Services - Corporates

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Year Ended		
	March 2007	March 2006	Y-on-Y Growth	March 2007	March 2006	Y-on-Y Growth
Total revenues	12,667	9,467	34%	43,938	31,598	39%
EBITDA	4,897	3,485	41%	17,950	11,336	58%
EBIT	4,033	2,804	44%	14,980	9,038	66%
EBITDA / Total revenues	38.7%	36.8%		40.9%	35.9%	

3.2.4.1 Enterprise Services – Carriers - comprises of the domestic, international long distance operations and landing station (at Chennai).

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Year Ended		
	March 2007	March 2006	Y-on-Y Growth	March 2007	March 2006	Y-on-Y Growth
Total revenues	10,156	7,463	36%	34,889	24,522	42%
EBITDA	3,640	2,771	31%	13,758	8,761	57%
EBIT	2,966	2,249	32%	11,495	6,861	68%
EBITDA / Total revenues	35.8%	37.1%		39.4%	35.7%	

3.2.4.2 Enterprise Services – Corporates

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Year Ended		
	March 2007	March 2006	Y-on-Y Growth	March 2007	March 2006	Y-on-Y Growth
Total revenues	2,511	2,005	25%	9,049	7,076	28%
EBITDA	1,257	714	76%	4,192	2,575	63%
EBIT	1,067	555	92%	3,485	2,177	60%
EBITDA / Total revenues	50.1%	35.6%		46.3%	36.4%	

3.2.5 Others – comprises of Bharti corporate offices

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Year Ended		
	March 2007	March 2006	Y-on-Y Growth	March 2007	March 2006	Y-on-Y Growth
Total revenues	294	0	-	804	0	-
EBITDA	(634)	(377)	-	(1,714)	(1,272)	-
Depreciation & Others	62	167	-	204	169	-
EBIT	(696)	(544)	-	(1,918)	(1,442)	-

3.3 Segment-wise Investments and Contribution

3.3.1 Investments in projects

Amount in Rs. Million, except ratios

Segment	As at March 31, 2007	
	Rs. Million	% of Total
Mobile Services	231,414	72%
Broadband & Telephone Services	44,987	14%
Enterprise Services - Carriers	36,547	11%
Enterprise Services - Corporates	5,501	2%
Others	1,144	0%
Total	**319,593**	**100%**
Less:- Accumulated Depreciation & Amortisation	71,007	
Net Fixed Assets & Other Project Investment	**248,585**	

Note: The investment in projects comprises gross fixed assets, intangible assets, capital work in progress, gross goodwill and one-time entry fee paid towards acquisition of licenses.

3.3.2 Segment-wise Contribution to Revenue, EBITDA and Capex incurred during the period

Segment	Quarter Ended March 2007					
	Revenue		EBITDA		Capex	
	Rs. Million	% of total	Rs. Million	% of total	Rs. Million	% of total
Mobile Services	42,431	79%	16,604	74%	10,706	68%
Broadband & Telephone Services	6,044	11%	1,727	8%	1,894	12%
Enterprise Services - Carriers	10,156	19%	3,640	16%	2,317	15%
Enterprise Services - Corporates	2,511	5%	1,257	6%	1,983	13%
Others	294	1%	(634)	-3%	406	3%
Sub Total	**61,435**	**114%**	**22,593**	**101%**	**17,306**	**110%**
Eliminations	(7,503)	-14%	(186)	-1%	(1,519)	-10%
Total	**53,932**	**100%**	**22,408**	**100%**	**15,787**	**100%**

Note: Eliminations are on account of inter-segment transactions.

Segment	Year Ended March 2007					
	Revenue		EBITDA		Capex	
	Rs. Million	% of total	Rs. Million	% of total	Rs. Million	% of total
Mobile Services	141,442	76%	53,253	71%	71,800	80%
Broadband & Telephone Services	22,453	12%	5,602	8%	9,131	10%
Enterprise Services - Carriers	34,889	19%	13,758	18%	8,341	9%
Enterprise Services - Corporates	9,049	5%	4,192	6%	5,222	6%
Others	804	0%	(1,714)	-2%	596	1%
Sub Total	**208,636**	**113%**	**75,091**	**101%**	**95,090**	**107%**
Eliminations	(23,440)	-13%	(583)	-1%	(5,819)	-7%
Total	**185,196**	**100%**	**74,508**	**100%**	**89,271**	**100%**

Note: Eliminations are on account of inter-segment transactions.

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	March 31, 2007	Dec. 31, 2006	Q-on-Q Growth	March 31, 2006	Y-on-Y Growth
Customers on our Network						
Mobile Services	000's.	37,141	31,974	16%	19,579	90%
Broadband & Telephone Services	000's.	1,871	1,738	8%	1,347	39%
Total	**000's.**	**39,013**	**33,712**	**16%**	**20,926**	**86%**
Non Voice Revenue as a % of Total Revenues	%	14.6%	14.8%		16.7%	
Total On-Roll Employees	No.	20,314	18,213	12%	10,970	85%

4.2 Mobile Services

Parameters	Unit	March 31, 2007	Dec. 31, 2006	Q-on-Q Growth	March 31, 2006	Y-on-Y Growth
Subscriber Base						
All India Mobile Subscribers*	000's.	162,405	146,541	11%	96,155	69%
Mobile Customers on Bharti's Network	000's.	37,141	31,974	16%	19,579	90%
Net Additions						
All India Mobile Subscribers	000's.	15,864	19,929	-20%	20,739	-24%
Mobile Customers on Bharti's Network	000's.	5,167	4,913	5%	3,252	59%
Market Share*						
Bharti's Mobile Market Share	%	22.9%	21.8%		20.4%	
Bharti's Market Share of Net Additions	%	32.6%	24.7%		15.7%	
Pre-Paid Customers						
Total Customer Base	%	88.5%	87.1%		82.7%	
Total Net Additions	%	97.3%	96.2%		97.9%	
Other Operating Information						
Average Revenue Per User (ARPU)	Rs.	406	427	-5%	442	-8%
Average Revenue Per User (ARPU)	US$	9.4	9.9	-5%	10.3	-8%
Average Minutes of Use Per User	Minutes	475	467	2%	431	10%
Monthly Churn						
Post-paid Voluntary Churn	%	1.0%	1.2%		1.4%	
Post-paid Company Initiated Churn	%	2.2%	2.3%		2.7%	
Prepaid	%	3.6%	4.8%		5.2%	
Non Voice Revenue						
SMS Revenue as a % of Mobile Revenues	%	6.0%	6.2%		6.8%	
Non Voice Revenue as a % of Mobile Revenues	%	10.1%	10.4%		10.7%	

4.3 Broadband & Telephone Services

Parameters	Unit	March 31, 2007	Dec. 31, 2006	Q-on-Q Growth	March 31, 2006	Y-on-Y Growth
Broadband & Telephony Customers	000's.	1,871	1,738	8%	1,347	39%
Net additions	000's.	134	107	25%	147	-9%
Average Revenue Per User (ARPU)	Rs	1,112	1,198	-7%	1,063	5%
Average Revenue Per User (ARPU)	US$	25.8	27.8	-7%	24.7	5%

4.4 Traffic Details - Gross of inter-segment eliminations

Parameters	Unit	March 31, 2007	Dec. 31, 2006	Q-on-Q Growth	March 31, 2006	Y-on-Y Growth
Mobile Services	Mn Min	49,240	41,305	19%	23,187	112%
Broadband & Telephone Services	Mn Min	4,241	4,055	5%	3,549	20%
National Long Distance Services	Mn Min	5,004	4,429	13%	2,208	127%
International Long Distance Services	Mn Min	1,194	1,059	13%	684	74%
Total Minutes on Network	**Mn Min**	**59,679**	**50,847**	**17%**	**29,628**	**101%**

4.5 Network and Coverage

Parameters	Unit	March 31, 2007	Dec. 31, 2006	Q-on-Q Growth	March 31, 2006	Y-on-Y Growth
Mobile Services						
Census Towns	No.	4,676	4,581	95	3,778	898
Non-Census Towns & Villages	No.	207,327	176,593	30,734	80,687	126,640
Population Coverage	%	59%	54%		42%	
Broadband & Telephone Services						
No. of cities covered	No.	94	94	-	90	4
Carriers (National Long Distance)						
Optic Fibre Network	Rkms	40,484	39,330	1,154	32,900	7,584

4.6 Human Resource Analysis

Parameters	Unit	March 31, 2007	Dec. 31, 2006	Q-on-Q Growth	March 31, 2006	Y-on-Y Growth
Consolidated						
Total On-Roll Employees	No.	20,314	18,213	12%	10,970	85%
Number of Customers per employee	No.	1,920	1,851	4%	1,908	1%
Mobile Services						
Number of Customers per employee	No.	5,280	4,658	13%	3,243	63%
Gross Revenue per employee per month	Rs.	2,010,853	1,824,921	10%	1,332,321	51%
Broadband & Telephone Services						
Number of Customers per employee	No.	176	199	-11%	426	-59%
Gross Revenue per employee per month	Rs.	189,689	228,265	-17%	432,709	-56%
Enterprise Services - Carriers						
Gross Revenue per employee per month	Rs.	3,978,201	3,535,050	13%	3,911,140	2%
Enterprise Services - Corporates						
Gross Revenue per employee per month	Rs.	635,040	608,593	4%	741,743	-14%

SECTION 5

MANAGEMENT DISCUSSION & ANALYSIS

5.1 Key Industry and Company Developments

5.1.1 Industry

Consultation Paper on Infrastructure Sharing

On November 29, 2006, TRAI issued a consultation paper on infrastructure sharing. Based on comments received from stakeholders and open house discussions, on April 11, 2007 TRAI issued the following recommendations to the Department of Telecommunications (DoT):

- Mandating passive infrastructure sharing is not required at this stage.
- Standing Advisory Committee for Frequency Allocation (SACFA) clearance must be given in a predefined time frame. If no communication is received within the prescribed time frame, the request may be deemed to be approved.
- A Joint Working Group (JWG) should be constituted to identify and notify critical infrastructure sites. JWG should comprise the District Magistrate of the area as Chairman, representatives from all mobile operators of that area, representatives of municipal body and also from the Military if area is a cantonment area. Decision of JWG to be taken in 3 months.
- Unified Access Service and Cellular Mobile Service License should be amended to allow active infrastructure sharing restricted to sharing of antenna, feeder cable, radio access network, Node B and transmission system. Sharing of the allocated spectrum is not to be permitted.
- All licensees must publish on their web site the details of their existing and future infrastructure installations available for active and/or passive sharing. A period of 30 days for negotiation for sharing should be the normal practice. Commercial terms of sharing should be left to negotiation between service providers.
- Unified Access Service and Cellular Mobile Service License should be amended to allow service providers to share their backhaul from Base Trans-receiver Station (BTS) to Base Station Controller (BSC) only. No sharing of spectrum at access network side to be permitted.
- To incentivise infrastructure sharing in rural areas, DoT should give subsidy for erecting tower to those service providers (including infrastructure provider category-I (IP-I) providers)) who are not beneficiary under Universal Service Obligation Fund (USOF) scheme.
- DoT may approach the Department of Non-conventional Energy Resources to evolve a pro-active policy framework to encourage use of environment friendly non-conventional energy sources.

Revised Access Deficit Charge (ADC) regime

On January 31, 2007 TRAI had initiated a public consultation to finalize the ADC regime for the year 2007-08. Based on the consultations, TRAI issued the 8th amendment to the Interconnection Usage Charges (IUC) regulation notifying a revised ADC regime to be implemented w.e.f. April 01, 2007. Salient features are:

- 2007-08 will be the last year for ADC funding and thereafter, the ADC will be merged with USO Fund.
- ADC for 2007-08 pegged at Rs.20.5bn, reduced from Rs.33.5bn in 2006-07.
- Revenue share component of ADC reduced from 1.5% of AGR (Adjusted Gross Revenue) to 0.75% of AGR.
- ADC @ Rs.0.80/min on outgoing International Long Distance (ILD) calls removed completely.
- ADC on incoming ILD calls reduced from Rs.1.60/min to Rs.1.00/min.

Universal Service Obligation (USO) Tender

In February 2007, DoT issued tender inviting existing Cellular Operators, Unified Access Services Providers and IP-I providers for participating in the bidding for USO support for setting up and managing infrastructure sites and provision of mobile services in specified rural and remote areas. The subsidy is in two parts – Part A for setting up infrastructure sites comprising land, tower, power connection, backup, electrical works etc. to cater to a maximum of three access operators to offer mobile services by sharing this infrastructure; Part B for provisioning of mobile services by Access Providers by installation of BTS with associated antennas and backhaul. Support from USO Fund shall be provided to the successful bidder(s) on the Representative Rate arrived through a multi stage bidding process. Under the existing subsidy scheme, 7954 towers would be entitled for USO Subsidy in 19 service areas (except Metros).

Separate rounds of bidding were conducted for Part A and Part B. Bidding was concluded and successful bidders were declared on April 11, 2007. Bharti Airtel has emerged as one of the successful bidders for providing mobile services for 13 clusters (group of districts) in 6 service areas, covering 93 districts through 1257 BTS.

Revision in National Roaming Tariff

On November 24, 2006 TRAI had initiated a public consultation proposing a revised tariff structure for national roaming services. On January 24, 2007, vide the 44th amendment to the Telecom Tariff Order 1999 (TTO'99), TRAI reduced the national roaming tariff with effect from February 15, 2007. The revised tariff structure includes no rental/surcharge for national roaming in any form and lower maximum per minute charges for roaming calls. Incoming SMS to be free while roaming, whereas outgoing SMS rates continue under forbearance.

Subscriber Re-Verification

On November 22, 2006 DoT issued a direction to all service providers inter alia directing them to perform a re-verification of the entire prepaid subscriber base by March 31, 2007. Re-verification implies 100% check of subscriber acquisition forms, documentary proof of identity and documentary proof of address to ensure that the operator's database matches with the forms and documents. In addition, operators were required to cross-verify the information entered into their database from the actual user by calling up the respective subscriber. The direction stated that after April 01, 2007 if any subscriber number was found working without proper verification, service provider shall be required to disconnect such subscriber and pay a penalty of Rs.1000/- per un-verified subscriber.

Bharti has completed the re-verification of its subscriber base within the prescribed deadline.

Increase in Foreign Direct Investment (FDI) cap from 49% to 74%

On November 03, 2005, Government of India had announced enhancement of FDI ceiling from 49% to 74% in telecom sector subject to certain preconditions. Telecom licensees were required to submit a compliance report to DoT by March 02, 2006. The DoT has extended this deadline till July 02, 2007, in view of the complications involved in implementation.

Consultation Paper on access to essential facilities (including landing facilities for submarine cables) at Cable Landing Stations (CLS)

On April 13, 2007 the Telecom Regulatory Authority of India (TRAI) released a consultation paper to discuss the framework in which owners of CLS should provide access to essential facilities at their CLS. TRAI has also released a draft regulation with a view to enable non-discriminatory and open access at the CLS. The proposed regulation provides for:

- Access to capacity to new operators in the same way as the consortium members;
- No undue delays of activated capacity by consortium members having control over CLS;
- Transparent and non-discriminatory charges to both consortium members and non-members;
- Defined time frame for access, co-location and landing facility;
- Publication of a Reference Interconnect Offer (RIO) by owners of CLS after obtaining approval from TRAI, containing terms and conditions for access facilitation, charges and time frame for various activities in such facilitation.

The primary issues for consultation are:

- Mandatory publication of CLS RIO;
- Rates for co-location and access to essential facilities;
- Minimum commitment period for co-location service at CLS;
- Disclosure of cost elements and costing methodology adopted in ascertaining the price;
- Terms and conditions for provision of landing facilities at the CLS.

The last date for submission of response is April 30, 2007.

Consultation Paper on Review of Internet Services

On December 27, 2006 TRAI had floated a consultation paper to review the licensing regime for internet services in view of the slow growth of internet and broadband services in India despite the liberal licensing regime established by DoT. After receiving comments from stakeholders, TRAI organised open house discussions. TRAI's recommendations on the subject are awaited.

Consultation Paper on issues relating to Direct To Home (DTH) Service

On March 02, 2007 TRAI floated a consultation paper on issues relating to DTH. Primary issues for consideration are:

- Regulation of Interconnection Agreements between Broadcasters and DTH operators;
- Non-discriminatory access to content providers by DTH operator;
- Regulation of Carriage Fee;
- Imposition of Quality of Service (QoS) standards on DTH operators;
- Actualization of effective exit option for subscribers – technical inter-operability of Set Top Boxes (STBs), rental & buy-back options for STBs.

TRAI is yet to notify the dates for open houses.

Consultation Paper on Measures to Enhance Competition in Domestic Leased Circuits (DLC) Market in India

In order to enhance competition in the DLC segment and to promote efficient utilization of the existing DLC infrastructure, TRAI issued consultation paper on November 17, 2006. TRAI organized open house discussions with all stakeholders. TRAI's recommendations on the subject are awaited.

Recommendation on Resale of International Private Leased Circuit (IPLC) segment

On December 12, 2006, TRAI initiated a public consultation to finalize the terms & conditions for introduction of resale in IPLC segment. Pursuant to the same on March 23, 2007 TRAI submitted the following recommendations to DoT on the terms and conditions of reselling international bandwidth:

- Reseller would provide end-to-end IPLC of any capacity between India and country of destination. Resellers are required to take IPLC (wholesale bandwidth) only from ILD Operators (ILDOs) to provide IPLC to end consumers on a retail basis.
- Entry Fee should be pegged at Rs.10 mn.
- License Fee should be pegged at 6% of AGR.
- Financial Bank Guarantee of Rs.10 mn.
- Minimum net worth and paid-up capital of Rs.25 mn.
- Open competition without any restriction on the number of resellers.
- Limit of foreign equity shall be same as applicable to ILDOs at present viz. 74%.
- Duration of license 10 years, extendable by 5 years.
- Remote Access guidelines applicable under the ILD license shall apply to resellers.
- No obligation for resellers to install monitoring equipment.

Port Charges Regulation

On February 02, 2007 TRAI issued an amendment to the existing Port Charges Regulation 2001, reducing the port charges payable by private operators to BSNL /MTNL w.e.f. April 01, 2007. Under the revised regime, slab rate for ports would be on the basis of demand made and not on the basis of ports allotted by BSNL.

Bharti (Mobile Services) – Punjab Circle Litigation

The arbitration proceedings for a claim for the refund of license fee and interest paid to the DoT were decided against Bharti Mobile, the licensee of the Punjab mobile circle. The company has already paid the license fees and interest thereon before the commencement of arbitration proceedings. The company challenged the award before the Hon'ble Delhi High Court and the matter is now listed for final hearing on July 17, 2007.

5.1.2 COMPANY

Key developments

- With the continued focus to empower and strengthen business roles, **leadership roles at Bharti Airtel (India & SAARC) were announced with effect from April 1, 2007**. Manoj Kohli, will now lead Bharti Airtel Ltd., as its President & CEO. The three Joint Presidents of Bharti Airtel Limited have been given enhanced empowerment to lead their respective businesses. Sanjay Kapoor will now be President-Mobile Services, Atul Bindal will be President-Broadband & Telephone Services, and David Nishball will be President- Enterprise Services. Akhil Gupta has taken the role of Managing Director, Bharti Enterprise & Group Lead Director-Telecom and hence Sarvjit Dhillon has been given enhanced responsibility and will be Chief Financial Officer & Director-Strategy at Bharti Airtel Ltd. Sarvjit will report to Manoj Kohli and functionally to Akhil Gupta.

- The company was also awarded the **"Best Emerging Market Carrier Award "** at the Telecom Asia Awards 2007. Airtel has been conferred this award for being the best carrier from emerging markets such as India, China, Philippines, Thailand and Indonesia. The winners were judged on their financial, market and technology strengths based on financial analysis and assessments by a 15 member panel backed by a research tem at IDC, a leading provided of global ICT research.

- **Airtel introduced simplified roaming tariffs.** Reiterating its commitment to driving affordability in the Indian telecom market, Bharti Airtel announced a reduction in roaming tariffs, which are at par with existing local call tariffs.

- Airtel launched **BlackBerry 8800 Smartphone** in India. It is the ideal communications tool as it delivers best in-class technology in a thin and stylish design. It is the thinnest BlackBerry handset yet.

- **Bharti Airtel and GSMA launched the global money transfer pilot project in India**. It enables over 25 million Indians abroad to remit money to India through their mobile phones.

- Bharti Airtel awarded the prestigious **QCI-DL Shah Award on Economics of Quality** in recognition of the initiatives taken by the Enterprise Services (Carriers) to enhance customer delight using Six Sigma methodology.

- Airtel presented an **exclusive opportunity to its customers** to become the country's next **Indian Idol.** This is an innovative and unique opportunity wherein all Airtel mobile and fixed line customers can call and register for an audition for Indian Idol 3.

- At its meeting held on 26 April 2007, the Board approved the acquisition of 1,225,000 equity shares of Rs. 10 each of Bharti Aquanet Limited ("Aquanet") comprising 49% of the equity from Singtel i2i Limited for Rs. 154.5 million, subject to obtaining requisite approvals. Post acquisition, Aquanet will become a wholly owned subsidiary of and will be merged with Bharti Airtel Limited.

- 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 partner 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.

- In order to comply with the guidelines on foreign direct investment in direct to home broadcasting sector, Bharti Airtel Limited is diluting its equity stake in Bharti Telemedia Limited to 40% and the balance 60% will be held by a Bharti group company.

5.02 Results of Operations

The company has reported its (1) un-audited financial results for the quarter ended March 31, 2006 and March 31, 2007; (2) audited financial results for the full year ended March 31, 2006 and March 31, 2007. The financial statements have been prepared in accordance with United States Generally Accepted Accounting Principles (US GAAP).

Key Highlights – *for the full year ended March 31, 2007*

- **Overall customer base crosses 39.0 million.**
- **Highest ever-net addition of 18.01 million of total customers in a year.**
- **Market leader with a market share of all India wireless subscribers at 22.9%.**
- **Total Revenues of Rs. 185.2 billion (up 59% Y-o-Y).**
- **EBITDA of Rs. 74.5 billion (up 72% Y-o-Y).**
- **Cash profit from operations of Rs. 73.1 billion (up 79% Y-o-Y).**
- **Net Profit of Rs. 42.6 billion (up 89% Y-o-Y).**

Key Highlights – *for the quarter ended March 31, 2007*

- **Highest ever-net addition of 5.3 million total customers in a single quarter.**
- **Total Revenues of Rs. 53.9 billion (up 58% Y-o-Y).**
- **EBITDA of Rs. 22.4 billion (up 75% Y-o-Y).**
- **Cash profit from operations of Rs. 21.9 billion (up 82% Y-o-Y).**
- **Net Profit of Rs. 13.5 billion (up 98% Y-o-Y).**

Full year ended March 31, 2007

The consolidated revenues and EBITDA for the year ended March 31, 2007 was Rs. 185,196 million and Rs. 74,508 million respectively. The consolidated revenues and EBITDA grew by 59% and 72% respectively for the year ended March 31, 2007. The EBITDA margin (ratio of EBITDA to total revenues) for the year was 40.2%.

The cash profit from operations for the year ended March 31, 2007 was Rs 73,070 million as compared to Rs 40,862 million for the year ended March 31, 2006, a growth of 79% year on year. The net finance cost for the year was Rs 1,438 million.

The earnings before tax for the year ended March 31, 2007 was Rs. 48,860 million and the net profit was at Rs 42,571 million leading to an earnings per share of Rs 22.50. The current tax expense for the year was Rs. 5,330 million and the deferred tax expense was Rs. 492 million.

The capital expenditure for the full year was Rs 89,271 million (~US$ 2,071 million) of which Rs 71,800 million (~US$ 1,665 million) was on mobile and the balance on the other businesses.

Quarter ended March 31, 2007
Consolidated

Customer Base

As on March 31, 2007, the company had an aggregate of 39,012,597 customers, consisting of 37,141,210 GSM mobile and 1,871,387 broadband & telephone customers. Its total customer base as on March 31, 2007 increased by 86 % compared to the customer base as on March 31, 2006.

Revenues/Turnover

During the quarter ended March 31, 2007, the company had revenues of Rs. 53,932 million; a growth of 58% compared to the quarter ended March 31, 2006. Revenues from mobile services represented 79% of the total revenues for the quarter ended March 31, 2007. Non-voice revenue contributed to approximately 14.6% of the total revenues for the quarter.

Operating Expenses (ex-revenue share license and spectrum fee)

During the quarter ended March 31, 2007, the company incurred an opex of Rs. 17,091 million representing 31.7% of the total revenues. The operating expense comprises of

- Rs. 5,790 million towards network operations costs (~10.7% of turnover)
- Rs. 3,446 million towards employee costs, (~6.4% of turnover)
- Rs. 350 million towards equipments costs, and
- Rs. 7,506 million towards selling general and administrative costs (~13.9% of turnover)

EBITDA, Finance Cost and Cash Profit from Operations

During the quarter ended March 31, 2007, the company had an EBITDA of Rs. 22,408 million; a growth of 75% compared to the quarter ended March 31, 2006. The EBITDA margin for the quarter was 41.5%.

The net finance cost for the quarter ended March 31, 2007 was Rs. 477 million. The interest on borrowings during the quarter was Rs. 787 million and the finance income (primarily related to income on marketable securities) was Rs. 269 million. The balance amount was other finance costs, effect of exchange fluctuation and the effect of derivative accounting.

The cash profit from operations for the quarter ended March 31, 2007 was Rs. 21,930 million, an increase of 82%, as compared to the quarter ended March 31, 2006.

During the quarter ended March 31, 2007, the company had depreciation & amortisation expenses of Rs. 7,239 million.

Income Before Income Taxes (PBT)

The income before income tax for the quarter was Rs. 15,068 million, an increase of 103%, as compared to the quarter ended March 31, 2006.

The current tax for the quarter ended March 31, 2007 was Rs. 1,768 million and deferred tax income of Rs. 415 million.

Net profit

The net profit for the quarter ended March 31, 2007, was Rs 13,531 million.

Balance Sheet

As on March 31, 2007, the company had total assets of Rs. 298 billion and total liabilities of Rs. 161 billion respectively. The difference of Rs. 137 billion was on account of stockholder equity and minority interest.

The company had a net debt of Rs. 42,306 million (~US$ 982 million) as on March 31, 2007, resulting in a net debt to EBITDA (LTM) of 0.57 times.

Capital Expenditure

During the quarter ended March 31, 2007, the company incurred capital expenditure of Rs. 15,787 million (~US$ 366 million).

Human Resources

As on March 31, 2007, the company had a total of 20,314 employees consisting of 7,034 in mobile services, 12,789 in B&T and Enterprise services and 491 in corporate office (as common pool).

Mobile Services

Customer Base, Churn, ARPU and MoU

As at the end of the quarter the company had 37,141,210 GSM mobile customers on its network, which accounted for a market share 22.9% of the All India wireless market.

Of its 37,141,210 GSM mobile customers as of March 31, 2007, postpaid customer contributed 11.5% to the overall customer base while pre-paid customers contributed the balance 88.5%. During the quarter, the company had 32.6% market share of All India wireless subscriber net additions with 5,167,172 net additions.

The monthly churn for the quarter ended March 31, 2007 was 3.2% (1.0% voluntary churn and 2.2% company initiated churn) for its post-paid segment, and 3.6% for the pre-paid segment.

During the quarter, its blended ARPU of Rs. 406 (~US$ 9.4) per month was lower by 5% as compared to the quarter ended December 31, 2006. The blended monthly usage per customer, during the quarter, was at 475 minutes, an increase of 2% over the quarter ended December 31, 2006. The non-voice revenue, which includes Short Messaging Service (SMS), voice mail service, call management and other value added services like Hello Tunes and Airtel Live contributed to approximately 10.1% 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 March 31, 2007.

Revenues, EBITDA and EBIT

The revenues for the quarter ended March 31, 2007 for mobile services was at Rs 42,431 million, an increase of 76% over last year. The revenue from this segment contributed to 79% of its total consolidated revenues. The EBITDA during the quarter ended March 31, 2007 was Rs 16,604 million representing growth of 90% over the quarter ended March 31, 2006. The EBITDA margin for the quarter ended March 31, 2007 was 39.1%. The EBIT for the quarter ended March 31, 2007 was Rs 11,424 million as compared to Rs 5,673 million for the quarter ended March 31, 2006, an improvement of 101%.

Capital Expenditure

During the quarter ended March 31, 2007, the company incurred a capital expenditure of Rs 10,706 million (US$ 248 million) on its mobile services.

Human Resources

As on March 31, 2007 the segment had 5,280 customers per employee, an increase of 13% on a quarter on quarter basis. During the quarter, gross revenue per employee per month was Rs. 2.0 million compared to Rs. 1.8 million for the quarter ended December 31, 2006, representing an improvement of 10%.

Broadband & Telephone Services (B&T)

Customer Base and ARPU

At the end of the quarter ended March 31, 2007, the company had its broadband & telephone operations in 94 cities. During the quarter, the company added 133,588 customers on its broadband & telephone networks with 1,871,387 customers as on March 31, 2007. The company had 593,230 customers (~32% of the total customer base) subscribing to broadband (DSL) services.

The ARPU for the quarter was Rs. 1,112 (~US$ 25.8) per month.

Revenues, EBITDA and EBIT

For the quarter ended March 31, 2007, the revenues from its broadband & telephone operations of Rs 6,044 million, represented a growth of 47% on year-on-year basis. The EBITDA for the quarter was Rs. 1,727 million compared to Rs. 934 million in the corresponding prior year quarter, an increase of 85%. The EBITDA margin for this segment was 28.6% for the quarter ended March 31, 2007. The EBIT for the quarter ended March 31, 2007 was Rs 833 million.

Capital Expenditure

During the quarter ended March 31, 2007, the company incurred a capital expenditure of Rs. 1,894 million (~US$ 44 million) on its B&T services.

Human Resources

As on March 31, 2007 the segment had 176 customers per employee. For the quarter ended March 31, 2007, gross revenue per employee per month was Rs. 189,689.

Enterprise Services – Carriers

Revenues, EBITDA and EBIT

For the quarter ended March 31, 2007, the revenues from its long distance services was Rs. 10,156 million representing a growth of 36% over the corresponding quarter last year. The EBITDA from this segment during the quarter was Rs 3,640 million, a growth of 31% over the corresponding quarter last year. The EBITDA margin for the quarter was 35.8%. The EBIT of this segment was Rs. 2,966 million representing a growth of 32% over the corresponding quarter last year.

Human Resources

During the quarter, gross revenue per employee per month was Rs. 4.0 million.

Enterprise Services - Corporates

Revenues, EBITDA and EBIT

For the quarter ended March 31, 2007, the revenue from this segment was Rs. 2,511 million, a growth of 25% over the corresponding quarter last year. The EBITDA for this segment for the quarter ended March 31, 2007 was Rs. 1,257 million. The EBITDA margin for this segment in the quarter ended March 31, 2007 was 50.1%. The EBIT of this segment was Rs. 1,067 million representing a growth of 92% over the corresponding quarter last year.

Human Resources

During the quarter, gross revenue per employee per month was Rs. 635,040.

SECTION 6

Stock Market Highlights

6.1 General Information

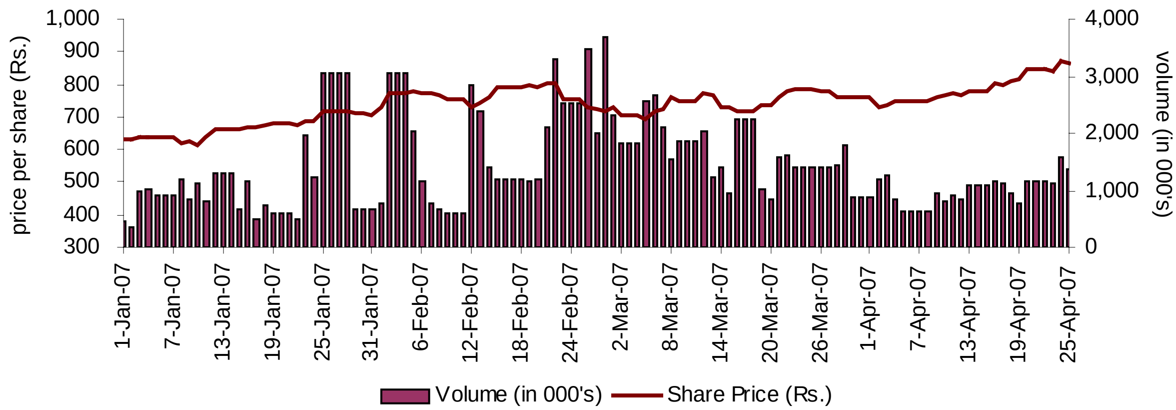
Shareholding & Financial Data		
Code/Exchange		532454/BSE
Bloomberg/Reuters		BHARTI IN/BRTI.BO
No. of Shares Outstanding (31/03/07)	Million Nos.	1,895.93
Closing Market Price - BSE (25/04/07)	Rs./Share	862.80
Combined Volume (NSE & BSE) (01/01/07-25/01/07)	No. in Mn/day	~ 1.4
Combined Value (NSE & BSE) (01/01/07-25/01/07)	Rs. Mn./day	~ 1,040
Market Capitalisation	Rs. Bn	1,636
Market Capitalisation	US$ Bn	37.95
Book Value Per Share	Rs./share	71.50
Market Price/Book Value	Times	12.07
Net Debt to EBITDA (LTM)	Times	0.57
Enterprise Value	Rs. Bn	1,678
Enterprise Value	US$ Bn	38.94
Enterprise Value/ Annualised Q4 Revenue	Times	7.78
Enterprise Value/ Annualised Q4 EBITDA	Times	18.72

6.2 Summarised Shareholding pattern as of March 31, 2007

Category	Number of Shares	%
Promoter & Promoter Group		
Indian (Bharti Telecom Ltd)	859,986,028	45.36%
Foreign (Singtel represented by Pastel Ltd)	295,659,650	15.59%
Sub total	**1,155,645,678**	**60.95%**
Public Shareholding		
Institutions	553,082,934	29.17%
Non-institutions*	187,205,545	9.87%
Sub total	**740,288,479**	**39.05%**
Total	**1,895,934,157**	**100.00%**

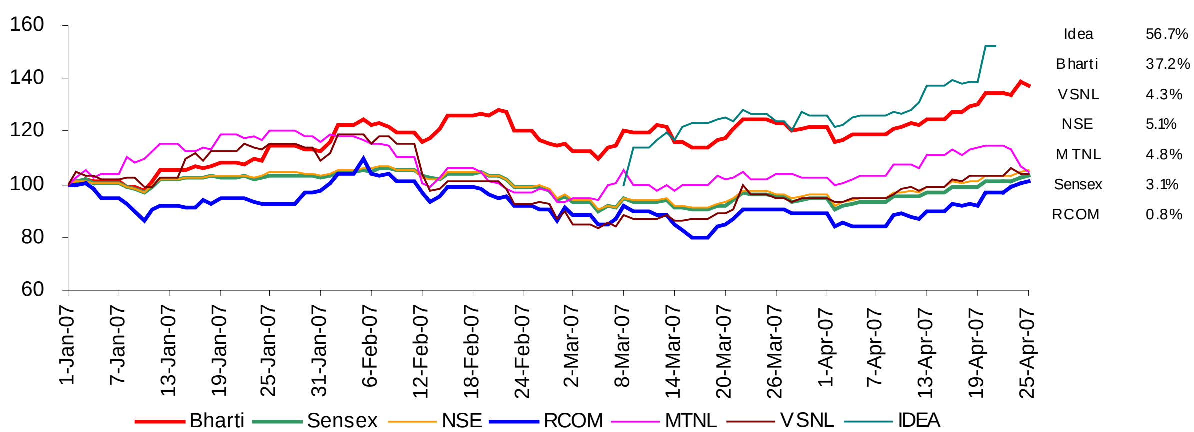
Note: * includes 5.62% held by Vodafone. Thus, the effective free float was 33.42%. For detailed shareholding pattern of the company kindly visit our website - http://www.bhartiairtel.in

6.3 Bharti Airtel Daily Stock price` (BSE) & 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 certain of the 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 Amortisation (EBITDA)	Operating Income	Consolidated Page 20, Mobile Services: - Page 21, Non Mobile Services: - Page 22, Broadband & Telephone Services: - Page 22, Enterprise Services (Carriers): - Page 22, Enterprise Services (Corporates): - Page 23, Others: - Page 23.
Earnings before Interest and Taxation (EBIT)	Operating Income	Consolidated Page 20, Mobile Services: - Page 21, Non Mobile Services: - Page 22, Broadband & Telephone Services: - Page 22, Enterprise Services (Carriers): - Page 22, Enterprise Services (Corporates): - Page 23, Others: - Page 23.
Cash Profit from Operations	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 & Taxes [for Non-mobile Services]	N.A.	Page 22
Total Revenues [for Non-mobile Services]	N.A.	Page 22
Schedule of Cost of services	N.A	Page 24
Schedule of Operating expenses	N.A	Page 24
Schedule of Depreciation and Amortization	N.A	Page 24
Schedule of Net debt	N.A	Page 24
Schedule of Finance cost (net)	N.A	Page 25
Schedule of Income tax	N.A	Page 25

7.1 Reconciliation of Non-GAAP financial information based on USGAAP

7.1.1 Consolidated

Amount in Rs million

Particulars	Quarter Ended March 2007	Year Ended March 2007
Operating Income To EBITDA		
Operating Income	**15,171**	**49,291**
Depreciation & Amortisation	7,239	25,208
Pre-operating cost	(2)	9
EBITDA	**22,408**	**74,508**
Operating Income to Cash Profit from Operations		
Operating Income	**15,171**	**49,291**
Depreciation & Amortisation	7,238	25,208
Pre-operative costs	(2)	9
Interest income	211	1,606
Interest expense	(688)	(3,044)
Cash Profit from Operations	**21,930**	**73,070**
Operating Income to EBIT		
Operating Income	**15,171**	**49,291**
Less:		
Share of profits in associates/ joint ventures	1	2
Non operating expenses	1	54
Add:		
Other income	376	1,064
EBIT	**15,545**	**50,299**
Total Revenue to Net Revenue		
Total Revenue	**53,932**	**185,196**
Less:-		
Access charges	9,335	31,378
Net Revenue	**44,597**	**153,818**
Income before Income taxes to Income after current tax expense		
Income before Income taxes	15,068	48,860
Less:-		
Current tax expense	1,768	5,330
Income after current tax expense	**13,300**	**43,530**

7.1.1 Consolidated (contd.)

Amount in Rs million

Particulars	Quarter Ended March 2007	Year Ended March 2007
Property and equipment, net	210,604	210,604
Acquired intangible assets, net	14,116	14,116
Goodwill	23,684	23,684
Investment in associates and joint ventures	182	182
Investments	500	500
Restricted cash, non-current	54	54
Deferred taxes on income	20	20
Other assets	3,887	3,887
Total Non Current Assets	**253,045**	**253,045**

Amount in Rs million

Particulars	Quarter Ended March 2007	Year Ended March 2007
Long-term debt, net of current portion	41,536	41,536
Deferred taxes on income	3,616	3,616
Unearned income- Indefeasible right to use sales	3,800	3,800
Other liabilities	4,933	4,933
Total Non Current Liabilities	**53,885**	**53,885**

7.1.2 Mobile Services

Amount in Rs million

Particulars	Quarter Ended March 2007	Year Ended March 2007
Operating Income To EBITDA		
Operating Income	**11,220**	**34,949**
Depreciation & Amortisation	5,384	18,304
EBITDA	**16,604**	**53,253**
Operating Income to EBIT		
Operating Income	**11,220**	**34,949**
Less:		
Share of profits in associates/ joint ventures	1	10
Add:		
Other income	205	715
EBIT	**11,424**	**35,654**

7.1.3 Non-mobile Services

Amount in Rs million

Particulars	Quarter Ended March 2007	Year Ended March 2007
Revenues For Non-mobile Services		
Revenues from Broadband & Telephone Services	6,044	22,453
Revenues from Enterprise Services	12,667	43,938
Revenues For Non-mobile Services	**18,711**	**66,390**
EBITDA For Non-mobile Services		
EBITDA from Broadband & Telephone Services	1,727	5,602
EBITDA from Enterprise Services	4,897	17,950
EBITDA For Non-mobile Services	**6,623**	**23,552**
EBIT For Non-mobile Services		
EBIT from Broadband & Telephone Services	833	1,740
EBIT from Enterprise Services	4,033	14,980
EBIT For Non-mobile Services	**4,867**	**16,720**

7.1.4 Broadband & Telephone Services

Amount in Rs million

Particulars	Quarter Ended March 2007	Year Ended March 2007
Operating Income To EBITDA		
Operating Income	**772**	**1,669**
Depreciation & Amortisation	957	3,924
Pre-operating cost	(2)	9
EBITDA	**1,727**	**5,602**
Operating Income to EBIT		
Operating Income	**772**	**1669**
Add:		
Other income	61	71
EBIT	**833**	**1740**

7.1.5 Enterprise Services – Carriers (Long Distance Services)

Amount in Rs million

Particulars	Quarter Ended March 2007	Year Ended March 2007
Operating Income To EBITDA		
Operating Income	**2,943**	**11,401**
Depreciation & Amortisation	697	2,357
EBITDA	**3,640**	**13,758**
Operating Income to EBIT		
Operating Income	**2,943**	11401
Less:		
Share of profits in associates/ joint ventures	(2)	(7)
Add:		
Other income	21	87
EBIT	**2,966**	**11495**

7.1.6 Enterprise Services - Corporates

Amount in Rs million

Particulars	Quarter Ended March 2007	Year Ended March 2007
Operating Income To EBITDA		
Operating Income	**979**	**3,298**
Depreciation & Amortisation	278	894
EBITDA	**1,257**	**4,192**
Operating Income to EBIT		
Operating Income	**979**	**3,298**
Add:		
Other income	88	187
EBIT	**1,067**	**3,485**

7.1.7 Others

Amount in Rs million

Particulars	Quarter Ended March 2007	Year Ended March 2007
Operating Income To EBITDA		
Operating Income	**(693)**	**(1,869)**
Depreciation & Amortisation	60	156
EBITDA	**(634)**	**(1,714)**
Operating Income To EBIT		
Operating Income	**(693)**	**(1,869)**
Less:		
Share of profits in associates/ joint ventures	2	-
Non operating expenses	1	54
Add:		
Other Income	0	4
EBIT	**(696)**	**(1,918)**

7.2 Schedule to Financial Statements

7.2.1 Schedule of Cost of services

Amount in Rs million

Particulars	Quarter Ended March 2007	Year Ended March 2007
Access charges	9,335	31,378
Licence fees, revenue share & spectrum charges	5,098	16,953
Network operations costs	5,790	21,100
Employee costs	3,446	12,488
Depreciation & amortisation	7,109	24,825
Cost of Services	**30,778**	**106,744**

7.2.2 Schedule of Operating expenses

Amount in Rs million

Particulars	Quarter Ended March 2007	Year Ended March 2007
Netw ork operations costs	5,790	21,100
Equipment costs	350	589
Employee costs	3,446	12,488
Selling general and administrative costs	7,506	28,181
Operating Expenses	**17,091**	**62,357**

7.2.3 Schedule of Depreciation and Amortisation

Amount in Rs million

Particulars	Quarter Ended March 2007	Year Ended March 2007
Fixed Assets	6,844	23,702
Licence Fees	153	620
ESOP	91	235
Intangibles	151	651
Depreciation and Am ortisation	**7,239**	**25,208**

7.2.4 Schedule of Net debt

Amount in Rs million

Particulars	Quarter Ended March 2007	Year Ended March 2007
Long term debt, net of current portion	41,536	41,536
Short-term borrow ings and current portion of long-term debt	10,925	10,925
Less:		
Cash and cash equivalents	7,464	7,464
Restricted cash	134	134
Restricted cash, non-current	54	54
Short term investments	2,004	2,004
Investments	500	500
Net Debt	**42,306**	**42,306**

7.2.5 Schedule of Finance cost (net)

Amount in Rs million

Particulars	Quarter Ended March 2007	Year Ended March 2007
Interest on borrow ings	787	3,069
Finance charges	123	764
Finance income	(269)	(535)
Derivatives & exchange fluctuation	(164)	(1,860)
Finance cost (net)	**477**	**1,438**

7.2.6 Schedule of Income tax

Amount in Rs million

Particulars	Quarter Ended March 2007	Year Ended March 2007
Current tax expense	1,768	5,330
Deferred tax expense	(415)	492
Income tax expense	**1,353**	**5,822**

ANNEXURES – 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 USGAAP)

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Year Ended		
	March 2007	March 2006	Y-on-Y Growth	March 2007	March 2006	Y-on-Y Growth
	Un-audited	Un-audited		Audited	Audited	
Revenues						
Services	53,619	33,625	59%	184,152	114,638	61%
Indefeasible right ot use sales	109	110	0%	436	417	5%
Equipment	204	379	-	607	1,160	-
Total Revenues	**53,932**	**34,113**	**58%**	**185,196**	**116,215**	**59%**
Operating Expenses						
Cost of Services	(30,778)	(19,790)	56%	(106,744)	(68,295)	56%
(Inclusive of depreciation and amortisation)						
Costs of equipment sales	(349)	(281)		(589)	(1,169)	-
Selling, general & administrative expenses	(7,635)	(5,958)	28%	(28,564)	(19,146)	49%
(Inclusive of depreciation and amortisation)						
Pre-operating cost	2	(10)		(9)	(120)	-
Total Operating Expense	**(38,761)**	**(26,039)**	**49%**	**(135,905)**	**(88,730)**	**53%**
Operating Income	**15,171**	**8,075**	**88%**	**49,291**	**27,486**	**79%**
Interest expense	(688)	(286)		(3,044)	(2,958)	
Interest income	211	(447)		1,606	446	
Share of profits in associates / joint ventures	(1)	(2)		(2)	(5)	
Other income	376	166	-126%	1,064	499	
Non operating expenses	(1)	(92)		(54)	(103)	
Income before Income Taxes	**15,068**	**7,413**	**103%**	**48,860**	**25,366**	**93%**
Income tax expense	(1,353)	(549)		(5,822)	(2,540)	
Minority interest	(184)	(41)		(467)	(260)	
Net income	**13,531**	**6,823**	**98%**	**42,571**	**22,567**	**89%**
Earnings / (loss) per share for profit attributable to common shareholders						
Basic	7.14	3.62		22.50	12.04	
Diluted	7.14	3.61		22.47	11.97	
Weighted average number of shares used in computing earnings / (loss) per share						
Weighted average number of common shares (in millions)	1,895	1,889		1,892	1,874	
Weighted average number of diluted shares (in millions)	1,896	1,889		1,894	1,892	

A.1.2 Consolidated Balance Sheet (as per USGAAP)

Amount in Rs. Million

Particulars	As at March 31, 2007
	Audited
ASSETS	
Cash and cash equivalents	7,464
Accounts receivable, net of allowances for doubtful debts	13,093
Unbilled receivables	4,890
Inventories	912
Short term investments	2,004
Deferred taxes on income	1,178
Derivative financial instruments	729
Restricted cash	134
Prepaid expenses and other current assets	13,711
Due from related parties	729
Total Current Assets	**44,843**
Property and equipment, net	210,604
Acquired intangible assets, net	14,116
Goodwill	23,684
Investment in associates and joint ventures	182
Investments	500
Restricted cash, non-current	54
Deferred taxes on income	20
Other assets	3,887
Total Assets	**297,888**
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities	
Short-term borrowings and current portion of long-term debt	10,925
Trade payables	16,878
Equipment supply payables	42,633
Accrued expenses	12,523
Unearned income	17,035
Unearned income- Indefeasible right to use sales	336
Derivative financial instruments	1,981
Due to related parties	30
Other current liabilites	4,295
Deferred taxes on income	14
Total current liabilities	**106,649**
Long-term debt, net of current portion	41,536
Deferred taxes on income	3,616
Unearned income- Indefeasible right to use sales	3,800
Other liabilities	4,933
Total liabilities	**160,534**
Minority interest	1,801
Stockholders' equity	
Common stock, par value Rs.10 per share	18,959
Additional paid in capital	56,645
Treasury stock	(134)
Retained earnings / (deficit)	60,083
Total stockholders' equity	**135,553**
Total liabilities and stockholders' equity	**297,888**

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

Amount in Rs. Million

Particulars		Quarter Ended March 31, 2007	Year Ended March 31, 2007
		Un-audited	Audited
Cash flows from operating activities			
Net profit/(loss)	**a**	**13,531**	**42,572**
Add: Non Cash items	**b**		
Depreciation and amortisation		7,239	25,208
Tax expense / (income)		1,353	5,822
Impact of fair valuation of financial instruments		118	350
Cash generated from operations before working capital changes	**c=a+b**	**22,240**	**73,952**
(Increase)/decrease in working capital		(5,593)	21,922
(Increase)/decrease in non-current assets		(2,124)	(9,880)
Increase/(decrease) in non-current liabilities		59	1,140
Net cash provided/(used) by/in operating activities	**d**	**(7,657)**	**13,182**
Cash flows from investing activities			
Purchase of property, plant and equipment		(15,787)	(89,271)
Investment / loss in associate		1	7
Net cash provided/(used) by/in investing activities	**e**	**(15,786)**	**(89,263)**
Cash flows from financing activities			
Increase/(decrease) in borrowings		880	4,716
Shareholders Equity		67	1,647
Net cash provided/(used) by/in financing activities	**f**	**946**	**6,363**
Cash and cash equivalents*			
Beginning of the period	**g**	10,411	5,921
End of the period	**h=c+d+e +f+g**	10,155	10,155

** Includes short-term investments, restricted cash, restricted cash-non-current and investments.*

A.2 Trend and Ratio Analysis

The financial figures used in the quarterly trends are based on un-audited US GAAP financial statements.

A.2.1 Based on Statement of Operations

Amount in Rs. Million

Parameters	For the Quarter Ended				
	Mar-07	Dec-06	Sep-06	Jun-06	Mar-06
Total Revenues	53,932	49,129	43,571	38,564	34,113
Access and interconnection charges	9,335	8,242	7,190	6,612	6,447
Operating Expenses	17,091	16,260	15,471	13,535	11,915
Licence Fee	5,098	4,574	3,886	3,395	2,969
EBITDA	22,408	20,055	17,025	15,021	12,782
Cash profit from operations	21,930	21,372	16,437	13,330	12,049
Income before income taxes	15,068	14,412	10,782	8,599	7,413
Net income	13,531	12,151	9,338	7,551	6,823

	Mar-07	Dec-06	Sep-06	Jun-06	Mar-06
As a % of Total Revenues					
Access and interconnect charge	17.3%	16.8%	16.5%	17.1%	18.9%
Operating Expenses	31.7%	33.1%	35.5%	35.1%	34.9%
Licence & Spectrum Fee	9.5%	9.3%	8.9%	8.8%	8.7%
EBITDA	41.5%	40.8%	39.1%	39.0%	37.5%
Cash profit from operation	40.7%	43.5%	37.7%	34.6%	35.3%
Income before income taxes	27.9%	29.3%	24.7%	22.3%	21.7%
Net income	25.1%	24.7%	21.4%	19.6%	20.0%

A.2.2 Based on Balance Sheet

Amount in Rs. Million

Parameters	As at				
	Mar. 31, 2007	Dec. 31, 2006	Sept. 30, 2006	June 30, 2006	Mar. 31, 2006
Stockholders Equity	135,553	121,848	109,643	100,161	91,893
Net Debt	42,306	41,050	44,589	42,201	41,472
Capital Employed = Stockholder's equity + Net Debt	177,859	162,898	154,232	142,363	133,365

Parameters	Mar-07	Dec-06	Sep-06	Jun-06	Mar-06
Return on Stockholder's equity (LTM)	38.2%	35.5%	31.6%	29.6%	29.4%
Return on Capital Employed (LTM)	28.6%	26.3%	25.1%	24.0%	22.3%
Net Debt to EBITDA (LTM)	0.57	0.63	0.80	0.86	0.95
Assets turnover ratio (LTM)	112.4%	108.3%	103.1%	98.2%	93.9%
Interest Coverage ratio (times)	28.48	24.84	22.35	21.08	19.86
Book Value Per Equity Share (in Rs)	71.5	64.3	57.8	52.8	48.5
Net debt to Stockholders' Equity (Times)	0.31	0.34	0.41	0.42	0.45
Per share data (for the period)					
Net profit/(loss) per common share (in Rs)	7.14	6.42	4.94	3.99	3.62
Net profit/(loss) per diluted share (in Rs)	7.14	6.41	4.93	3.98	3.61

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

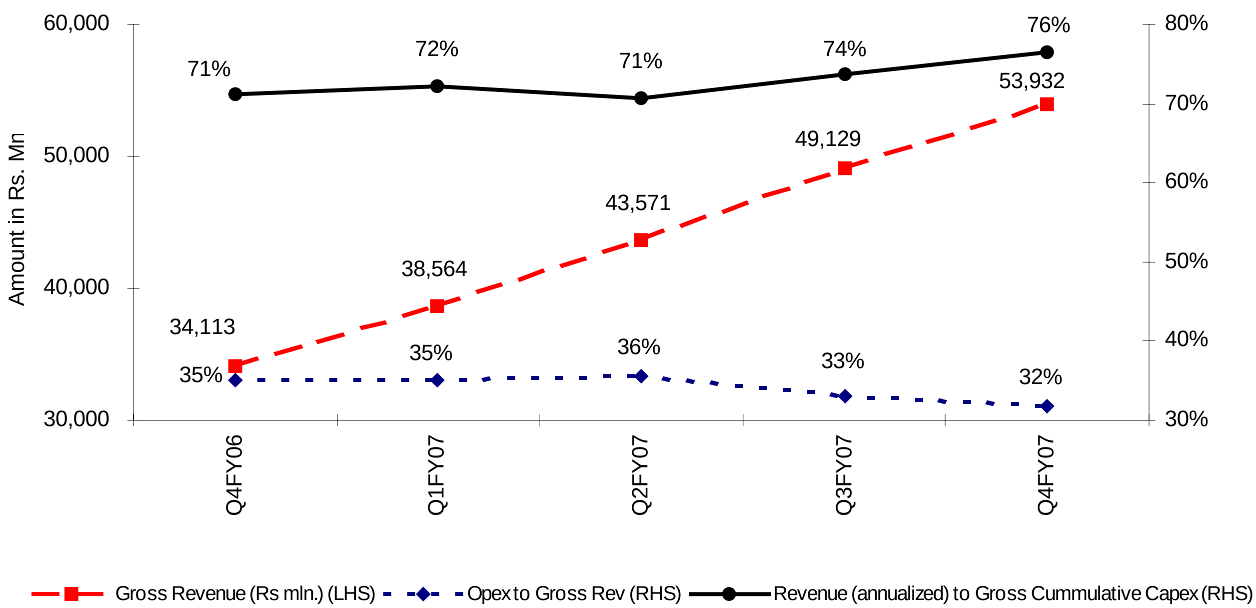
2. Opex Productivity – operating expenses divided by the gross revenues for the respective period. Operating expenses is the sum of (i) equipment costs (ii) employee costs (iii) network operations costs & (iv) selling, general and administrative costs. This ratio depicts the operational efficiencies in a 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 far as the absolute revenues keeps 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	March 31, 2007	Dec. 31, 2006	Sept. 30, 2006	June 30, 2006	March 31, 2006
Consolidated						
Customers	000's	39,013	33,712	28,693	24,577	20,926
Employees (On-roll)	No.	20,314	18,213	18,584	14,374	10,970
Mobile services						
Customers	000's	37,141	31,974	27,061	23,073	19,579
Prepaid customers as a % of total customers	%	88.5%	87.1%	85.5%	84.4%	82.7%
Postpaid customers as a % of total customers	%	11.5%	12.9%	14.5%	15.6%	17.3%
Bharti's mobile subscribers market share	%	22.9%	21.8%	21.4%	21.1%	20.4%
Average Revenue Per User (ARPU)	Rs.	406	427	438	441	442
Average Minutes of Use Per User	Minutes	475	467	451	441	431
Post-paid Voluntary Churn	%	1.0%	1.2%	1.2%	1.3%	1.4%
Post-paid Company Initiated Churn	%	2.2%	2.3%	2.4%	2.1%	2.7%
Prepaid Churn	%	3.6%	4.8%	5.1%	4.7%	5.2%
SMS Revenue as a % of Total Mobile Revenues	%	6.0%	6.2%	6.1%	6.4%	6.8%
Employees (On-roll)	No.	7,034	6,864	6,963	6,624	6,038
Broadband & Telephone Services						
Customers	000's	1,871	1,738	1,631	1,505	1,347
Average Revenue Per User (ARPU)	Rs.	1,112	1,198	1,115	1,202	1,063
Non-mobile Services						
Employees (On-roll)	No.	12,789	10,942	11,228	7,518	4,697
Others (Corporate Office)						
Employees (On-roll)	No.	491	407	393	232	235

A.2.5 Traffic, Coverage & Network Trends

Parameters	Unit	March 31, 2007	Dec. 31, 2006	Sept. 30, 2006	June 30, 2006	March 31, 2006
Mobile Services	Mn Min	49,240	41,305	33,844	28,194	23,187
Broadband & Telephone Services	Mn Min	4,241	4,055	4,080	3,780	3,549
National Long Distance Services	Mn Min	5,004	4,429	3,628	2,882	2,208
International Long Distance Services	Mn Min	1,194	1,059	882	753	684
Total Minutes on Network	**Mn Min**	**59,679**	**50,847**	**42,434**	**35,609**	**29,628**

Note: The minutes are gross of intersegment eliminations

Parameters	Unit	March 31, 2007	Dec. 31, 2006	Sept. 30, 2006	June 30, 2006	March 31, 2006
Mobile Services						
Census Towns	No.	4,676	4,581	4,357	4,026	3,778
Non-Census Towns & Villages	No.	207,327	176,593	155,076	101,614	80,687
Population Coverage	%	59%	54%	50%	46%	42%
Broadband & Telephone Services						
No. of cities covered	No.	94	94	94	92	90
Carriers (National Long Distance)						
Optic Fibre Network	RKms	40,484	39,330	36,151	35,016	32,900

A.3 Key Accounting Policies as per USGAAP

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 th 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 income statement 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. All direct costs relating to the acquisition and installation of property and equipment are capitalized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets, with the exception of leasehold improvements and assets acquired through capital leases, which are depreciated over the lesser of the estimated useful lives of the asset or the term of the lease.

Assets	Years
Building	20
Network Equipment	3/5/10/15
Computer equipment	3
Office, furniture and equipment	5
Vehicles	5
Leasehold improvements	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 statement of income on the date of retirement and disposal.

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 we exercise significant influence is included in investments in associates/jointly controlled entities. Goodwill is stated at cost less accumulated amortization and impairment losses, if any.

Effective April 1, 2002, the Group adopted provisions of 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 fixed line or mobility circle. SFAS 142 also prohibits the amortization of goodwill and indefinite-lived intangible assets upon adoption, but requires that they be tested for impairment at least annually, or more frequently as warranted, at the reporting unit level.

The goodwill impairment test under 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 statement of operations.

5. Capital leases

Lessee accounting

Assets leased to others under capital leases are stated at the lower of fair value and present value of minimum lease payments. They are amortized over the useful lives of the assets or the lease term, whichever is shorter. Amortization charge for capital leases is included in depreciation expense for the year.

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 useful life of the assets.

Lessor accounting

Assets leased to others given 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 finance 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 airtime charges, call revenue, fixed monthly subscription charges and VSAT/ internet usage charges, roaming charges, activation 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 incumbent fixed line service 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 of 12 to 74 months for the year ended March 31, 2007 (2006 - 31 to 69 months and 2005 – 29 to 50 months), which is consistent with the estimated churn of customers. Excess of activation costs over activation revenue, if any, is 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. Subscriber acquisition costs are expensed as incurred.

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 the expected customer relationship period. 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 the actual usage basis and is net of sales returns and discounts.
Revenues from national 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.

Revenue from international long-distance operations comprises revenue from provision of voice services, which is recognized on completion of services.

Unbilled receivables represent revenues recognized in respect of mobile, fixed line and national long distance services provided 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 include unused amounts of revenue billed in respect of pre-paid cards and monthly rentals received in advance. The related services/billings 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). Revenue from equipment sales and related equipment costs are deferred and amortized over the customer relationship period.

(iii) Multiple element arrangements

The Company enters into transactions that include multiple element arrangements, which may include a combination of network assets, bandwidth and services including maintenance. When some elements are delivered prior to others in an arrangement, revenue is deferred until the delivery of the last element unless all of the following conditions are met:

- Vendor-specific objective evidence of fair value (VSOE) of the undelivered elements.
- The functionality of the delivered elements is not dependent on the undelivered elements.
- Delivery of the delivered element represents the culmination of the earnings process.
- VSOE is the price charged by the Company to an external customer for the same element when such element is sold separately or reflects fair value of the element.

8. License fees

Licenses signed prior to New Telecom Policy – 1999 (NTP - 99) regime

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 are expensed as incurred. However, the Group's share of licenses acquired under business combinations during the old license regime, prior to July 31, 1999, have been 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 is carried over and forms a part of the new cost basis for the license signed under NTP - 99. Amortization of licenses is disclosed as part of "Depreciation and Amortization" in the Statement of operations.

Licenses signed under NTP - 99

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

License entry fees have been recognized as an intangible asset and are measured initially at cost. After initial recognition, license entry fees are measured at cost less accumulated amortization and any other impairment losses. 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 have been 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 disclosed as part of "Depreciation and Amortization" in the statement of operations. 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 have been recognized as an intangible asset and are measured initially at cost. After initial recognition, license entry fees are measured at cost less accumulated amortization and any other impairment losses. 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 of enterprise resource planning software, bandwidth capacities, brands, customer relationships, distribution networks and licenses, are capitalized at the Group's share of respective fair values on the date of acquisition. The methodology used for valuation of these intangibles is as follows:

- Software is capitalized at the amounts paid for acquiring the license for use and are amortized over the period of such license, not exceeding three years.
- Bandwidth capacities are capitalized at the amounts paid for acquiring the capacities and are amortized over the period of the agreement.
- 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

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

10. Income-taxes

In accordance with the provisions of 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 existing 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 statement of income in the period in which such change is enacted. Based on management's judgment, 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.

Statement of Financial Accounting Standards No. 133, ''Accounting for Derivative Instruments and Hedging

Activities'' (''SFAS No. 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 FAS No. 143 "Accounting for Asset Retirement Obligations". 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 Company's Infrastructure Provider business. The Company has decided to view these as integral equipment. Under the agreements, title was not transferred to the lessee. The transactions are therefore recorded as operating lease agreements. Direct expenditures incurred in connection with agreements are capitalized and written off over the term of the agreement. The contracted sales price is chiefly paid in advance and is recognized as revenue during the period of the agreement. Sales not recognized in income, net of amount recognizable within one year is recorded as non-current liability and amount recognizable within one year is recorded as unearned income.

A.4 Summarised Profit & Loss Statement as per Indian GAAP (audited)

Amount in Rs million

Particulars	Quarter Ended March 31, 2007	Year Ended March 31, 2007
Service Revenue	53,380	183,492
Sales of Goods	233	710
Total Income	**53,614**	**184,202**
Profit before Finance Expenses /(Income) (Net), Depreciation, Amortisation, Pre-operative Expenditure,Charity and Donation, Taxation and Other Income	**22,383**	**74,407**
Finance expenses (net)	423	2,489
Depreciation	6,993	24,487
Amortisation	442	1,704
Other Income	374	1,119
Preoperative Expenditure Written off	(3)	9
Charity & Donation	1	54
Profit Before tax	**14,902**	**46,783**
MAT credit	305	367
Tax Expenses/ (Income)		
-Current Tax	1,770	5,337
-Fringe Benefit Tax	74	272
-Deferred Tax	(19)	439
Profit After Tax	**13,382**	**41,102**
Minority Interest	196	482
Profit for the period	**13,186**	**40,620**

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

Amount in Rs million

Particulars	Quarter ended March 31, 2007	Year Ended March 31, 2007
Net income as per US GAAP	**13,531**	**42,571**
Add: Differences on account of:		
Remeasurement of financial instruments not applicable in IGAAP	17	4
Differential depreciation provided in IGAAP due to forex fluctuations not considered in US GAAP	17	(108)
Differences in accounting for finance charges	44	(1,037)
Less: Differences on account of:		
Amortisation of Goodwill/ Intangibles	66	268
Being difference in revenue recognition	112	368
License fee amortisation	146	589
Minority Interest and loss of Joint Venture	9	5
Deferred Tax expense	92	(420)
Net profit as per Indian GAAP	**13,186**	**40,620**

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 years ended March 31, 2007 is as per audited financial statements.

GLOSSARY

Technical and Industry Terms

Company Related	
ARPU (for Mobile and Broadband & Telephone services)	Average revenue per customer per month is computed by: dividing the total revenues, excluding equipment sales and the connection fees, during the relevant period by the average customers; and dividing the result by the number of months in the relevant period.
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.
Access and Interconnect Charges / Total Revenues	Access and interconnect charges for the relevant period divided by total revenues for the relevant period.
Average Customers	Average customers are derived by computing the average of the monthly average customers 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 & amortization, pre-operating costs, interest expense and interest income.
Cash Profit From Operations / Total revenues	It is computed by dividing cash profit from operations for the relevant period by total revenues for the relevant period.
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. Postpaid 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.
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.
Income (Loss) Before Taxation / Total Revenues	It is computed by dividing income/ (loss) before taxation for the relevant period by total revenues for the relevant period.
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 & 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 and taxation for the relevant period. It is equivalent to Income/(loss) before interest income, interest expense & taxes.
Broadband & Telephony Customers Per Employee	Number of Broadband & Telephony customers on our networks as at end of the relevant period divided by number of employees in the Broadband & Telephone segment as at end of the relevant period.
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.
License Fee / Total Revenues	License fee for the relevant period divided by total revenues for the relevant period.
Market Capitalization	Number of issued and outstanding shares as at end of March 31, 2007 multiplied by closing market price (BSE) as at end of April 25, 2007.
MoU/Sub/Month	Minutes of Usage. Duration in minutes for which a customer uses the network. It is typically expressed over a period of one month. Average minutes of usage per subscriber 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.

Mobile Customers Per Employee	Number of GSM customers on our networks as at end of the relevant period divided by number of employees in the mobile segment as at end of the relevant 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 Profit / (Loss) / Total Revenues	It is computed by dividing net profit / (loss) for the relevant period by total revenues for the relevant period.
Net Profit/ (Loss) Per Common Share	It is computed by dividing net profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.
Net Profit/ (Loss) 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 recognised 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).
Net Revenues	It is not a US GAAP measure and is defined as total revenues adjusted for access charges for the relevant period.
Non-mobile services	It comprises Broadband & Telephone Services and Enterprise 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 Broadband & Telephone 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.).
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, 2004, 2005, 2006 & 2007, ROCE is computed by dividing the sum of net profit & 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 & 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, 2004, 2005, 2006 & 2007, 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 preceding the (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.
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 & administrative cost for the relevant period.

Regulatory	
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.
AUSPI	Association of Unified Telecom Service Providers of India. It is the representative industry body for private Basic Service Operators which interacts on policy and regulatory issues with various Government bodies such as Department of Telecommunications (DoT), Telecom Regulatory Authority of India (TRAI), apex industry organizations like ASSOCHAM, Confederation of Indian Industry (CII), and Federation of Indian Chambers of Commerce & Industry (FICCI), analysts and other institutions of world repute.
COAI	The Cellular Operators Association of India (COAI) was constituted in 1995 as a registered, non - profit, non - governmental society dedicated to the advancement of communication in India, in particular of modern communication through Cellular Mobile Telephone Services. The main objective of the COAI is to protect, promote and upgrade cellular operations in India and also to look after the common and collective interests of its members.
CMSP	Cellular Mobile Service Provider. CMSP is another term for Cellular Operators or Cellular Mobile Telephone Service Licensees.
DoT	Department of Telecommunications. DoT is a department under the Ministry of Telecommunications, Government of India. The Department of Telecommunications is responsible for the policy formulation, licensing, wireless spectrum management etc. The department allocates frequency and manages radio communications in close coordination with the International bodies and is responsible for enforcing wireless regulatory measures and monitoring the wireless transmission of all users in the country.
IUC	Interconnection Usage Charges. IUC are the charges prescribed by TRAI vide IUC Regulations including amendments issued from time to time, which are payable by one service provider to another for usage of the network elements for origination, transit or termination of the calls.
TDSAT	Telecom Disputes Settlement & Appellate Tribunal. TDSAT has been set up under Section 14 of the Telecom Regulatory Authority of India Act, 1997 by TRAI (Amendment) Act, 2000 to adjudicate disputes and dispose of appeals with a view to protect the interests of service providers and consumers of the telecom sector and to promote and ensure orderly growth of the telecom sector.
TRAI	Telecom Regulatory Authority of India. TRAI is a statutory body established under the Telecom Regulatory Authority of India Act, 1997 in January 1997, as an autonomous body with quasi-judicial powers to regulate telecommunication services in India.
UASP	Unified Access Service Provider. UASPs are licensed by DoT for providing access services viz wireline and wireless including full mobility, limited mobility and fixed wireless using any technology.

Others (Industry)	
BSE	The Stock Exchange, Mumbai
GSM	Global System for Mobile Communications. This is a second generation digital technology originally developed for Europe. Initially developed in the 900 MHz band and subsequently modified for the 850, 1800 and 1900MHz bands. Originally stood for Groupe Speciale Mobile. It is an open and non-proprietary system with one of its great strength being the international roaming capability.
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. It is a basket of 30 constituent stocks representing a sample of large, liquid and representative companies. The base year of Sensex is 1978-79 and the base value is 100. The index is widely reported in national and international markets through print as well as electronic media.
SMS	Short Messaging Service. It is a text message service, which enables the user to send short messages to other users.
US GAAP	United States Generally Accepted Accounting Principles.

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Written correspondence to be sent to:
Bharti Airtel Limited
Investor Relations
ir@bharti.in
http://www.bhartiairtel.in