Quarterly report on the results for the period of the fourth quarter and full year ended March 31, 2006

Bharti Airtel Limited
[Formerly known as Bharti Tele-Ventures Limited]
(Incorporated as a public limited company on July 7, 1995 under the Companies Act, 1956)
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April 28, 2006

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.

Sunil B Mittal	Akhil Gupta
Chief Executive Officer	Chief Financial Officer
Chairman & Group Managing Director	Joint Managing Director

Supplemental Disclosures

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.44.48 = US $1.00, the noon buying rate as announced by the Federal Reserve Bank of New York on March 31, 2006. 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 website, www.bhartiairtel.in and www.airtelworld.com is not part of this Quarterly Report.

Use of the 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. **Further, disclosures are also provided under "Use of Non - GAAP financial information" on page 19.**

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) and Bharti Broadband Limited (BBL).

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Section 1

BHARTI AIRTEL – PERFORMANCE AT A GLANCE

Particulars	UNITS	Full Year Ended March 31,				Quarter Ended			
		2003	2004	2005	2006	June 30, 2005	Sept. 30, 2005	Dec. 31, 2005	Mar. 31, 2006
Total Customer Base	**000's.**	**3,443**	**7,141**	**11,842**	**20,926**	**13,191**	**15,129**	**17,527**	**20,926**
Mobile Services	000's.	3,071	6,504	10,984	19,579	12,256	14,068	16,327	19,579
Broadband & Telephone Services	000's.	372	637	857	1,347	935	1,061	1,200	1,347
Consolidated financials as per US GAAP									
Total revenues	INR Mn.	24,170	48,320	80,028	116,633	25,173	27,091	30,256	34,113
EBITDA	INR Mn.	5,056	15,968	30,128	43,601	9,407	10,211	11,200	12,782
Cash profit from operations	INR Mn.	3,041	13,588	28,132	40,951	9,258	9,367	10,277	12,049
Earnings before tax	INR Mn.	(1,873)	5,976	16,604	25,575	5,980	5,796	6,386	7,413
Profit after tax	INR Mn.	(2,018)	5,076	14,978	22,585	5,099	5,209	5,453	6,823
Consolidated financials as per US GAAP									
Total revenues	US$ Mn.	509	1,113	1,835	2,622	579	617	673	767
EBITDA	US$ Mn.	106	368	691	980	216	232	249	287
Cash profit from operations	US$ Mn.	64	313	645	921	213	213	229	271
Earnings before tax	US$ Mn.	(39)	138	381	575	137	132	142	167
Profit after tax	US$ Mn.	(42)	117	343	508	117	119	121	153
Key Ratios									
EBITDA Margin	%	20.9%	33.0%	37.6%	37.4%	37.4%	37.7%	37.0%	37.5%
Net Profit Margin	%	-	10.5%	18.7%	19.4%	20.3%	19.2%	18.0%	20.0%
Net Debt to Total Stockholders Equity	Times	0.63	0.89	0.66	0.45	0.50	0.44	0.43	0.45
Return on Stockholders Equity	%	-	12.0%	28.5%	29.4%	31.0%	30.6%	29.3%	29.4%
Return on Capital Employed	%	-	9.5%	18.3%	22.3%	19.6%	20.9%	21.8%	22.3%

1. *Annual financial highlights for the year ended March 31, 2003, 2004 and 2005 are based on consolidated audited results as per United States Generally Accepted Accounting Principles (US GAAP). Annual financial highlights for the year ended March 31, 2006 are based on consolidated un-audited results as per United States Generally Accepted Accounting Principles (US GAAP).*
2. *Financial highlights for the quarter ended June 30, 2005, September 30, 2005, December 31, 2005 and March 31, 2006 are un-audited and are based on the consolidated results as per United States Generally Accepted Accounting Principles (US GAAP).*
3. *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 2004 (c) Rs. 43.62 for the financial year ended March 31, 2005 (d) Rs. 43.51 for the quarter ended June 30, 2005 (e) Rs. 43.94 for the quarter ended September 30, 2005 (f) Rs. 44.95 for the quarter ended December 31, 2005, (g) Rs. 44.48 for the quarter ended March 31, 2006 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 private sector providers of telecommunication services with an aggregate of 20,925,948 customers as of March 31, 2006, consisting of 19,579,208 GSM mobile and 1,346,740 broadband & telephone customers. We are the largest mobile service provider in the country, based on the number of customers with mobile operations in all the 23-telecom circles of India. We also provide broadband & telephone services and enterprise services. The enterprise services group has two sub-units - carriers (long distance services) and corporates. All these services are provided under the Airtel brand.

As per un-audited US GAAP financial statements, for the quarter ended March 31, 2006, our Total Revenues and EBITDA were Rs. 34,113 million (US$ 767 million) and Rs. 12,782 million (US$ 287 million) respectively and for the full year ended March 31, 2006, our Total Revenues and EBITDA were Rs. 116,633 million (US$ 2,622 million) and Rs. 43,601 million (US$ 980 million) respectively. The net profit for the quarter and full year ended March 31, 2006, was Rs. 6,823 million (US$ 153 million) and Rs. 22,585 million (US$ 508 million) respectively. During the year ended March 31, 2006, mobile services contributed to 71% of our total revenues.

2.2 Business Divisions

- **Mobile Services** - We offer GSM mobile services in all the 23-telecom circles of India and are the largest mobile service provider in the country, based on the number of customers. Our 19,579,208 mobile customers accounted for a market share of 21.8% of overall wireless market, as on March 31, 2006.

- **Broadband & Telephone Services** - We provide broadband (DSL) & telephone services (fixed line) in 90 cities. We had 1,346,740 customers as on March 31, 2006 of which 23.4% (315,000) were subscribing to broadband (DSL) services.

- **Enterprise Services (Carriers)** – We compliment our mobile and broadband & telephone services with national and international long distance services. We have over 32,900 route kilometers of optic fibre on our national long distance network. For international connectivity to east, we have a submarine cable landing station at Chennai (owned by an associate company) between Chennai and Singapore. For international connectivity to the west, we are a member of the South East Asia-Middle East-Western Europe – 4 (SEA-ME-WE-4) consortium along with 15 other global telecom operators, and have commissioned the fourth generation cable system. SEA-ME-WE-4 supports telephone, Internet, multimedia and various other broadband and data applications.

- **Enterprise Services (Corporates)** – Our enterprise services group provides secure, scalable, seamless, reliable and customized integrated solutions of voice and data communications for corporate, small and medium scale enterprises. The group focuses on delivering telecommunications services as an integrated offering including mobile, broadband & telephone, national and international long distance and data connectivity services to key account corporate customers through business relationship management.

2.3 Vendors

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 the 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.

2.4 Partners

We have strong 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 our company is one of their largest investments made in the world outside Singapore.

We also have a strategic alliance with Vodafone, the world's leading mobile telecommunications company with operations in 27 countries across 5 continents. The investment made by Vodafone in Bharti is one of the largest single foreign investments made in the Indian telecom sector.

Section 3

FINANCIAL HIGHLIGHTS

Un-audited financial results for the fourth quarter and ful year ended March 31, 2006 as per United States Generally Accepted Accounting Principles (US GAAP).

Detailed financial statements, analysis and other related information is attached to this report as Annexures (page 25). 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 2006	March 2005	Y-on-Y Growth	March 2006	March 2005	Y-on-Y Growth
Total revenues	34,113	23,255	47%	116,633	80,028	46%
EBITDA	12,782	9,050	41%	43,601	30,128	45%
Cash profit from operations	12,049	8,252	46%	40,951	28,132	46%
Income / (Loss) before Income taxes	7,413	5,128	45%	25,575	16,604	54%
Current tax expense	513	328		1,968	945	
Income / (Loss) after current tax expense	6,900	4,801	44%	23,607	15,659	51%
Deferred tax expense / (income)	36	139		768	583	
Net income / (loss)	6,823	4,591	49%	22,585	14,978	51%
EBITDA / Total Revenues	37.5%	38.9%		37.4%	37.6%	

3.1.2 Consolidated Summarised Balance Sheet

Amount in Rs. Million

Particulars	As at March 31, 2006
ASSETS	
Total current assets	32,733
Total non-current assets	184,546
Total assets	**217,279**
LIABILITIES AND STOCKHOLDERS' EQUITY	
Total current liabilities	78,531
Total non-current liabilities	45,904
Total liabilities	**124,435**
Minority Interests	**951**
Total stockholders equity	**91,893**
Total liabilities and stockholders equity	**217,279**

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

Particulars	Quarter Ended			Year Ended		
	March 2006	March 2005	Y-on-Y Growth	March 2006	March 2005	Y-on-Y Growth
Total revenues	24,134	16,165	49%	82,391	54,015	53%
EBITDA	8,746	5,652	55%	29,711	18,520	60%
EBIT	5,673	3,462	64%	19,222	10,461	84%
EBITDA / Total Revenues	36.2%	35.0%		36.1%	34.3%	

3.2.2 Non-mobile Services – comprises of the Broadband & Telephone Services and Enterprise Services.

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Year Ended		
	March 2006	March 2005	Y-on-Y Growth	March 2006	March 2005	Y-on-Y Growth
Total revenues	13,570	9,706	40%	46,756	35,264	33%
EBITDA	4,419	3,556	24%	15,166	11,878	28%
EBIT	3,019	2,654	14%	10,442	8,481	23%
EBITDA / Total Revenues	32.6%	36.6%		32.4%	33.7%	

3.2.3 Broadband & Telephone Services

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

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Year Ended		
	March 2006	March 2005	Y-on-Y Growth	March 2006	March 2005	Y-on-Y Growth
Total revenues	4,102	3,095	33%	15,015	11,209	34%
EBITDA	934	847	10%	3,675	2,853	29%
EBIT	215	369	-42%	1,210	963	26%
EBITDA / Total Revenues	22.8%	27.4%		24.5%	25.5%	

3.2.3.2 Existing Broadband & Telephone Operations – *(Refer glossary for definition)*

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Year Ended		
	March 2006	March 2005	Y-on-Y Growth	March 2006	March 2005	Y-on-Y Growth
Total revenues	3,772	3,073	23%	14,255	11,187	27%
EBITDA	1,299	879	48%	4,613	2,885	60%
EBIT	758	441	72%	2,537	1,083	134%
EBITDA / Total Revenues	34.4%	28.6%		32.4%	25.8%	

3.2.3.3 New Broadband & Telephone Operations - *(Refer glossary for definition)*

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Year Ended		
	March 2006	March 2005	Y-on-Y Growth	March 2006	March 2005	Y-on-Y Growth
Total revenues	330	22		760	22	
EBITDA	(366)	(32)		(938)	(32)	
EBIT	(543)	(72)		(1,328)	(119)	
EBITDA / Total Revenues	-	-		-	-	

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 2006	March 2005	Y-on-Y Growth	March 2006	March 2005	Y-on-Y Growth
Total revenues	9,467	6,611	43%	31,741	24,055	32%
EBITDA	3,485	2,709	29%	11,491	9,025	27%
EBIT	2,804	2,284	23%	9,233	7,518	23%
EBITDA / Total Revenues	36.8%	41.0%		36.2%	37.5%	

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 2006	March 2005	Y-on-Y Growth	March 2006	March 2005	Y-on-Y Growth
Total revenues	7,463	5,066	47%	24,556	18,614	32%
EBITDA	2,771	2,031	36%	8,791	6,331	39%
EBIT	2,249	1,658	36%	6,907	4,983	39%
EBITDA / Total Revenues	37.1%	40.1%		35.8%	34.0%	

3.2.4.1 Enterprise Services – Corporates

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Year Ended		
	March 2006	March 2005	Y-on-Y Growth	March 2006	March 2005	Y-on-Y Growth
Total revenues	2,005	1,545	30%	7,185	5,441	32%
EBITDA	714	678	5%	2,699	2,694	0%
EBIT	555	626	-11%	2,326	2,535	-8%
EBITDA / Total Revenues	35.6%	43.9%		37.6%	49.5%	

3.2.6 Others – comprises of the expenses of the Bharti corporate office

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Year Ended		
	March 2006	March 2005	Y-on-Y Growth	March 2006	March 2005	Y-on-Y Growth
Total revenues	-	-		-	-	
EBITDA	(377)	(239)		(1,264)	(617)	
Depreciation & Others	167	(58)		174	(286)	
EBIT	(544)	(180)		(1,438)	(332)	

3.3 Segment-wise Investments and Contribution

3.3.1 Investments in projects

Amount in Rs. Million, except ratios

Segment	As at March 31, 2006	
	Rs. Million	% of Total
Mobile Services	159,227	70%
Broadband & Telephone Services	36,074	16%
Long Distance Services	26,563	12%
Enterprise Services	6,678	3%
Others	441	0%
Total	**228,983**	**100%**
Less:- Accumulated Depreciation & Amortisation	48,196	
Net Fixed Assets & Other Project Investments	**180,786**	

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

Segment	Quarter Ended March 2006					
	Revenue		EBITDA		Capex	
	Rs. Million	% of total	Rs. Million	% of total	Rs. Million	% of total
Mobile Services	24,134	71%	8,746	68%	17,674	73%
Broadband & Telephone Services						
Existing Circles	3,772	11%	1,299	10%	2,585	11%
New Circles	330	1%	(366)	-3%	1,597	7%
	4,102	**12%**	**934**	**7%**	**4,182**	**17%**
Long Distance Services	7,463	22%	2,771	22%	1,085	4%
Enterprise Services	2,005	6%	714	6%	1,264	5%
Others	-		(377)	-3%	2	
Sub Total	**37,703**	**111%**	**12,787**	**100%**	**24,207**	**100%**
Eliminations	(3,590)	-11%	(5)		-	
Total	**34,113**	**100%**	**12,782**	**100%**	**24,207**	**100%**

Segment	Year Ended March 2006					
	Revenue		EBITDA		Capex	
	Rs. Million	% of total	Rs. Million	% of total	Rs. Million	% of total
Mobile Services	82,391	71%	29,711	68%	41,594	66%
Broadband & Telephone Services						
Existing Circles	14,255	12%	4,613	11%	8,602	14%
New Circles	760	1%	(938)	-2%	4,410	7%
	15,015	**13%**	**3,675**	**8%**	**13,011**	**21%**
Long Distance Services	24,556	21%	8,791	20%	5,311	8%
Enterprise Services	7,185	6%	2,699	6%	3,394	5%
Others	-		(1,264)	-3%	27	
Sub Total	**129,147**	**111%**	**43,613**	**100%**	**63,337**	**100%**
Eliminations	(12,514)	-11%	(12)		-	
Total	**116,633**	**100%**	**43,601**	**100%**	**63,337**	**100%**

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). For the period ended March 31, 2005 ARPU, Non Voice revenue, SMS revenue, gross revenue per employee per month numbers stands restated to from earlier published figures of International Financial Reporting Standards (IFRS) to United States Generally Accepted Accounting Principles (US GAAP).

4.1 Consolidated

Parameters	Unit	March 31, 2006	Dec. 31, 2005	Q-on-Q Growth	March 31, 2005	Y-on-Y Growth
Customers on our Network						
Mobile Services	000's.	19,579	16,327	20%	10,984	78%
Broadband & Telephone Services	000's.	1,347	1,200	12%	857	57%
Total	000's.	20,926	17,527	19%	11,842	77%
Non Voice Revenue as a % of Total Revenues	%	16.7%	18.1%		16.2%	

4.2 Mobile Services

Parameters	Unit	March 31, 2006	Dec. 31, 2005	Q-on-Q Growth	March 31, 2005	Y-on-Y Growth
Subscriber Base						
All India Wireless Subscribers	000's.	89,647	75,416	19%	51,723	73%
Mobile Customers on Bharti's Network	000's.	19,579	16,327	20%	10,984	78%
Net Additions						
All India Wireless Subscribers	000's.	14,231	10,836	31%	4,166	242%
Mobile Customers on Bharti's Network	000's.	3,252	2,259	44%	1,158	181%
Market Share						
Bharti's Subscriber Market Share	%	21.8%	21.6%		21.2%	
Bharti's Market Share of Net Additions	%	22.9%	20.8%		27.8%	
Pre-Paid Customers						
Total Customer Base	%	82.7%	79.7%		75.6%	
Total Net Additions	%	97.9%	93.2%		76.0%	
Other Operating Information						
Average Revenue Per User (ARPU)	Rs.	442	470	-6%	505	-12%
Average Revenue Per User (ARPU)	US$	9.9	10.6	-6%	11.4	-12%
Average Minutes of Use Per User	Minutes	431	411	5%	370	17%
Total Minutes of Use	Mn Min	23,187	18,637	24%	11,575	100%
Monthly Churn						
Post-paid Voluntary Churn	%	1.4%	1.4%		1.1%	
Post-paid Company Initiated Churn	%	2.7%	2.8%		3.2%	
Prepaid	%	5.2%	5.5%		6.7%	
Non Voice Revenue						
SMS Revenue as a % of Mobile Revenues	%	6.8%	6.4%		6.3%	
Non Voice Revenue as a % of Mobile Revenues	%	10.7%	9.7%		9.4%	

Note: All India wireless subscribers as at December 31, 2005 have been restated based on latest AUSPI and COAI data.

4.3 Broadband & Telephone Services

Parameters	Unit	March 31, 2006	Dec. 31, 2005	Q-on-Q Growth	March 31, 2005	Y-on-Y Growth
Broadband & Telephony Customers	000's.	1,347	1,200	12%	857	57%
Net additions	000's.	147	139	6%	54	175%
Average Revenue Per User (ARPU)	Rs	1,063	1,136	-6%	1,229	-14%
Average Revenue Per User (ARPU)	US$	23.9	25.5	-6%	27.6	-14%

4.4 Human Resource Analysis

Parameters	Unit	March 31, 2006	Dec. 31, 2005	Q-on-Q Growth	March 31, 2005	Y-on-Y Growth
Mobile Services						
Number of Customers per employee	No.	3,243	2,913	11%	2,277	42%
Gross Revenue per employee per month	Rs.	1,332,321	1,293,215	3%	1,117,235	19%
Broadband & Telephone Services						
Number of Customers per employee	No.	426	403	6%	465	-8%
Existing Circles	No.	476	542	-12%	482	-1%
New Circles	No.	304	96		140	
Gross Revenue per employee per month	Rs.	432,709	431,212		559,685	-23%
Existing Circles	Rs.	561,838	587,382	-4%	576,373	-3%
New Circles	Rs.	119,271	88,209	35%	110,375	8%
Long Distance Services						
Gross Revenue per employee per month	Rs.	3,911,140	3,494,790	12%	3,291,958	19%
Enterprise Services						
Gross Revenue per employee per month	Rs.	741,743	733,311	1%	1,141,960	-35%

SECTION 5

MANAGEMENT DISCUSSION & ANALYSIS

5.1 Key Industry and Company Developments

5.1.1 Industry

Interconnection Usage Charges (Sixth Amendment) Regulation, 2006 (1 of 2006)

On February 23, 2006 Telecom Regulatory Authority of India (TRAI) issued the Interconnection Usage Charges (IUC) (Sixth Amendment) Regulation 2006 which became effective from March 01, 2006. This regulation is the culmination of the consultative exercise undertaken by TRAI since March 2005. The salient features of the revised IUC regime are:

- The total amount of Access Deficit Charge (ADC) has been reduced from Rs.53.4 billion to Rs.33.35 billion, out of which approx Rs. 32 billion would go to BSNL.
- 'Per-minute' ADC on domestic calls discontinued. 'Per minute' ADC retained on international long distance (ILD) traffic but at a reduced rate. ADC for Incoming ILD calls pegged at Rs.1.60 per minute and for outgoing ILD calls at Rs.0.80 per minute.
- ADC on outgoing ILD calls originated from fixed wireline subscribers to be retained by originating network. On all other outgoing ILD calls, ADC is payable to BSNL. ADC on all incoming ILD calls is also payable to BSNL.
- All unified access service licensees (UASLs), basic service licensees, cellular mobile telephone service (CMTS) licensees, national long distance (NLD) service licensees and ILD service licensees shall pay 1.5% of their Adjusted Gross Revenue (AGR) as ADC to BSNL.
- BSNL will retain ADC as percentage of its AGR.
- UASLs and basic service licensees including MTNL, to retain the ADC as a percentage of AGR of their fixed wireline subscribers and will pay the balance to BSNL.
- For calculating ADC, AGR shall have the same meaning as specified in the respective licenses.
- No ADC on revenue from rural fixed wireline subscribers.
- Termination charge retained at Rs.0.30 per minute.
- Carriage charge for long distance calls within India left to negotiation among service providers subject to a ceiling of Rs.0.65 per minute irrespective of distance.

Regulation on Code of Practice for Metering and Billing Accuracy

In view of customer complaints relating to billing by telecom operators, TRAI had conducted a sample audit of the billing system of mobile operators. Based on results thereof and in order to bring standardization and transparency in the procedures being followed by operators, TRAI issued the Regulation on Code of Practice for Metering and Billing Accuracy in India on March 21, 2006. The highlights are:

- Service providers to provide detailed information relating to the tariff prior to enrolling a subscriber.
- Service provider to provide complete details of the tariff plan to the customer in writing, within a week of activation of service.
- Wherever a value-added service (such as download of content viz. a film clip or ring tone) or entry to an interactive service (such as a game) can be selected by the subscriber himself (e.g. by dialing a specific number), the charge for such service must be provided to the customer before he commits to use the service.
- The services provided to a customer and all subsequent changes therein shall be those agreed with him in writing prior to providing the service or changing its provisions.
- Payments made by a post-paid customer shall be credited to his account within 3 working days of receipt of the cash/cheque. For pre-paid customers, top-up credit shall be applied to the customer's account within 15 minutes of its application.
- Where the service provider unilaterally intends to restrict or cease service to a customer, advance notice shall be sent to customer to enable him to take preventive action.
- The service provider shall have a documented process for identifying, investigating and dealing with billing complaints and creating appropriate records thereof.
- Service providers shall arrange for annual audit of their metering & billing system from agencies notified by TRAI and submit audit certificate by June 30th each year.

Additional GSM & CDMA spectrum allocation criteria

On March 29, 2006, DoT issued guidelines for allocation of additional GSM spectrum beyond 10 MHz and upto 15 MHz and allotment of 5th and 6th CDMA carriers of nominal 1.25 MHz bandwidth. The allocation criteria continue to be linked to minimum subscriber base.

GSM criteria

CIRCLE	Min subscriber base for 12.4 MHz	Min subscriber base for 15 MHz
Delhi/Mumbai	1.6 million	2.1 million
Chennai/Kolkata	1 million	1.3 million
Category A	2 million	2.6 million
Category B	1.6 million	2.1 million
Category C	0.9 million	1.2 million

CDMA criteria

CIRCLE	Min subscriber base for 5th carrier	Min subscriber base for 6th carrier
Delhi/Mumbai	1.6 million	2.1 million
Chennai/Kolkata	1 million	1.3 million
Category A	2 million	2.6 million
Category B	1.6 million	2.1 million
Category C	0.9 million	1.2 million

Mobile Number Portability

On March 08, 2006 TRAI released its recommendations to the Department of Telecommunications (DoT) on mobile number portability (MNP). These are subject to final approval by the DoT. The highlights are:

- The process for implementation of MNP should be initiated in India with a time frame of 12 months between the acceptance of recommendation by DoT and launch of this facility. MNP should be available to mobile subscribers tentatively by April 01, 2007.

- Initially intra-service area MNP should be introduced.
- Implementation should be phased starting with metros and category 'A' service areas followed by category 'B' and then 'C' within an interval of six months.
- Mobile operators to establish logically centralized depository for the ported numbers through neutral third party. Cost of such database to be shared between operators based on subscriber base.
- Any issues relating to creation of database, interfaces, performance parameters, service levels can be resolved by discussion among all stakeholders. A steering committee comprising operators, industry association and Telecom Engineering Centre (TEC) under the aegis of TRAI should be constituted to workout the details of these implementation issues.
- A customer desirous of retaining his number will have to approach recipient operator for porting his/her number. Recipient operator alone should be permitted to charge a fee for successful porting.
- Setup costs to be shared by operators based on their subscriber market share as on January 01, 2007.
- Fixed Number Portability is not appropriate for India at this juncture due to non-availability of private operators' fixed line networks in all SDCAs and since fixed line numbering scheme is SDCA-based.

Reporting System on Accounting Separation Regulation

On March 27, 2006 TRAI issued an amendment to the Reporting System on Accounting Separation Regulation 2004, restricting its applicability to only those service providers whose minimum turnover in the preceding financial year is Rs. 250 million. The amendment also states that all service providers except access providers, National Long Distance Operators (NLDOs) and International Long Distance Operators (ILDOs) will be exempt from the requirement of preparing accounting separation reports based on replacement cost accounting as currently TRAI only regulates Interconnect Usage Charges (IUC) and a few tariffs like International Private Lease Circuits and Domestic Private Lease Circuits for which reports based on replacement cost for services of operators other than access providers, NLDOs and ILDOs may not be required in the near future.

Telecommunication Tariff (43rd Amendment) Order 2006

On March 21, 2006, TRAI issued the 43rd amendment to the Telecommunications Tariff Order 1999 (TTO'99) prescribing certain principles pertaining to tariff plans with lifetime validity or unlimited validity in lieu of an upfront payment. For such plans, the amendment stipulates that:

- Subscribers should continue to get service throughout the operator's license term under the existing or renewed license.
- Service providers shall inform subscribers of the month and year of expiry of existing license.
- Subscribers shall have the right to migrate to any other plan at any time.
- Service providers shall not hike any tariff item specified in the tariff plan during the entire lifelong validity period.

Telecommunication Tariff (42nd Amendment) Order 2006

On March 07, 2006, TRAI issued the 42nd amendment to the Telecommunications Tariff Order 1999 (TTO'99) exempting tariff plans offered by access providers to bulk customers such as corporates and small and medium enterprises from the requirement of reporting the tariff plan to TRAI within seven days of implementation. The amendment further stipulates that plans offered to bulk customers shall not come within the purview of the ceiling of twenty-five tariff plans. However, all such tariff plans shall be consistent with the regulatory principles in all respects such as IUC compliance, non-discrimination and non-predation. Operators shall furnish to TRAI on quarterly basis, a certificate to this effect along with brief details about the number of such plans and the bulk customers availing them.

Instructions for ensuring privacy of communication

On February 07, 2006 DoT issued guidelines to all telecom licensees for providing interception facilities to security agencies while at the same time protecting privacy of communication. These guidelines aim at tightening the process of interception of communication to curtail unlawful interception of calls.

Status Update on Last Quarter

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 the telecom sector subject to certain preconditions. An initial correction time of four months was granted to existing telecom licensees for complying with the said conditions. An unconditional compliance was to be submitted to DoT by March 02, 2006.

On March 03, 2006, the Government extended the deadline for submitting compliance to July 02, 2006.

Next Generation Networks (NGN)

On January 12, 2006 TRAI had issued a consultation paper on 'Issues pertaining to NGN' to discuss various technical and regulatory issues involved in migration to NGN in case the Indian telecom industry decides to adopt this technology. Based on written comments received from stakeholders and pursuant to open house discussions, TRAI published its recommendations to the DoT on March 20, 2006. These recommendations underscore the need for converged/unified licensing regime to enable optimum utilization of such networks and to promote broadband in India. The salient features of the recommendations are:

- Government should organize workshops/seminars on various aspects of NGN to create awareness among stakeholders.
- Government should expeditiously consider TRAI's recommendations for unified licensing regime.
- Government should review various recommendations on broadband access related issues.
- Government should reconsider TRAI's recommendations on local loop unbundling which can accelerate uptake of broadband through the existing copper loops, de-licensing of spectrum in 5.1 to 5.3 GHz band for outdoor usage and also identification of some additional spectrum for broadband access.

- TEC should be entrusted with the task to study and analyze various international developments pertaining to NGN in a time bound manner so as to incorporate the same in Indian context.
- A cross industry joint consultative group consisting of TEC, service providers, technical institutions, vendors etc. should be set up for analyzing NGN standards & their customization for national requirement.

In addition TRAI has decided to have a detailed consultation with stakeholders on the interconnection issues and Quality of Service regulation for NGN. TRAI has also decided to set up an expert committee named 'NGN eCO' involving experts from DOT, TEC, C-DOT, service providers, vendors and academicians to deliberate upon the various migration and interconnection issues.

Recommendations on 'Convergence and Competition in Broadcasting and Telecommunications'

On March 20, 2006 TRAI released its recommendations to the DoT on issues relating to convergence and competition in broadcasting and telecommunications. The salient features are:

- There should be a converged regulatory regime based on a slightly modified communications convergence bill of 2001.
- Content regulation should be kept outside the purview of the converged regulator. The division of powers between the Government, TDSAT and TRAI should broadly correspond to the current position.
- TRAI's recommendations to the government on unified licensing regime should be approved expeditiously. However, entry fee for unified license should be reduced to Rs.50 million as against Rs.1.07 billion recommended earlier to reflect the recent changes in NLD/ILD licence. Further, the entry fee should come down to Rs.3 million after 5 years as recommended earlier.
- Greater flexibility in spectrum allocation to take full advantage of new services and new technologies for existing services that may evolve with time.

Consultation Papers

Update on Consultation Papers issued by TRAI in the previous quarter:

- 'Tariff Plans with Lifetime Validity' dated January 16, 2006. Based on comments received from stakeholders and open house discussions, TRAI issued the 43rd amendment to the TTO'99, as stated above.
- 'Differential Tariff for On-Network calls' dated January 13, 2006. Since the completion of the consultative exercise, several developments have taken place viz. changes in the IUC regime, changes in NLD and ILD licensing policy etc, in view of which TRAI has decided to continue with the existing regulatory framework governing differential tariffs for on-network calls. The same shall be reviewed after six months after obtaining feedback regarding the revised IUC regime.

Draft Regulation on Intelligent Network (IN) Services

TRAI is in discussions with operators on the draft regulation on IN services.

Implementation of Carrier Selection

The matter is still under the Authority's consideration.

Treatment of Fixed Wireless Services

On January 17, 2006, TDSAT dismissed Reliance's appeal holding Unlimited Cordless to be a limited mobile service. Reliance has gone in appeal before Supreme Court. Tata's appeal against the TDSAT order dated September 09, 2005 is also scheduled for hearing before the Supreme Court. In the meanwhile, COAI has filed petitions against Tata and Reliance in TDSAT for recovery of ADC paid to them. These are also listed for hearing during April and May 2006.

5.1.2 COMPANY

Key developments

- The name of the company has been changed to **Bharti Airtel Limited**.
- CRISIL assigned **GVC Level 1 rating** to Bharti Tele-Ventures Limited on April 20, 2006. This is is the highest rating in India assigned by CRISIL for governance and value creation.
- The company has been awarded with **2006 Frost & Sullivan Asia Pacific ICT awards** for **Wireless Service Provider of the Year** and **Competitive Service Provider of the Year** on April 24, 2006. Mr. Sunil Bharti Mittal, Chairman and Managing Director of Bharti Airtel Limited has been awarded with **2006 Frost & Sullivan Asia Pacific ICT awards** for **CEO of the Year: Service Provider.**
- The company has been awarded with **Telecom Asia award 2006** for **best Indian carrier** on April 27, 2006.
- The company announced its **new integrated organization structure** on February 27, 2006 wherein Mr. Manoj Kohli has been appointed as the President and will lead the unified management structure of One Airtel.
- Airtel launched a suite of '**One India plans' for mobile and fixed line customers** on March 2, 2006 and March 3, 2006 respectively. These plans give the option of making calls to any location in the country at a flat rate of Re. 1.
- Airtel launched the world's first **Easy Music service** for mobile phones on March 21, 2006. This service allows a mobile phone user to choose from 18,000 songs in over 20 languages for purchase from over 100,000 easy music retail outlets in India. The songs can than be used as a ring tone or hello tune.
- Airtel and Research In Motion (RIM) launched **BlackBerry® 8700g™** in India on March 17, 2006.
- Airtel extended **Bridge Prepaid top-up counters and Bridge Concierge services** across 10 cities in India namely Delhi, Mumbai, Kolkata, Chennai, Bangalore, Hyderabad, Ahmedabad, Jaipur, Pune and Goa on April 12, 2006.

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 hearing before the Hon'ble Delhi High Court on May 15, 2006.

Results of Operations

The company has reported its un-audited financial statements and operational results for the quarter and full year ended March 31, 2006. 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, 2006*

- **Overall customer base crosses 20 million mark.**
- **Highest ever-net addition of 9.1 million customers in a year.**
- **Total Revenues of Rs. 116.6 billion (up 46% Y-o-Y).**
- **EBITDA of Rs. 43.6 billion (up 45% Y-o-Y).**
- **Cash profit from operations of Rs. 41.0 billion (up 46% Y-o-Y).**
- **Net Profit of Rs. 22.6 billion (up 51% Y-o-Y).**

Key Highlights – *for the quarter ended March 31, 2006*

- **Total Revenues of Rs. 34.0 billion (up 47% Y-o-Y).**
- **EBITDA of Rs. 12.8 billion (up 41% Y-o-Y).**
- **Cash profit from operations of Rs. 12.0 billion (up 46% Y-o-Y).**
- **Net Profit of Rs. 6.8 billion (up 49% Y-o-Y).**
- **Highest ever-net addition of 3.4 million of total customers on its network.**
- **Market leader with a market share of all India wireless subscribers at 21.8%.**

Full year ended March 31, 2006

The consolidated revenues and EBITDA for the year ended March 31, 2006 was Rs. 116,633 million and Rs. 43,601 million respectively. The consolidated revenues and EBITDA grew by 46% and 45% respectively for the year ended March 31, 2006. The EBITDA margin (ratio of EBITDA to total revenues) for the year was 37.4%.

The cash profit from operations for the year ended March 31, 2006 was Rs 40,951 million as compared to Rs 28,132 million for the year ended March 31, 2005. The net finance cost for the year was Rs 2,650 million as compared to Rs 1,996 million for the corresponding period last year.

The earnings before tax for the year ended March 31, 2006 was Rs. 25,575 million and the net profit was at Rs 22,585 million leading to an earnings per share of Rs 12.06. The current tax expense for the year was Rs. 1,968 million and the deferred tax expense was Rs. 768 million.

The capital expenditure for the full year was Rs 63,337 million (~US$ 1,424 million) of which Rs 41,594 million (~US$ 935 million) was on mobile and the balance on the other businesses.

Quarter ended March 31, 2006

Consolidated

Customer Base

As on March 31, 2006, the company had an aggregate of 20,925,948 customers, consisting of 19,579,208 GSM mobile and 1,346,740 broadband & telephone customers. Its total customer base as on March 31, 2006 increased by 77% compared to the customer base as on March 31, 2005.

Revenues/Turnover

During the quarter ended March 31, 2006, the company had revenues of Rs. 34,113 million; a growth of 47% compared to the quarter ended March 31, 2005. Revenues from mobile services represented 71% of the total revenues for the quarter ended March 31, 2006. Non-voice revenue contributed to approximately 16.7% of the total revenues for the quarter.

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

During the quarter ended March 31, 2006, the company incurred an opex of Rs. 11,915 million representing 34.9% of the total revenues. The operating expense comprises of Rs. 3,447 million towards network operations costs (~10.1% of turnover)

- Rs. 2,351 million towards employee costs, (~6.9% of turnover)
- Rs. 281 million towards equipments costs, and
- Rs. 5,836 million towards selling general and administrative costs (~17.1% of turnover)

The operating expenses grew by 62% compared to the quarter ended March 31, 2005. The increase in the operating expenses is associated to the costs pertaining to the expansion of operations.

EBITDA, Finance Cost and Cash Profit from Operations

During the quarter ended March 31, 2006, the company had an EBITDA of Rs. 12,782 million; a growth of 41% compared to the quarter ended March 31, 2005. The EBITDA margin for the quarter was 37.5%.

The net finance cost for the quarter ended March 31, 2006 was Rs. 733 million. The interest on borrowings during the quarter was Rs. 644 million and the finance income (primarily related to income on marketable securities) was Rs. 151 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 was Rs. 12,049 million, an increase of 46%, as compared to the quarter ended March 31, 2005.

During the quarter ended March 31, 2006, the company had depreciation & amortisation expenses of Rs. 4,698 million.

Income Before Income Taxes (PBT)

The income before income tax for the quarter was Rs. 7,413 million, an increase of 45%, as compared to the quarter ended March 31, 2005.

The current tax for the quarter ended March 31, 2006 was Rs. 513 million and deferred tax expense of Rs. 36 million.

Net profit

The net profit for the quarter ended March 31, 2006, was Rs 6,823 million.

Balance Sheet

As on March 31, 2006, the company had total assets of Rs. 217 billion and total liabilities of Rs. 124 billion respectively. The difference of Rs. 93 billion was on account of stockholder equity and minority interest.

The company had a net debt of Rs. 41,472 million (US$ 932 million) as on March 31, 2006, resulting in a net debt to EBITDA (LTM) of 0.95 times.

Capital Expenditure
During the quarter ended March 31, 2006, the company incurred capital expenditure of Rs. 24,207 million (US$ 544 million).

Human Resources
As on March 31, 2006, the company had a total of 10,970 employees consisting of 6,038 in mobile services, 4,697 in B&T and Enterprise services and 235 in corporate office (as common pool).

Mobile Services

Customer Base, Churn, ARPU and MoU
As at the end of the quarter the company had 19,579,208 GSM mobile customers on its network, which accounted for a market share 21.8% of the All India wireless market.

Of its 19,579,208 GSM mobile customers as of March 31, 2006, postpaid customer contributed 17.3% to the overall customer base while pre-paid customers contributed the balance 82.7%. During the quarter, the company had 22.9% market share of All India wireless subscriber net additions with 3,252,058 net additions.

The monthly churn for the quarter ended March 31, 2006 was 4.1% (1.4% voluntary churn and 2.7% company initiated churn) for its post-paid segment, and 5.2% for the pre-paid segment.

During the quarter, its blended ARPU of Rs. 442 (US$ 9.9) per month was lower by 6% as compared to the quarter ended December 31, 2005. The blended monthly usage per customer, during the quarter, was at 431 minutes, an increase of 5% over the quarter ended December 31, 2005. 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 10.7% of the total revenues of the segment. The Short Messaging Services (SMS) revenue, which is primarily text messaging accounted for 6.8% of the total revenue of the segment, for the quarter ended March 31, 2006.

Revenues, EBITDA and EBIT
The revenues for the quarter ended March 31, 2006 for mobile services stood at Rs 24,134 million, an increase of 49% over last year. The revenue from this segment contributed to 71% of its total consolidated revenues. The EBITDA during the quarter ended March 31, 2006 was Rs 8,746 million representing growth of 55% over the quarter ended March 31, 2005. The EBITDA margin for the quarter ended March 31, 2006 was 36.2%. The EBIT for the quarter ended March 31, 2006 was Rs 5,673 million as compared to Rs 3,462 million for the quarter ended March 31, 2005, an improvement of 64%.

Capital Expenditure
During the quarter ended March 31, 2006, the company incurred a capital expenditure of Rs 17,674 million (US$ 397 million) on its mobile services.

Human Resources
As on March 31, 2006 the company had 3,243 customers per employee, an increase of 11% on a quarter on quarter basis. During the quarter, gross revenue per employee per month was Rs. 1.33 million compared to Rs. 1.29 million for the quarter ended December 31, 2005, representing an improvement of 3%.

Broadband & Telephone Services (B&T)

Customer Base and ARPU
At the end of the quarter ended March 31, 2006, the company had its broadband & telephone operations in 90 cities. During the quarter, the company added 147,227 customers on its broadband & telephone networks with 1,346,740 customers as on March 31, 2006. The company had 315,000 customers (~23.4% of the total customer base) subscribing to broadband (DSL) services.

The ARPU for the quarter was Rs. 1,063 (US$ 23.9) per month.

Revenues, EBITDA and EBIT
For the quarter ended March 31, 2006, the revenues from its broadband & telephone operations of Rs 4,102 million, represented a growth of 33% on year-on-year basis. The EBITDA for the quarter was Rs. 934 million compared to Rs. 847 million in the corresponding prior year quarter, an increase of 10% respectively. The EBITDA margin for this segment was 22.8% for the quarter ended March 31, 2006. The EBIT for the quarter ended March 31, 2006 was Rs 215 million.

The revenues for the quarter ended March 31, 2006 from its existing broadband & telephone operations of Rs. 3,772 million grew by 23%, EBITDA of Rs. 1,299 million grew by 48% and EBIT of Rs. 758 million grew by 72%. The EBITDA margin for its existing broadband & telephone operations was 34.4%.

The revenue for the quarter ended March 31, 2006 from its new operations was Rs. 330 million. The company's new broadband & telephone operations had a negative EBITDA for the quarter ended March 31, 2006.

Capital Expenditure
During the quarter ended March 31, 2006, the company incurred a capital expenditure of Rs. 4,182 million (US$ 94 million) on its B&T services.

Human Resources
As on March 31, 2006 the company had 426 customers per employee, an increase of 6% on a quarter on quarter basis. During the quarter, gross revenue per employee per month was Rs. 432,709.

Enterprise Services – Carriers

Revenues, EBITDA and EBIT
For the quarter ended March 31, 2006, the revenues from its long distance services was Rs. 7,463 million representing a growth of 47% over the corresponding quarter last year. The EBITDA from this segment during the quarter was Rs 2,771 million, a growth of 36% over the corresponding quarter last year. The EBITDA margin for the quarter was 37.1%. The EBIT of this segment was Rs. 2,249 million representing a growth of 36% over the corresponding quarter last year.

Human Resources
During the quarter, gross revenue per employee per month was Rs. 3.91 million.

Enterprise Services - Corporates

Revenues, EBITDA and EBIT
For the quarter ended March 31, 2006, the revenue from this segment was Rs. 2,005 million, a growth of 30% over the corresponding quarter last year. The EBITDA for this segment for the quarter ended March 31, 2006 was Rs. 714 million. The EBITDA margin for this segment in the quarter ended March 31, 2006 was 35.6%.

Human Resources
During the quarter, gross revenue per employee per month was Rs. 741,743.

SECTION 6

Stock Market Highlights

6.1 General Information

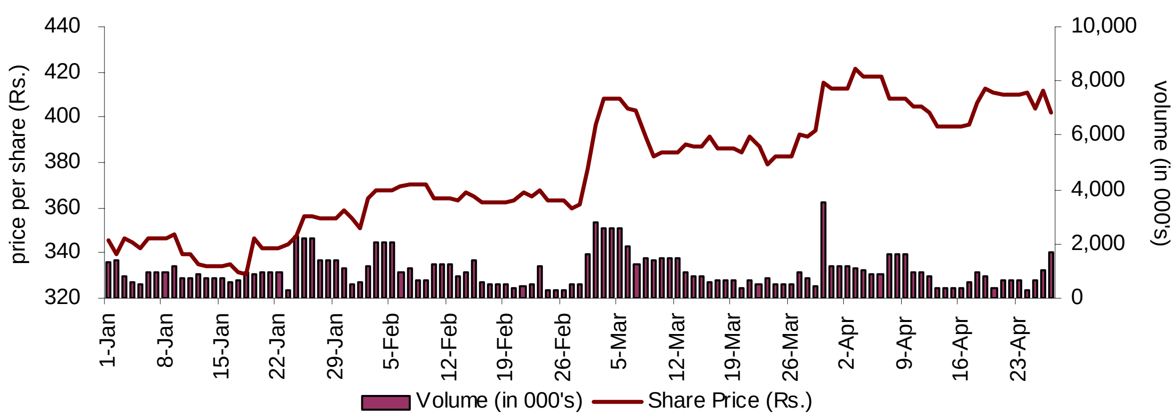
Shareholding & Financial Data	Unit		Stock Data	
No. of Shares Outstanding March 31, 2006)	Million Nos.	1,894	Code/Exchange	532454/BSE
Closing Market Price - BSE April 27, 2006)	Rs./Share	401.95	Bloomberg/Reuters	BHARTI IN/BRTI.BO
Market Capitalisation	Rs. Million	761,245	***Shareholding Pattern***	As on Mar. 31, 2006
Book Value Per Share	Rs.	48.52	Promoters Holding	45.48%
Market Price/Book Value	Times	8.28	Singtel (Pastel Ltd)	15.61%
Net Debt to EBITDA (LTM)	Times	0.95	Vodafone	5.62%
Enterprise Value	Rs. Million	802,717	Employee Welfare Trusts/ESOPs	0.22%
Enterprise Value/ Full Year Revenue	Times	6.88	Free Float	33.07%
Enterprise Value/ Full Year EBITDA	Times	18.41	**Total**	**100.00%**
			Combined Volume (January 01, 2006 - April 27, 2006)	1.02 million per day

6.2 Summarised Shareholding pattern as of March 31, 2006

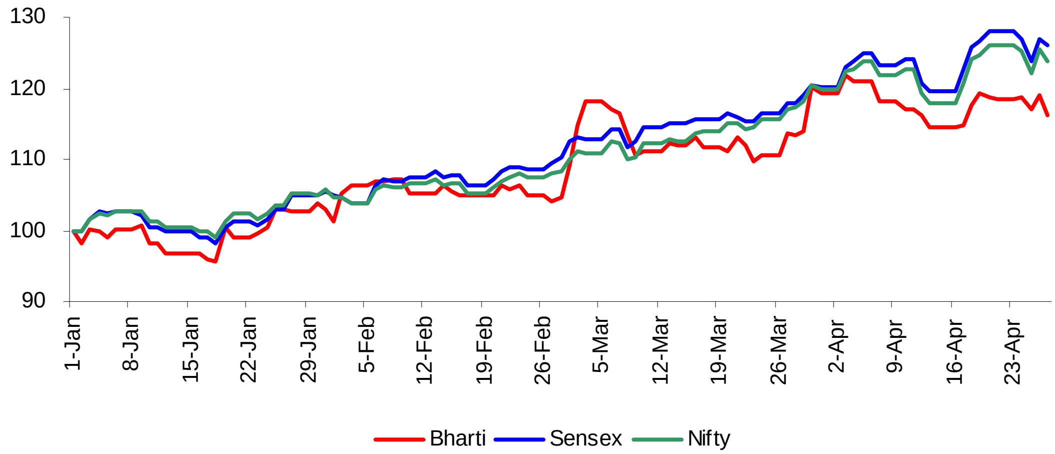
Category	%
Indian Holding	
Promoters	45.48%
Banks/ Mutual Funds/ Indian Financial Institutions	3.85%
Indian Residents/ Bodies Corporate/ Others	2.62%
Total - Indian	**51.95%**
Foreign Holding	
Foreign Companies	21.61%
Foreign Institutional Investors	25.62%
Non-Resident Indians and Overseas Corporate Bodies	0.82%
Total - Foreign	**48.05%**
Total	**100.00%**

For detailed shareholding pattern of the company kindly refer http://www.bhartiairtel.in

6.3 Bharti Airtel Daily Stock price` (BSE) & Volume (Combined of BSE & NSE) Movement



6.4 Comparison of Bharti's stock with BSE Sensex and NSE Nifty



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, Long Distance Services: - Page 22, Enterprise Services: - Page 23, Others: - Page 23.
Earnings before Interest and Taxation	Operating Income	Consolidated Page 20, Mobile Services: - Page 21, Non Mobile Services: - Page 22, Broadband & Telephone Services: - Page 22, Long Distance Services: - Page 22, Enterprise Services: - Page 23, Others: - Page 23.
Cash Profit from Operations	Operating Income	Page 20
Income/(loss) after current tax expenses	Earnings/(loss) before taxation	Page 20
Net Debt	N.A	Page 20
Net Revenues	Total revenues	Page 20
Earnings before Interest & Taxes [for Non-mobile Services]	N.A.	Page 22
Total Revenues [for Non-mobile Services]	N.A.	Page 22
Total Non Current Assets	N.A	Page 21
Total Non Current Liabilities	N.A	Page 21
Schedule of cost of services	N.A	Page 24
Schedule of depreciation and amortization	N.A	Page 24
Schedule of finance cost	N.A	Page 24
Schedule of Income tax	N.A	Page 24

7.1 Reconciliation of Non-GAAP financial information based on USGAAP

7.1.1 Consolidated

Amount in Rs million

Particulars	Quarter Ended March 2006	Year Ended March 2006
Operating Income To EBITDA		
Operating Income	**8,075**	**27,742**
Depreciation & Amortisation	4,698	15,829
Pre-operating cost	10	30
EBITDA	**12,782**	**43,601**
Operating Income to Cash Profit from Operations		
Operating Income	**8,075**	**27,742**
Depreciation & Amortisation	4,698	15,829
Pre-operative costs	10	30
Interest income	(447)	446
Interest expense	(286)	(3,096)
Cash Profit from Operations	**12,049**	**40,951**
Operating Income to EBIT		
Operating Income	**8,075**	**27,742**
Less:		
Share of profits in associates/ joint ventures	2	5
Non operating expenses	92	103
Add:		
Other Income	166	590
EBIT	**8,146**	**28,225**
Net Debt		
Long term debt, net of current portion	34,502	34,502
Short-term borrowings and current portion of long-term debt	12,893	12,893
Less:		
Cash and cash equivalents	2,661	2,661
Restricted cash	177	177
Restricted cash, non-current	56	56
Short term investments	2,527	2,527
Investments	502	502
Net Debt	**41,472**	**41,472**
Total Revenue to Net Revenue		
Total Revenue	**34,113**	**116,633**
Less:-		
Access charges	6,447	21,795
Net Revenue	**27,666**	**94,838**
Operating Expenses		
Network operations costs	3,447	11,742
Equipment costs	281	1,150
Employee costs	2,351	7,988
Selling general and administrative costs	5,836	19,219
Operating Expenses (Opex)	**11,915**	**40,100**
Income / (Loss) before Income taxes to Income / (Loss) after current tax expense		
Income / (Loss) before Income taxes	7,413	25,575
Less:-		
Current tax expense	513	1,968
Income / (Loss) after current tax expense	**6,900**	**23,607**

7.1.1 Consolidated (contd.)

Amount in Rs million

Particulars	Quarter Ended March 2006	Year Ended March 2006
Property and equipment, net	142,397	142,397
Acquired intangible assets, net	14,873	14,873
Goodwill	23,327	23,327
Investment in associates and joint ventures	190	190
Investments	502	502
Restricted cash, non-current	56	56
Other assets	3,202	3,202
Total Non Current Assets	**184,546**	**184,546**

Amount in Rs million

Particulars	Quarter Ended March 2006	Year Ended March 2006
Long-term debt, net of current portion	34,502	34,502
Deferred taxes on income	3,675	3,675
Unearned income- Indefeasible right to use sales	4,023	4,023
Other liabilities	3,704	3,704
Total Non Current Liabilities	**45,904**	**45,904**

7.1.2 Mobile Services

Amount in Rs million

Particulars	Quarter Ended March 2006	Year Ended March 2006
Operating Income To EBITDA		
Operating Income	**5,522**	**18,815**
Depreciation & Amortisation	3,224	10,897
EBITDA	**8,746**	**29,711**
Operating Income to EBIT		
Operating Income	**5,522**	**18,772**
Less:		
Share of profits in associates/ joint ventures	1	6
Non operating expenses	0	2
Add:		
Other Income	152	458
EBIT	**5673**	**19,222**

7.1.3 Non-mobile Services

Amount in Rs million

Particulars	Quarter Ended March 2006	Year Ended March 2006
Revenues For Non-mobile Services		
Revenues from Broadband & Telephone Services	4,102	15,015
Revenues from Long Distance Services	7,463	24,556
Revenues from Enterprise Services	2,005	7,185
Revenues For Non-mobile Services	**13,570**	**46,756**
EBITDA For Non-mobile Services		
EBITDA from Broadband & Telephone Services	934	3,675
EBITDA from Long Distance Services	2,771	8,791
EBITDA from Enterprise Services	714	2,699
EBITDA For Non-mobile Services	**4,419**	**15,166**
EBIT For Non-mobile Services		
EBIT from Broadband & Telephone Services	215	1,210
EBIT from Long Distance Services	2,249	6,907
EBIT from Enterprise Services	555	2,326
EBIT For Non-mobile Services	**3,019**	**10,442**

7.1.4 Broadband & Telephone Services

Amount in Rs million

Particulars	Quarter Ended March 2006	Year Ended March 2006
Operating Income To EBITDA		
Operating Income	**191**	**1,148**
Depreciation & Amortisation	733	2,497
Pre-operating cost	10	30
EBITDA	**934**	**3,675**
Operating Income to EBIT		
Operating Income	**191**	**1,148**
Add:		
Other Income	24	61
EBIT	**215**	**1,210**

7.1.5 Enterprise Services – Carriers (Long Distance Services)

Amount in Rs million

Particulars	Quarter Ended March 2006	Year Ended March 2006
Operating Income To EBITDA		
Operating Income	**2,209**	**6,833**
Depreciation & Amortisation	563	1,959
EBITDA	**2,771**	**8,791**
Operating Income to EBIT		
Operating Income	**2,209**	**6,833**
Less:		
Share of profits in associates/ joint ventures	(2)	(6)
Add:		
Other Income	38	68
EBIT	**2249**	**6,907**

7.1.6 Enterprise Services - Corporates

Amount in Rs million

Particulars	Quarter Ended March 2006	Year Ended March 2006
Operating Income To EBITDA		
Operating Income	**566**	**2,310**
Depreciation & Amortisation	148	390
EBITDA	**714**	**2,699**
Operating Income to EBIT		
Operating Income	**566**	**2,310**
Less:		
Non operating expenses	28	28
Add:		
Other Income	18	44
EBIT	**555**	**2,326**

7.1.7 Others

Amount in Rs million

Particulars	Quarter Ended March 2006	Year Ended March 2006
Operating Income To EBITDA		
Operating Income	**(412)**	**(1,363)**
Depreciation & Amortisation	35	99
EBITDA	**(377)**	**(1,264)**
Operating Income to EBIT		
Operating Income	**(412)**	**(1,363)**
Less:		
Share of profits in associates/ joint ventures	3	5
Non operating expenses	64	72
Add:		
Other Income	(65)	2
EBIT	**(544)**	**(1,438)**

7.2 Schedule to Financial Statements

7.2.1 Schedule of Cost of Services

Amount in Rs million

Particulars	Quarter Ended March 2006	Year Ended March 2006
Access charges	6,447	21,795
Licence fees, revenue share & spectrum charges	2,969	11,137
Network operations costs	3,447	11,742
Employee costs	2,351	7,988
Depreciation & amortisation	4,576	15,436
Cost of Services	**19,790**	**68,098**

7.2.2 Schedule of Depreciation and Amortisation

Amount in Rs million

Particulars	Quarter Ended March 2006	Year Ended March 2006
Fixed Assets	4,266	14,267
Licence Fees	153	615
ESOP	77	159
Intangibles	202	789
Depreciation and Amortisation	**4,698**	**15,829**

7.2.3 Schedule of Finance Cost (net)

Amount in Rs million

Particulars	Quarter Ended March 2006	Year Ended March 2006
Interest on borrowings	644	2,251
Finance charges	127	620
Finance income	(151)	(553)
Derivatives & Exchange Fluctuation	113	332
Finance cost (net)	**733**	**2,650**

7.2.4 Schedule of Income tax

Amount in Rs million

Particulars	Quarter Ended March 2006	Year Ended March 2006
Current tax expense	513	1,968
Deferred tax expense / (income)	36	768
Income tax expense / (Income)	**549**	**2,736**

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 2006	March 2005	Y-on-Y Growth	March 2006	March 2005	Y-on-Y Growth
Revenues						
Services	33,625	22,947	47%	114,921	78,727	46%
Indefeasible right ot use sales	110	17		433	209	
Equipment	379	292	30%	1,278	1,092	17%
Total Revenues	**34,113**	**23,255**	**47%**	**116,633**	**80,028**	**46%**
Operating Expenses						
Cost of services	(19,790)	(13,698)	44%	(68,098)	(47,255)	44%
(Inclusive of depreciation and amortisation)						
Costs of equipment sales	(281)	(218)	29%	(1,150)	(1,021)	13%
Selling, general & administrative expenses	(5,958)	(3,559)	67%	(19,612)	(13,029)	51%
(Inclusive of depreciation and amortisation)						
Pre-operating cost	(10)	(120)		(30)	(533)	
Total Operating Expense	**(26,039)**	**(17,595)**	**48%**	**(88,891)**	**(61,838)**	**44%**
Operating Income / (Loss)	**8,075**	**5,661**	**43%**	**27,742**	**18,190**	**53%**
Interest expense	(286)	(765)		(3,096)	(3,114)	
Interest income	(447)	(33)		446	1,119	
Share of profits in associates / joint ventures	(2)	3		(5)	(38)	
Other income	166	275		590	479	
Non operating expenses	(92)	(12)		(103)	(31)	
Income / (Loss) before income Taxes	**7,413**	**5,129**	**45%**	**25,575**	**16,605**	**54%**
Income tax (expense) / benefit	(549)	(467)		(2,736)	(1,528)	
(Profit) / loss to minority shareholders	(41)	(71)		(254)	(99)	
Net income / (loss)	**6,823**	**4,591**	**49%**	**22,585**	**14,978**	**51%**
Earnings / (loss) per share for profit attributable to common shareholders						
Basic	3.62	2.49		12.06	8.12	
Diluted	3.61	2.44		12.00	7.96	
Weighted average number of shares used in computing earnings / (loss) per share						
Weighted average number of common shares (in millions)	1,889	1,844		1,874	1,844	
Weighted average number of diluted shares (in millions)	1,889	1,881		1,890	1,881	

A.1.2 Consolidated Balance Sheet (as per USGAAP)

Amount in Rs. Million

Particulars	As at March 31, 2006
ASSETS	
Cash and cash equivalents	2,661
Accounts receivable, net of allowances for doubtful debts	10,620
Unbilled receivables	3,629
Inventories	381
Short term investments	2,527
Deferred taxes on income	1,730
Derivative financial instruments	497
Restricted cash	177
Prepaid expenses and other current assets	9,824
Due from related parties	686
Total Current Assets	**32,733**
Property and equipment, net	142,397
Acquired intangible assets, net	14,873
Goodwill	23,327
Investment in associates and joint ventures	190
Investments	502
Restricted cash, non-current	56
Other assets	3,202
Total Assets	**217,279**
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities	
Short-term borrowings and current portion of long-term debt	12,893
Trade payables	14,306
Equipment supply payables	25,045
Accrued expenses	8,321
Unearned income	12,745
Unearned income- Indefeasible right to use sales	439
Derivative financial instruments	1,583
Due to related parties	45
Other current liabilites	3,155
Total current liabilities	**78,531**
Long-term debt, net of current portion	34,502
Deferred taxes on income	3,675
Unearned income- Indefeasible right to use sales	4,023
Other liabilities	3,704
Total liabilities	**124,435**
Minority interest	951
Stockholders' equity	
Common stock, par value Rs.10 per share	18,939
Additional paid in capital	56,060
Deferred stock based compensation	(419)
Treasury stock	(216)
Retained earnings / (deficit)	17,529
Total stockholders' equity	**91,893**
Total liabilities and stockholders' equity	**217,279**

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

Amount in Rs. Million

Particulars		Quarter ended March 31, 2006	Year Ended March 31, 2006
Cash flows from operating activities			
Net profit/(loss)	**a**	**6,823**	**22,585**
Add: Non Cash items	**b**		
Depreciation and amortisation		4,698	15,829
Tax expense / (income)		549	2,736
Impact of fair valuation of financial instruments		(276)	787
Cash generated from operations before working capital changes	**c=a+b**	**11,793**	**41,937**
(Increase)/decrease in working capital		7,325	16,449
(Increase)/decrease in non-current assets		(1,220)	(4,818)
Increase/(decrease) in non-current liabilities		(343)	881
Net cash provided/(used) by/in operating activities	**d**	**5,763**	**12,512**
Cash flows from investing activities			
Purchase of property, plant and equipment		(24,207)	(63,337)
Investment / loss in associate		2	(30)
Licence fee paid		0	0
Net cash provided/(used) by/in investing activities	**e**	**(24,205)**	**(63,368)**
Cash flows from financing activities			
Increase/(decrease) in borrowings		3,267	(2,432)
Shareholders Equity		1,163	8,445
Net cash provided/(used) by/in financing activities	**f**	**4,429**	**6,013**
Cash and cash equivalents*			
Beginning of the period	**g**	8,142	8,828
End of the period	**h=c+d+e+f+g**	5,923	5,923

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

A.2 Trend and Ratio Analysis

A.2.1 Based on Statement of Operations

Amount in Rs. Million, except ratios

	For the Quarter Ended				
	Mar-06	Dec-05	Sep-05	Jun-05	Mar-05
Total Revenues	34,113	30,256	27,091	25,173	23,255
Access and interconnection charges	6,447	5,571	4,928	4,850	4,529
Operating Expenses	11,915	10,475	9,236	8,474	7,368
Licence & Spectrum Fee	2,969	3,010	2,716	2,442	2,309
EBITDA	12,782	11,200	10,211	9,407	9,050
Cash profit from operations	12,049	10,277	9,367	9,258	8,252
Earnings / (Loss) before taxation	7,413	6,386	5,796	5,980	5,128
Current tax expense	513	534	410	511	328
Deferred tax expense / (income)	36	324	104	304	139
Net profit	6,823	5,453	5,209	5,099	4,591

	Mar-06	Dec-05	Sep-05	Jun-05	Mar-05
As a % of Total Revenues					
Access and Interconnect charge	18.9%	18.4%	18.2%	19.3%	19.5%
Operating Expenses	34.9%	34.6%	34.1%	33.7%	31.7%
Licence & Spectrum Fee	8.7%	9.9%	10.0%	9.7%	9.9%
EBITDA	37.5%	37.0%	37.7%	37.4%	38.9%
Cash profit from operation	35.3%	34.0%	34.6%	36.8%	35.5%
Earning (loss) before taxation	21.7%	21.1%	21.4%	23.8%	22.1%
Curent tax rate	6.9%	8.4%	7.1%	8.5%	6.4%
Deferred tax rate	0.5%	5.1%	1.8%	5.1%	2.7%
Effective tax rate	7.4%	13.4%	8.9%	13.6%	9.1%
Net Profit	20.0%	18.0%	19.2%	20.3%	19.7%

A.2.2 Based on Balance Sheet

Amount in Rs. Million, except ratios

	As at				
	Mar. 31, 2006	Dec. 31, 2005	Sept. 30, 2005	June 30, 2005	Mar. 31, 2005
Stockholders Equity	91,893	83,948	76,993	69,975	61,065
Net Debt	41,472	36,263	33,724	34,715	40,212
Capital Employed = Stockholder's equity + Net Debt	133,365	120,211	110,717	104,690	101,277

	Mar-06	Dec-05	Sep-05	Jun-05	Mar-05
Return on Stockholder's equity (LTM)	29.4%	29.3%	30.6%	31.0%	28.5%
Return on Capital Employed (LTM)	22.3%	21.8%	20.9%	19.6%	18.3%
Net Debt to EBITDA (LTM)	0.95	0.91	0.92	1.04	1.33
Assets turnover ratio (LTM)	93.9%	90.2%	87.2%	83.5%	79.6%
Interest Coverage ratio (times)	19.86	19.40	20.11	18.00	13.24
Book Value Per Equity Share (in Rs)	48.5	44.4	40.9	37.3	32.9
Net debt to Stockholders' Equity (Times)	0.45	0.43	0.44	0.50	0.66
Per share data (for the period)					
Net profit per common share (in Rs)	3.62	2.90	2.79	2.74	2.49
Net profit per diluted share (in Rs)	3.61	2.90	2.79	2.70	2.44

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

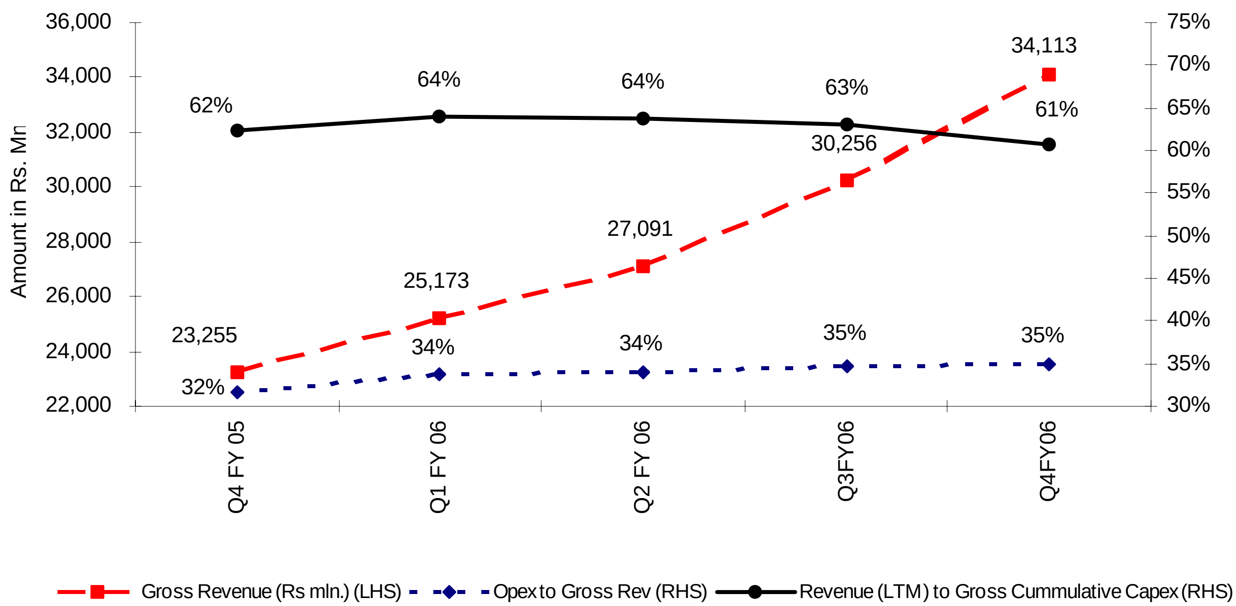
2. Opex Productivity – operating expenses divided by the gross revenues for the respective period. Operating expenses is the sum of (i) equipment costs (ii) employee costs (iii) network operations costs & (iv) selling, general and administrative costs. This ratio depicts the operational efficiencies in a company.

3. Capital Productivity – this is computed by dividing gross revenues (last twelve months) by 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, the ratio of operating expenses to gross revenues stabilizes or keeps coming down and the revenue (LTM) to gross cumulative capex 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, 2006	Dec. 31, 2005	Sept. 30, 2005	June 30, 2005	March 31, 2005
BTVL Consolidated						
Customers	000's	20,926	17,527	15,129	13,191	11,842
Employees	No.	10,970	10,255	9,420	8,739	7,827
Mobile services						
Customers	000's	19,579	16,327	14,068	12,256	10,984
Prepaid customers as a % of total customers	%	82.7%	79.7%	77.5%	75.6%	75.6%
Postpaid customers as a % of total customers	%	17.3%	20.3%	22.5%	24.4%	24.4%
Bharti's wireless subscribers market share	%	21.8%	21.6%	21.8%	21.5%	21.2%
Average Revenue Per User (ARPU)	Rs.	442	470	476	491	505
Average Minutes of Use Per User	Minutes	431	411	388	383	370
Total Minutes of Use	Mn Min	23,187	18,637	15,281	13,321	11,575
Post-paid Voluntary Churn	%	1.4%	1.4%	1.4%	1.1%	1.1%
Post-paid Company Initiated Churn	%	2.7%	2.8%	2.8%	2.8%	3.2%
Prepaid Churn	%	5.2%	5.5%	5.7%	6.7%	6.7%
SMS Revenue as a % of Total Mobile Revenues	%	6.8%	6.4%	7.1%	6.8%	6.3%
Employees	No.	6,038	5,604	5,398	5,081	4,823
Broadband & Telephone Services						
Customers	000's	1,347	1,200	1,061	935	857
Average Revenue Per User (ARPU)	Rs.	1,063	1,136	1,203	1,256	1,229
Non-mobile Services						
Employees	No.	4,697	4,428	3,810	3,450	2,807
Others (Corporate Office)						
Employees	No.	235	223	212	208	197

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 the 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	10-15
Computer equipment	3
Office, furniture and equipment	5
Vehicles	5
Leasehold improvements	Period of Lease or 10 years whichever is less

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 29 to 50 months for the year ended March 31, 2005 (2004 – 32 to 60 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 as applicable. 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) and sim cards, fixed line service handsets and related accessories to subscribers. Equipment sales are treated as activation revenue and 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

In July 2001, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 143, Accounting for Asset Retirement Obligations. This statement provides accounting and reporting standards for costs associated with the retirement of long-lived assets. This statement requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the entity 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, an entity 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

Amount in Rs million

Particulars	Quarter ended March 31, 2006 Audited	Year Ended March 31, 2006 Audited
Service Revenue	33,678	115,393
Sales of Goods	279	1,248
Other Income	146	614
Total Income	**34,103**	**117,255**
Profit including Other Income and before Finance Expenses /(Income) (Net), Depreciation, Amortisation, Pre-operative Expenditure,Charity and Donation and Taxation	**11,038**	**42,250**
Finance expenses (net)	371	2,244
Depreciation	4,386	14,819
Amortisation	434	1,600
Preoperative Expenditure Written off	10	30
Charity & Donation	93	103
Profit Before Tax	**5,745**	**23,455**
Tax Expenses/ (Income)		
-Current Tax	444	1,774
-Fringe Benefit Tax	69	198
-Deferred Tax	104	937
Profit After Tax	**5,128**	**20,546**
Minority Interest	60	267
Profit for the period	**5,068**	**20,280**

A.5 Summary of Differences in Net Profit/(Loss) between USGAAP (un-audited) and Indian GAAP (audited)

Amount in Rs million

Particulars	Quarter ended March 31, 2006	Year Ended March 31, 2006
Net profit / (loss) as per US GAAP [Un-audited]	**6,823**	**22,585**
Add: Differences on account of:		
Differences in accounting for finance charges	347	385
Remeasurement of financial instruments not applicable in IGAAP	3	8
Differential depreciation provided in IGAAP due to forex fluctuations not considered in US GAAP.	189	345
Less: Differences on account of:		
Being difference in revenue recognition	128	141
Deferred Tax expense	71	173
Amortisation of Goodwill/ Intangibles	66	268
License fee amortisation	147	589
Significant Non Frequent Item- Punjab Licence Fees Write off	1,865	1,865
Minority Interest and loss of Joint Venture	16	8
Net profit/(loss) as per Indian GAAP [Audited]	**5,068**	**20,280**

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 is computed by subtracting current liabilities from current assets. Average assets is 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.
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.
Existing Broadband & Telephone Operations	Existing broadband & telephone operations comprises of circles operational as on December 31, 2004. The circles include Delhi, Haryana, Madhya Pradesh & Chattisgarh, Tamil Nadu, Chennai and Karnataka.
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, 2006 multiplied by closing market price (BSE) as at end of April 27, 2006.
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 mobile 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 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.).
New Broadband & Telephone Operations	New broadband & telephone operations/circles comprises of circles launched after December 31, 2004. The circles include Kerala, Kolkata, Maharashtra, Mumbai, Andhra Pradesh, Punjab, Uttar Pradesh (East), Uttar Pradesh (West) and Gujarat.
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	It is computed by dividing the sum of net profit / (loss) & 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	It is computed by dividing net profit / (loss) 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	
ADC	Access Deficit Charges
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.
MNP	Mobile Number Portability. MNP is a facility, which will allow cellular subscribers to change their service provider while retaining their old telephone number.
NGN	Next Generation Network. NGN is a packet-based network able to provide telecommunication services to users and able to make use of multiple broadband, QoS-enabled transport technologies and in which service-related functions are independent of the underlying transport-related technologies. It enables unfettered access for users to networks and to competing service providers and services of their choice.
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.

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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