Quarterly report on the results for the second quarter and half year ended September 30, 2010

Bharti Airtel Limited
(Incorporated as a public limited company on July 7, 1995 under the Companies Act, 1956)
Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi – 110 070, India

November 10, 2010

The financial statements included in this quarterly report fairly presents in all material respects the financial condition, results of operations, cash flows of the company as of, and for the periods presented in this report.

| Mobile Services I Telemedia Services I Enterprise Services | Digital TV Services |

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 44.92 = US $1.00. Similarly all transactions from United States Dollars to Indian Rupees were made (unless otherwise stated) using the rate of US$ 0.0223 = Re.1, being the RBI Reference rate as announced by the Reserve Bank of India on September 30, 2010. 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.airtel.in is not part of this quarterly report.

Use of Certain Non-GAAP measures: - This result announcement contains certain information on the Company's results of operations and cash flows that have been derived from amounts calculated in accordance with International Financial Reporting Standards (IFRS), but are not in themselves IFRS measures. They should not be viewed in isolation as alternatives to the equivalent IFRS measures and should be read in conjunction with the equivalent IFRS measures.

Further, disclosures are also provided under "Use of Non - GAAP financial information" on page 26

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 Airtel Services Limited, Bharti Infratel Limited (Bharti Infratel), Bharti Infratel Ventures Limited (subsidiary of Bharti Infratel Limited), Bharti Telemedia Limited (Bharti Telemedia), Bharti Airtel (USA) Limited, Bharti Airtel (UK) Limited, Bharti Airtel (Canada) Limited, Bharti Airtel (Hong Kong) Limited, Bharti Airtel Lanka (Private) Limited, Bharti Airtel (Singapore) Private Ltd, Network i2i Limited, Bharti Airtel Holdings (Singapore) Pte Limited, Bharti Infratel Lanka (Private) Limited (subsidiary of Bharti Airtel Lanka (Private) Limited), Bharti Airtel International (Netherlands) B.V., Bharti International (Singapore) Pte Ltd, Warid Telecom International Limited, Airtel M Commerce Services Limited, Bharti Airtel (Japan) Kabushiki Kaisha (subsidiary of Bharti Airtel Holdings (Singapore) Pte Ltd), Bharti Airtel (France) SAS (subsidiary of Bharti Airtel Holdings (Singapore) Pte Ltd), Bharti Airtel International (Mauritius) Limited, Indian Ocean Telecom Limited, Telecom Seychelles Limited, Bharti Airtel Africa B.V.,Bharti Airtel Acquisition Holdings B.V., Bharti Airtel Burkina Faso Holdings B.V. , Bharti Airtel Cameroon Holdings B.V. , Bharti Airtel Chad Holdings B.V. , Bharti Airtel Congo Holdings B.V. , Bharti Airtel Gabon Holdings B.V. , Bharti Airtel Ghana Holdings B.V. , Bharti Airtel Kenya B.V. , Bharti Airtel Kenya Holdings B.V., Bharti Airtel Madagascar Holdings B.V., Bharti Airtel Malawi Holdings B.V., Bharti Airtel Mali Holdings B.V., Bharti Airtel Middle East Holdings B.V., Bharti Airtel Morocco Holdings B.V., Bharti Airtel Niger Holdings B.V., Bharti Airtel Nigeria B.V., Bharti Airtel Nigeria Holdings B.V., Bharti Airtel Nigeria Holdings II B.V., Bharti Airtel RDC Holdings B.V., Bharti Airtel Services B.V., Bharti Airtel Sierra Leone Holdings B.V., Bharti Airtel Tanzania B.V., Bharti Airtel Tanzania Holdings B.V., Bharti Airtel Uganda Holdings B.V., Bharti Airtel Zambia Holdings B.V., Bharti Airtel IP Netherlands B.V., Zap Mobile Commerce B.V., Zap Holdings B.V., Zain Plc, Celtel Burkina Faso S.A., Celtel Chad S.A., Celtel Congo S.A, Celtel Congo RDC S.a.r.l., Celtel Gabon S.A., Bharti Airtel (Ghana) Limited, Celtel Kenya Limited, Celtel Madagascar S.A., Celtel Malawi Limited, Celtel Niger S.A., Celtel Nigeria Limited, Airtel Sierra Leone Limited, Celtel Tanzania Limited, Celtel Uganda Limited, Celtel Zambia plc, Bharti Airtel DTH Holdings B.V., Celtel Cameroon SA, Partnership Investments Sprl, MSI-Celtel Nigeria Limited, Celtel (Mauritius) Holdings Limited, Channel Sea Management Co Mauritius Limited, Zain (IP) Mauritius Limited, Montana International, Zap Trust Company Nigeria Limited, Zain Mobile Commerce Tchad SARL, ZMP Ltd. (Zambia), Zap Trust Company Ltd. (Malawi), Zap Trust Company Ltd. (Ghana), Zap Trust Company Ltd. (Kenya), Zap Niger S.A. (Niger), Zap Trust (SL) Company Ltd. (Sierra Leone), Zap Trust Company Uganda Ltd..

Disclaimer: - This communication does not constitute an offer of securities for sale in the United States. Securities may not be sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended. Any public offering of securities to be made in the United States will be made by means of a prospectus and will contain detailed information about the Company and its management, as well as financial statements.

TABLE OF CONTENTS

Section 1

BHARTI AIRTEL – PERFORMANCE AT A GLANCE

Particulars	UNITS	Full Year Ended			Quarter Ended				
		USGAAP		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
		2008	2009	2010	Sep 2009	Dec 2009	Mar 2010	Jun 2010	Sep 2010
Operating Highlights									
Total Customer Base	000's	64,268	97,594	137,013	115,837	125,263	137,013	183,372	194,823
Total Minutes on Network	Mn Min	314,504	506,070	643,109	151,745	160,964	182,001	206,213	216,373
Network Sites	Nos	69,141	93,368	107,443	100,320	103,050	107,443	118,963	123,869
Total Employees[2]	Nos	25,677	24,839	18,791	18,994	18,619	18,791	25,304	24,766
No. of countries of operation	Nos	1	2	3	2	2	3	18	19
Population Covered	bn	1.14	1.18	1.36	1.18	1.18	1.36	1.82	1.82
Consolidated Financials									
Total Revenue	Rs mn	270,250	369,615	418,472	103,785	103,053	107,491	122,308	152,150
EBITDA before Acquisition Related Cost	Rs mn	113,715	151,678	168,609	43,007	40,823	41,805	45,122	51,212
Acquisition Related Cost	Rs mn	-	-	976	-	-	976	982	0
EBITDA after Acquisition Related Cost	Rs mn	113,715	151,678	167,633	43,007	40,823	40,829	44,140	51,212
Cash profit from operations before Derivative & Exchange Fluctuations	Rs mn	110,579	151,990	162,301	41,675	39,566	39,588	42,103	45,399
Cash profit from operations after Derivative & Exchange Fluctuations	Rs mn	111,374	140,065	167,455	40,924	41,088	41,185	39,942	47,893
Profit / (Loss) before Tax	Rs mn	76,537	93,073	105,091	25,860	25,336	24,411	20,719	22,267
Net income	Rs mn	67,008	84,699	89,768	22,630	21,949	20,443	16,816	16,612
Capex	Rs mn	138,470	140,171	96,431	27,432	19,648	18,564	18,361	33,047
Operating Free Cash Flow	Rs mn	(24,755)	11,507	71,202	15,575	21,175	22,265	25,779	18,165
Net Debt	Rs mn	42,057	69,635	23,920	69,215	47,733	23,920	602,308	601,438
Shareholder's Equity	Rs mn	217,042	303,945	421,940	354,118	376,921	421,940	435,037	462,174
Consolidated Financials									
Total Revenue	US$ Mn	6,753	7,254	9,271	2,160	2,208	2,381	2,625	3,387
EBITDA before Acquisition Related Cost	US$ Mn	2,841	2,977	3,735	895	875	926	968	1,140
Acquisition Related Cost	US$ Mn	-	-	22	-	-	22	21	0
EBITDA after Acquisition Related Cost	US$ Mn	2,841	2,977	3,714	895	875	904	947	1,140
Cash profit from operations before Derivative & Exchange Fluctuations	US$ Mn	2,763	2,983	3,595	867	848	877	904	1,011
Cash profit from operations after Derivative & Exchange Fluctuations	US$ Mn	2,783	2,749	3,710	852	880	912	857	1,066
Profit / (Loss) before Tax	US$ Mn	1,912	1,827	2,328	538	543	541	445	496
Net income	US$ Mn	1,674	1,662	1,989	471	470	453	361	370
Capex	US$ Mn	3,460	2,751	2,136	571	421	411	394	736
Operating Free Cash Flow	US$ Mn	(619)	226	1,577	324	454	493	553	404
Net Debt	US$ Mn	1,051	1,367	530	1,441	1,023	530	12,925	13,389
Shareholder's Equity	US$ Mn	5,423	5,966	9,347	7,371	8,075	9,347	9,336	10,289
Key Ratios									
Underlying EBITDA Margin[3]	%	42.1%	41.0%	40.3%	41.4%	39.6%	38.9%	36.9%	33.7%
Net Profit Margin	%	24.8%	22.9%	21.5%	21.8%	21.3%	19.0%	13.7%	10.9%
Net Debt to Funded Equity Ratio	Times	0.19	0.23	0.06	0.20	0.13	0.06	1.38	1.30
Return on Shareholder's Equity	%	38.0%	32.5%	29.0%	29.6%	27.6%	25.1%	21.3%	18.5%
Return on Capital employed	%	31.7%	30.4%	24.4%	25.7%	23.7%	21.6%	18.4%	13.9%

1. *Exchange rate for Rupee conversion to US$ is (a) Rs. 40.02 for the financial year ended March 31, 2008 (b) Rs.50.95 for the financial year ended March 31, 2009 (c) Rs. 48.04 for the quarter ended September 30, 2009, (d) Rs. 46.68 for the quarter ended December 31, 2009 (e) Rs. 45.14 for the quarter ended March 31, 2010, (f) Rs. 46.60 for the quarter ended June 30, 2010, (g) Rs. 44.92 for the quarter ended September 30, 2010 being the RBI Reference rate as announced by The Reserve Bank of India at the end of the respective periods.*
2. *Total employee count includes proportionate consolidation of 42% of Indus Towers Employees.*
3. *Underlying EBITDA Margin is computed before acquisition related costs, of Rs. 976 mn for the quarter ended March 31, 2010 and full year ended March 31, 2010, and of Rs. 982 mn for the quarter ended June 30, 2010.*

Section 2

AN OVERVIEW

2.1 Introduction

We are one of world's leading providers of telecommunication services with presence in all the 22 licensed jurisdictions (also known as Telecom Circles) in India, and operations in Srilanka, Bangladesh and Africa. We served an aggregate of 194.8 million customers as of September 30, 2010.

We are the largest wireless service provider in India, based on the number of customers as of September 30, 2010. We offer an integrated suite of telecom solutions to our enterprise customers, in addition to providing long distance connectivity both nationally and internationally. We also offer Digital TV and IPTV Services. All these services are rendered under a unified brand "Airtel". The company also deploys, owns and manages passive infrastructure pertaining to telecom operations under its subsidiary Bharti Infratel Limited. Bharti Infratel owns 42% of Indus Towers Limited. Bharti Infratel and Indus Towers are amongst top providers of passive infrastructure services in India.

2.2 Business Divisions

2.2.1 India & South Asia

Mobile Services (India & South Asia) - We offer mobile services using GSM technology in India, Sri Lanka and Bangladesh, serving over 147 million customers across these geographies. We have the largest customer base in India in the wireless segment. We had 143.3 million mobile customers in India, with a Customer Market Share (CMS) of 20.8% as on Sep 30, 2010. We offer post-paid, pre-paid, roaming, internet and other value added services through our extensive sales and distribution network covering 1.5 Mn outlets. Our network is at present in 5,101 census towns and 445,893 non-census towns and villages in India, thus covering approximately 85.1% of the country's population.

Our national long distance infrastructure comprises of 134,026 Rkms of optical fibre providing a pan India reach.

Airtel Sri Lanka had over 1.4 Mn customers, having a presence in all 25 administrative districts of Sri Lanka. We have launched 3.5G services in major towns and have created a wide distribution network comprising over 23,000 retailers. Recently, we have expanded our network into the Northern districts of the country.

We offer mobile services in Bangladesh through our subsidiary Warid Telecom, Bangladesh. We currently have over 2.9 Mn customers and offer mobile services across 64 districts of Bangladesh with a distribution network of over 55,000 retailers across the country. The burgeoning economy of Bangladesh coupled with low teledensity and a youth-strong population presents a unique market opportunity for telecom services.

Telemedia Services – We provide broadband (DSL), data and telephone services (fixed line) in 88 cities with growing focus on the various data solutions for the Small & Medium Business (SMB) segment. We had 3.2 million customers of which 42.8% were subscribing to broadband / internet services, as on Sep 30, 2010. Our product offerings in this segment include fixed-line telephones providing local, national and international long distance voice connectivity and broadband Internet access through DSL.

We remain strongly committed to our focus on the SMB segment by providing a range of customized Telecom/ IT solutions and aim to achieve revenue leadership in this rapidly growing segment of the ICT market. The strategy of our Telemedia Services business unit is to focus on cities with high revenue potential.

Enterprise Services - Enterprise Services is India's leading provider of communications services to large Enterprise and Carrier customers. We deliver end to end telecom solutions to India's large corporates by serving as the single point of contact for all telecommunication needs by providing a full suite of communication services across data, voice, network integration, and managed services. We are regarded as the trusted communications partner to India's leading organizations, helping them to meet the challenges of growth.

We own a state of the art national and international long distance network infrastructure, enabling us to provide connectivity services both within India and connecting India to the world.

Our international infrastructure includes ownership of the i2i submarine cable system connecting Chennai to Singapore, consortium ownership of the SMW4 submarine cable system connecting Chennai and Mumbai to Singapore and Europe, and our investments in new cable systems such as Asia America Gateway (AAG), India Middle East and Western Europe (IMEWE), Unity, EIG (Europe India Gateway) and East Africa Submarine System (EASSy) will expand our global network to over 225,000 Rkms, covering 50 countries across 5 Continents.

Digital TV Services – Airtel Digital TV Services with a base of over 3.8 Mn customers continues to add 1 in every 4 new customers joining the DTH platform. We also offer Airtel Digital TV recorder and High Definition (HD) set top boxes delivering superior customer experience. We are the only company that provides real integration of all the three screens viz. TV, Mobile and Computers enabling our customers' record their favorite TV programs through mobile and web. We continue to expand the distribution, going beyond 9,000 towns and thousands of villages in India.

Passive Infrastructure Services – Bharti Infratel provides passive infrastructure services on a non-discriminatory basis to all telecom operators in India. Bharti Infratel deploys, owns and manages passive infrastructure in 11 circles of India. Infratel also holds 42% share in Indus Towers (a Joint Venture between Bharti Infratel, Vodafone and Idea Cellular). Indus operates in 15 circles (4 circles common with Infratel, 11 circles on exclusive basis).

Bharti Infratel has 31,831 towers in 11 circles, excluding the 35,254 towers in 11 circles for which the right of use has been assigned to Indus with effect from January 1, 2009. Indus Towers has a portfolio of 106,438 towers including the towers under right of use.

2.2.2 Africa

Mobile Services (Africa) - Bharti Airtel acquired the Africa operations of Zain Group on June 8, 2010, excluding the Sudanese & Moroccan operations for a total enterprise value of US$ 10.7 billion. Bharti Airtel also acquired 100% of Telecom Seychelles Limited on August 27, 2010. These acquisition are in line with Bharti's strategy of expanding in emerging markets. Africa's population stands at 1 billion today and is projected to grow at an annual average rate of 2.3% with a GDP growth rate of 3.1%. The population in 16 countries that we operate is around 459 million with a mobile customer base of 185 million representing a penetration of 40%. As at September 30, 2010 Airtel had 40 mn customers in these markets.

Africa Others – It comprises of investment holding companies for Africa mobile operations.

2.3 Partners

Strategic Equity Partners - We have a strategic alliance with SingTel, which has enabled us to further enhance and expand our telecommunications networks in India to provide quality service to our customers. The investment made by SingTel in Bharti is one of their largest investments made in the world outside Singapore.

Equipment and Technology Partners - We have forged long term strategic partnerships in all areas including equipment and technology, building upon the unique outsourcing business models we have pioneered. Our business models have enabled us partner with global leaders who share our drive for co-creating innovative and tailor solutions for the markets we operate in.

On the GSM/Wireless equipment side, we have partnered with Ericsson, Nokia Siemens and Huawei for our Networks in India, Sri Lanka and Bangladesh. During this quarter, we entered into Supply & Services Contracts for 3G Mobile Services in India with Ericsson, Nokia Siemens Networks (NSN) & Huawei. These partners will plan, design, deploy and maintain a state of the art 3G mobile network in Bharti Airtel 3G license circles. We also entered into a strategic contract with Ericsson & Huawei for 2G/2.5G Network expansion in Bangladesh which includes network design, planning, equipment supply, implementation, and project management.

Alcatel Lucent (ALU) is our Managed Services Wire-line Access Network Managed Services partner through a JV Company. They are also responsible for deployment of Fibre/Copper and service provisioning. However we are free to choose the Electronic Equipment, Switches and Routers from any other competent suppliers and we do purchase equipment from world leaders like Cisco, Juniper, ECI, Tellabs and others in addition to the strategic partners mentioned above.

IBM is our strategic partner for all business and enterprise IT systems. Our path breaking contract with IBM caters to, among other things, technology evolution, scale, tariff changes and subscriber growth. During the quarter, we further extended our association with IBM by entering into a partnership for our Bangladesh Operations. Under this contract, IBM will provide and run all Telecom related IT Systems, Software and Services to support Warid's Bangladesh business requirements.

IBM is also our technology partner for Digital Media Exchange, which would enable Airtel's presence on Digital Cinema, Digital Signage with a host of Media related services.

IBM Daksh, Mphasis, Firstsource, Teleperformance, Aegis and HTMT are our call centre partners and provide an excellent customer experience through dedicated contact center operations. Our existing Call center technology partners are Avaya, Wipro and Cisco.

We work with globally renowned organizations such as OnMobile, Comviva, Yahoo, Google and Cellebrum among others to provide each of our customers with a unique experience in VAS like CRBT (caller ring back tone), Music on Demand, Email services and other Airtel Live applications. We also have an alliance with RIM for selling Blackberry enterprise services and Blackberry internet services.

SECTION 3

FINANCIAL HIGHLIGHTS

This section presents the (1) audited financial results for the second quarter and half year ended September 30, 2009, and (2) audited financial results for the second quarter and half year ended September 30, 2010 as per International Financial Reporting Standards (IFRS).

Detailed financial statements, analysis and other related information is attached to this report as Annexure (page 29 – 31). Also, kindly refer to Section 7 - use of Non - GAAP financial information (page 26) and Glossary (page 42) for detailed definitions.

3.1 Consolidated - Summary of Consolidated Financial Statements

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

Amount in Rs mn, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sep-10	Sep-09	Y-on-Y Growth	Sep-10	Sep-09	Y-on-Y Growth
Total revenues	**152,150**	**103,785**	**47%**	**274,458**	**207,928**	**32%**
EBITDA before Acquisition Related Cost	**51,212**	**43,007**	**19%**	**96,334**	**85,981**	**12%**
Acquisition Related Cost	0	0		982	0	
EBITDA after Acquisition Related Cost	51,212	43,007	19%	95,352	85,981	11%
Cash profit from operations before Derivative and Exchange Fluctuation	45,399	41,675	9%	87,502	83,147	5%
Cash profit from operations after Derivative and Exchange Fluctuation	47,893	40,924	17%	87,835	85,182	3%
Profit / (Loss) before Tax	22,266	25,860	-14%	42,986	55,343	-22%
Current tax expense	7,025	5,092	38%	12,434	11,913	4%
Profit / (Loss) after current tax expense	15,241	20,768	-27%	30,552	43,430	-30%
Deferred tax expense / (income)	(1,347)	(2,339)	-42%	(3,006)	(4,855)	-38%
Net income	16,612	22,630	-27%	33,429	47,375	-29%
Capex	33,047	27,432	20%	51,408	58,219	-12%
Operating Free Cash Flow	18,165	15,575	17%	43,944	27,762	58%
EBITDA / Total revenues (before Acquisition Related Cost)	*33.7%*	*41.4%*		*35.1%*	*41.4%*	
EBITDA / Total revenues (after Acquisition Related Cost)	*33.7%*	*41.4%*		*34.7%*	*41.4%*	

3.1.2 Consolidated Summarized Statement of Financial Position

Amount in Rs mn

Particulars	As at Sep 30, 2010
Assets	
Non-current assets	1,312,668
Current assets	129,135
Total assets	**1,441,803**
Non-current liabilities	605,616
Current liabilities	341,998
Total liabilities	**947,614**
Equity & Minority Interest	
Equity	462,174
Minority Interest	32,015
Total Equity & Minority Interest	**494,189**
Total Equity and liabilities	**1,441,803**

3.2 Region wise - Summary of Consolidated Financial Statements

3.2.1 Summarized Statement of Operations (net of inter segment eliminations)

Amount in Rs mn, except ratios

Particulars	Quarter Ended Sep 2010				Quarter Ended Sep 2009				Half Year Ended Sep 2010				Half Year Ended Sep 2009			
	India & SA	Africa	Africa Others	Total	India & SA	Africa	Africa Others	Total	India & SA	Africa	Africa Others	Total	India & SA	Africa	Africa Others	Total
Total revenues	**113,312**	**38,906**	**-**	**152,150**	**103,785**			**103,785**	**226,037**	**48,489**	**-**	**274,458**	**207,928**			**207,928**
EBITDA before Acquisition Related Cost	**42,222**	**9,311**	**(322)**	**51,212**	**43,007**			**43,007**	**84,722**	**11,946**	**(335)**	**96,334**	**85,981**			**85,981**
Acquisition Related Cost	0	-	0	0	-			-	76	-	906	982	-			-
EBITDA after Acquisition Related Cost	42,222	9,311	(322)	51,212	43,007			43,007	84,646	11,946	(1,241)	95,352	85,981			85,981
Cash profit from operations before Derivative and Exchange Fluctuation	40,754	7,363	(2,720)	45,399	41,675			41,675	82,412	9,346	(4,257)	87,502	83,147			83,147
Cash profit from operations after Derivative and Exchange Fluctuation	42,477	8,140	(2,725)	47,893	40,924			40,924	82,710	9,384	(4,260)	87,835	85,182			85,182
Profit / (Loss) before Tax	24,469	521	(2,725)	22,266	25,860			25,860	47,478	(233)	(4,260)	42,986	55,343			55,343
Current tax expense	5,639	1,386	-	7,025	5,092			5,092	10,887	1,547	-	12,434	11,913			11,913
Profit / (Loss) after current tax expense	18,830	(865)	(2,725)	15,241	20,768			20,768	36,591	(1,780)	(4,260)	30,552	43,430			43,430
Deferred tax expense / (income)	(1,837)	490	-	(1,347)	(2,339)			(2,339)	(3,398)	392	-	(3,006)	(4,855)			(4,855)
Net income	20,398	(1,063)	(2,725)	16,612	22,630			22,630	39,447	(1,760)	(4,260)	33,429	47,375			47,375
EBITDA / Total revenues (before Acquisition Related Cost)	*37.3%*	*23.9%*		*33.7%*	*41.4%*			*41.4%*	*37.5%*	*24.6%*		*35.1%*	*41.4%*			*41.4%*
EBITDA / Total revenues (after Acquisition Related Cost)	*37.3%*	*23.9%*		*33.7%*	*41.4%*			*41.4%*	*37.4%*	*24.6%*		*34.7%*	*41.4%*			*41.4%*
Capex	29,282	3,765	-	33,047	27,432			27,432	46,708	4,700	-	51,408	58,219			58,219
Operating Free Cash Flow	12,940	5,546	(322)	18,165	15,575			15,575	37,938	7,246	(1,241)	43,944	27,762			27,762

3.2.2 Region wise Summarized Statement of Financial Position

Amount in Rs mn

Particulars	As at Sep 30, 2010			
	India & SA	Africa	Africa Others	Total
Assets				
Non-current assets	751,069	561,599	0	1,312,668
Current assets	91,406	37,245	484	129,135
Total assets	**842,475**	**598,844**	**484**	**1,441,803**
Liabilities				
Non-current liabilities	174,504	49,003	382,109	605,616
Current liabilities	187,737	116,395	37,866	341,998
Total liabilities	**362,241**	**165,398**	**419,975**	**947,614**
Investment Elimination	3,733	(433,833)	430,100	-
Equity & Minority Interest				
Equity	458,152	(6,587)	10,609	462,174
Minority Interest	25,815	6,200	0	32,015
Total Equity & Minority Interest	**483,967**	**(387)**	**10,609**	**494,189**
Total Equity and liabilities	**846,208**	**165,011**	**430,584**	**1,441,803**

3.3 Segment wise Summarized Statement of Operations

India & South Asia

3.3.1 Mobile Services (India & South Asia) – comprises of Consolidated Statement of Operations of Mobile Services India & South Asia.

Amount in Rs mn, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sep-10	Sep-09	Y-on-Y Growth	Sep-10	Sep-09	Y-on-Y Growth
Total revenues	88,045	82,902	6%	176,282	167,203	5%
EBITDA	30,964	33,310	-7%	62,674	67,416	-7%
EBIT	21,152	25,087	-16%	43,388	50,857	-15%
EBITDA / Total revenues	35.2%	40.2%		35.6%	40.3%	

3.3.2 Telemedia Services – comprises of Operations of Telemedia Services.

Amount in Rs mn, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sep-10	Sep-09	Y-on-Y Growth	Sep-10	Sep-09	Y-on-Y Growth
Total revenues	9,118	8,543	7%	18,078	17,094	6%
EBITDA	4,200	3,646	15%	8,138	7,112	14%
EBIT	2,245	1,878	20%	4,155	3,675	13%
EBITDA / Total revenues	46.1%	42.7%		45.0%	41.6%	

3.3.3 Enterprise Services – comprises of Operations of Enterprise Services

Amount in Rs mn, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sep-10	Sep-09	Y-on-Y Growth	Sep-10	Sep-09	Y-on-Y Growth
Total revenues	10,424	11,355	-8%	20,610	22,982	-10%
EBITDA	2,571	3,141	-18%	5,068	6,083	-17%
EBIT	1,478	2,351	-37%	2,927	4,546	-36%
EBITDA / Total revenues	24.7%	27.7%		24.6%	26.5%	

3.3.4 Passive Infrastructure Services – represents Bharti Infratel Ltd and proportionate consolidation of 42% Indus Towers.

Amount in Rs mn, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sep-10	Sep-09	Y-on-Y Growth	Sep-10	Sep-09	Y-on-Y Growth
Total revenues	21,161	17,049	24%	41,573	32,986	26%
EBITDA	7,858	5,831	35%	15,098	11,032	37%
EBIT	2,886	1,538	88%	5,458	2,865	91%
EBITDA / Total revenues	37.1%	34.2%		36.3%	33.4%	

3.3.5 Others – comprises of Digital TV operations, Corporate Offices and new projects in India & South Asia.

Amount in Rs mn, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sep-10	Sep-09	Y-on-Y Growth	Sep-10	Sep-09	Y-on-Y Growth
Total revenues	2,260	1,290	75%	4,209	2,317	82%
EBITDA before Acquisition Related Cost	(2,714)	(2,463)	-10%	(4,997)	(4,676)	-7%
Acquisition Related Cost	0	0		76	0	
EBITDA after Acquisition Related Cost	(2,714)	(2,463)	-10%	(5,073)	(4,676)	-8%
Depreciation and Others	829	386	115%	1,368	953	43%
EBIT	(3,543)	(2,849)	-24%	(6,441)	(5,629)	-14%

<u>Africa</u>

3.3.6 Mobile Services (Africa) – comprises of 16 country operations in Africa.

Amount in Rs mn, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sep-10	Sep-09	Y-on-Y Growth	Sep-10	Sep-09	Y-on-Y Growth
Total revenues	38,906			48,489		
EBITDA	9,311			11,946		
EBIT	1,676			2,329		
EBITDA / Total revenues	23.9%			24.6%		

3.3.7 Africa Others – comprises of holding investments in Mobile Africa operations.

Amount in Rs mn, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sep-10	Sep-09	Y-on-Y Growth	Sep-10	Sep-09	Y-on-Y Growth
Total revenues						
EBITDA before Acquisition Related Cost	(322)			(335)		
Acquisition Related Cost	0			906		
EBITDA after Acquisition Related Cost	(322)			(1,241)		
Depreciation and Others						
EBIT	(322)			(1,241)		

3.4 Region wise and Segment wise Investment & Contribution

3.4.1 Investments in Projects

Amount in Rs mn, except ratios

Segment	As at Sep 30, 2010				
	India & SA	Africa	Africa Others	Total	% of Total
Mobile Services[4]	572,138	541,773		1,113,911	74%
Telemedia Services	114,832			114,832	8%
Enterprise Services	39,991			39,991	3%
Passive Infrastructure Services	210,938			210,938	14%
Others	27,593			27,593	2%
Total	**965,491**	**541,773**		**1,507,264**	**100%**
Less:- Accumulated Depreciation and Amortization	251,277	3,802		255,079	
Net Fixed Assets and Other Project Investment	**714,215**	**537,971**		**1,252,186**	
% of Total	**57%**	**43%**		**100%**	

Note 4: Includes National optic fibre network

3.4.2.1 Region wise and Segment wise contribution to Revenue.

Amount in Rs mn, except ratios

Segment	Revenue									
	Quarter ended Sep 2010					Half Year Ended Sep 2010				
	India & SA	Africa	Africa Others	Total	% of Total	India & SA	Africa	Africa Others	Total	% of Total
Mobile Services	88,045	38,906		126,951	83%	176,282	48,489		224,771	82%
Telemedia Services	9,118			9,118	6%	18,078			18,078	7%
Enterprise Services	10,424			10,424	7%	20,610			20,610	8%
Passive Infrastructure Services	21,161			21,161	14%	41,573			41,573	15%
Others	2,260			2,260	1%	4,209			4,209	2%
Sub Total	**131,008**	**38,906**		**169,914**	**112%**	**260,752**	**48,489**		**309,241**	**113%**
Eliminations	(17,696)			(17,764)	-12%	(34,715)			(34,715)	-13%
Total	**113,312**	**38,906**		**152,150**	**100%**	**226,037**	**48,489**		**274,526**	**100%**
% of Total	**74%**	**26%**		**100%**		**82%**	**18%**		**100%**	

3.4.2.2 Region wise and Segment wise contribution to EBITDA.

Amount in Rs mn, except ratios

Segment	EBITDA									
	Quarter ended Sep 2010					Half Year Ended Sep 2010				
	India & SA	Africa	Africa Others	Total	% of Total	India & SA	Africa	Africa Others	Total	% of Total
Mobile Services	30,964	9,311		40,275	79%	62,674	11,946		74,620	78%
Telemedia Services	4,200			4,200	8%	8,138			8,138	9%
Enterprise Services	2,571			2,571	5%	5,068			5,068	5%
Passive Infrastructure Services	7,858			7,858	15%	15,098			15,098	16%
Others	(2,714)		(322)	(3,036)	-6%	(5,073)		(1,241)	(6,314)	-7%
Sub Total	**42,879**	**9,311**	**(322)**	**51,868**	**101%**	**85,905**	**11,946**	**(1,241)**	**96,610**	**101%**
Eliminations	(657)			(657)	-1%	(1,259)			(1,259)	-1%
Total	**42,222**	**9,311**	**(322)**	**51,211**	**100%**	**84,646**	**11,946**	**(1,241)**	**95,351**	**100%**
% of Total	**82%**	**18%**	**-1%**	**100%**		**89%**	**13%**	**-1%**	**100%**	

3.4.2.3 Region wise and Segment wise contribution to Capital expenditure.

Amount in Rs mn, except ratios

Segment	Capex									
	Quarter ended Sep 2010					Half Year Ended Sep 2010				
	India & SA	Africa	Africa Others	Total	% of Total	India & SA	Africa	Africa Others	Total	% of Total
Mobile Services	15,590	3,765		19,355	59%	22,661	4,700		27,361	53%
Telemedia Services	2,155			2,155	7%	3,753			3,753	7%
Enterprise Services	1,542			1,542	5%	2,236			2,236	4%
Passive Infrastructure Services	5,912			5,912	18%	11,213			11,213	22%
Others	4,083			4,083	12%	6,845			6,845	13%
Sub Total	**29,282**	**3,765**		**33,047**	**100%**	**46,708**	**4,700**		**51,408**	**100%**
Eliminations	(0)			(0)	0%	(0)			(0)	0%
Total	**29,282**	**3,765**		**33,047**	**100%**	**46,707**	**4,700**		**51,408**	**100%**
% of Total	**89%**	**11%**		**100%**		**91%**	**9%**		**100%**	

SECTION 4

OPERATING HIGHLIGHTS

The financial figures used for computing ARPU, ARPM, Non Voice revenue, Gross revenue per employee per month are based on IFRS.

4.1 Customers and Non Voice % - Consolidated

Parameters	Unit	Sep 30, 2010	June 30, 2010	Q-on-Q Growth	Sep 30, 2009	Y-on-Y Growth
Mobile Services	**000's**	**187,708**	**176,975**	**6%**	**111,541**	**68%**
India & South Asia	000's	147,626	140,613	5%	111,541	32%
Africa	000's	40,082	36,362	10%	-	
Telemedia Services	000's	3,216	3,153	2%	2,928	10%
Digital TV Services	000's	3,899	3,244	20%	1,368	185%
Total	**000's**	**194,823**	**183,372**	**6%**	**115,837**	**68%**
Non Voice Revenue as a % of Total Revenues	%	14.2%	14.7%		14.2%	

4.2 Traffic Details – Consolidated

Parameters	Unit	Sep 30, 2010	June 30, 2010	Q-on-Q Growth	Sep 30, 2009	Y-on-Y Growth
Mobile Services	**Mn Min**	**208,978**	**198,892**	**5%**	**144,134**	**45%**
India & South Asia	Mn Min	196,196	195,197	1%	144,134	36%
Africa[5]	Mn Min	12,782	3,695			
Telemedia Services	Mn Min	4,791	4,696	2%	4,796	0%
National Long Distance Services	Mn Min	17,689	17,333	2%	12,417	42%
International Long Distance Services	Mn Min	3,034	3,044	0%	3,181	-5%
Total Minutes on Network (Gross)	**Mn Min**	**234,492**	**223,965**	**5%**	**164,527**	**43%**
Eliminations	Mn Min	(18,119)	(17,751)	2%	(12,782)	42%
Total Minutes on Network (Net)	**Mn Min**	**216,373**	**206,213**	**5%**	**151,745**	**43%**

Note 5: Network minutes for June-10 are on full month basis

4.3 Mobile Services India

Parameters	Unit	Sep 30, 2010	June 30, 2010	Q-on-Q Growth	Sep 30, 2009	Y-on-Y Growth
Customer Base[6]						
All India Wireless Customers	000's	687,734	635,505	8%	471,726	46%
Wireless Customers on Airtel's Networks	000's	143,292	136,620	5%	110,511	30%
Net Additions						
All India Wireless Customers	000's	52,229	51,182	2%	44,444	18%
Wireless Customers on Airtel's Networks	000's	6,672	9,001	-26%	8,144	-18%
Market Share						
Airtel's Wireless Market Share	%	20.8%	21.5%		23.4%	
Airtel's Market Share of Net Additions	%	12.8%	17.6%		18.3%	
Pre-Paid Subscribers						
As a % of total Customer Base	%	96.1%	96.0%		95.2%	
Other Operating Information						
Average Revenue Per User (ARPU)	Rs	202	215	-6%	252	-20%
Average Revenue Per User (ARPU)	US$	4.5	4.8	-6%	5.6	-20%
Average Rate Per Minute (ARPM)	Paisa	44.4	44.8	-1%	56.1	-21%
Average Minutes of Use Per User	Min	454	480	-6%	450	1%
Monthly Churn	%	5.9%	5.8%		4.4%	
Non Voice Revenue						
Non Voice Revenue as a % of mobile revenues	%	12.7%	11.6%		9.8%	

Note 6: All India mobile subscribers for the month of July 2010 and August 2010 are as per report published by TRAI. Due to the non publication of TRAI report for September 2010 as on date, all India mobile subscribers net additions for September 2010 are as reported by COAI and AUSPI.

4.4 Telemedia Services

Parameters	Unit	Sep 30, 2010	June 30, 2010	Q-on-Q Growth	Sep 30, 2009	Y-on-Y Growth
Telemedia Customers	000's	3,216	3,153	2%	2,928	10%
Net additions	000's	63	86	-27%	100	-37%
Average Revenue Per User (ARPU)	Rs	954	961	-1%	989	-4%
Average Revenue Per User (ARPU)	US$	21.2	21.4	-1%	22.0	-4%

4.5 Network and Coverage - India

Parameters	Unit	Sep 30, 2010	June 30, 2010	Q-on-Q Growth	Sep 30, 2009	Y-on-Y Growth
Mobile Services						
Census Towns	Nos	5,101	5,092	9	5,072	29
Non-Census Towns and Villages	Nos	445,893	440,023	5,870	429,723	16,170
Population Coverage	%	85.1%	84.3%		82.9%	
Optic Fibre Network	R Kms	134,026	129,244	4,782	113,326	20,700
Network Sites	Nos	110,038	105,394	4644	99,501	10,537
Telemedia Services						
Cities covered	Nos	88	88	0	95	(7)
Submarine Cables Systems	Nos	5	4	1	2	3

4.6 Passive Infrastructure Services

4.6.1 Bharti Infratel Consolidated

Parameters	Unit	Sep 30, 2010	June 30, 2010	Q-on-Q Growth	Sep 30, 2009	Y-on-Y Growth
Total Towers[7]	Nos	76,535	75,254	1,281	71,418	5,117
Total Tenancies[7]	Nos	132,917	129,248	3,669	113,257	19,659
Key Indicators						
Sharing Revenue per Sharing Operator per month	Rs	33,898	33,064	3%	31,180	9%
Sharing Factor	Times	1.73	1.70		1.55	

Note 7: Total Towers and Tenancies includes proportionate consolidation of 42% of Indus Towers.

4.6.2 Bharti Infratel Standalone

Parameters	Unit	Sep 30, 2010	June 30, 2010	Q-on-Q Growth	Sep 30, 2009	Y-on-Y Growth
Total Towers[8]	Nos	31,831	31,196	635	29,112	2,719
Total Tenancies	Nos	52,776	51,509	1,267	44,190	8,586
Key Indicators						
Sharing Revenue per Sharing Operator per month	Rs	38,041	36,290	5%	36,696	4%
Sharing Factor	Times	1.65	1.65		1.49	

Note 8: Total Towers are excluding 35,254 towers in 11 circles for which the right of use has been assigned to Indus with effect from 1st Jan 2009.

4.6.3 Indus Towers

Parameters	Unit	Sep 30, 2010	June 30, 2010	Q-on-Q Growth	Sep 30, 2009	Y-on-Y Growth
Total Towers	Nos	106,438	104,901	1,537	100,728	5,710
Total Tenancies	Nos	190,811	185,093	5,718	164,446	26,365
Key Indicators						
Sharing Revenue per Sharing Operator per month	Rs	31,389	30,379	3%	25,917	21%
Sharing Factor	Times	1.78	1.75		1.61	

Note 9: Indus KPIs are on 100% basis.

4.7 Human Resource Analysis – India

Parameters	Unit	Sep 30, 2010	June 30, 2010	Q-on-Q Growth	Sep 30, 2009	Y-on-Y Growth
Consolidated						
Total Employees[10]	Nos	17,387	17,694	(307)	18,783	(1,396)
Number of Customers per employee	Nos	8,651	8,083	7%	6,112	42%
Personnel cost per employee per month	Rs	101,050	92,152	10%	91,049	11%
Gross Revenue per employee per month	Rs	2,141,585	2,097,126	2%	1,837,441	17%

Note 10: Total Employees count includes proportionate consolidation of 42% Indus Towers employees.

4.8 Mobile Services - Africa

Parameters	Unit	Sep 30, 2010	June 30, 2010	Q-on-Q Growth	Sep 30, 2009	Y-on-Y Growth
Customer Base						
Total Wireless Customers	000's	NA	NA			
Wireless Customers on Airtel's Networks	000's	40,082	36,362	10%		
Net Additions						
Total Wireless Customers	000's	NA	NA			
Wireless Customers on Airtel's Networks[11]	000's	3,720	36,362			
Market Share						
Airtel's Wireless Market Share	%	NA	NA			
Airtel's Market Share of Net Additions	%	NA	NA			
Pre-Paid Subscribers						
As a % of total Customer Base	%	99.3%	99.3%			
Other Operating Information						
Average Revenue Per User (ARPU)	US$	7.4	7.4	-1%		
Average Rate Per Minute (ARPM)	US¢	6.6	7.2	-9%		
Average Minutes of Use Per User	Min	112	103	9%		
Monthly Churn	%	5.8%	5.6%			
Non Voice Revenue						
Non Voice Revenue as a % of mobile revenues	%	7.1%	7.9%			

Note11: Net Additions for Jun-10 is the total customer base.

4.9 Traffic Details - Africa

Parameters	Unit	Sep 30, 2010	June 30, 2010	Q-on-Q Growth	Sep 30, 2009	Y-on-Y Growth
Mobile Services	Mn Min	12,782	3,695			
International Long Distance Services	Mn Min	-	0			
Total Minutes on Network (Gross)	Mn Min	12,782	3,695			
Eliminations	Mn Min	-	-			
Total Minutes on Network (Net)	Mn Min	12,782	3,695			

4.10 Network & Coverage - Africa

Parameters	Unit	Sep 30, 2010	June 30, 2010	Q-on-Q Growth	Sep 30, 2009	Y-on-Y Growth
Mobile Servies						
Towns & Villages	Nos	NA	NA			
Population Coverage	%	NA	NA			
Network Sites	Nos	10,998	10,840	158		

4.11 Human Resource Analysis - Africa

Parameters	Unit	Sep 30, 2010	June 30, 2010	Q-on-Q Growth	Sep 30, 2009	Y-on-Y Growth
Total Employees	Nos	6,371	6,600	(229)		
Number of Customers per employee	Nos	6,291	5,509	782		
Personnel cost per employee per month	US$	4,128	3,872	7%		
Gross Revenue per employee per month	US$	45,316	42,161	7%		

Note 12: All above Africa KPIs for June-10 are on full month basis.

SECTION 5

MANAGEMENT DISCUSSION AND ANALYSIS

5.1 India and South Asia

A. Key Industry Developments

1. 3G and BWA Spectrum:

- DoT has allocated 3G and BWA spectrum to successful bidders of the spectrum Auction held during April-June 2010. Amendment to UAS license to use 3G/BWA spectrum has also been issued by the Department.

2. Security Clearance

- DoT made a license amendment on July 28, 2010 regarding security related concerns for expansion of telecom services in various zones of the country. Key highlights of the amendment are as follows:
  - Up to Rs 50 crore per purchase order, penalty proposed for breach of security condition. Also, the penalty equal to 100% of the contract value introduced for the vendors.
  - TSP and Vendors to enter in to ESCROW deposit the High level and detailed design documents, source code, listing and programmer's note.
  - TSP's security policy to be submitted to DoT in 30 days.
  - TSP's to get the security audit of the core network elements done through the internationally accredited agencies approved by DoT.
  - Licensee to create Telecom Security Council to increase security assurance level and share common issues.
  - Licensee to create a Test Lab/Test Bed to monitor all intrusions and frauds and reporting the same to Licensor/CERTIN.
  - Inspection by TSP/DoT of all hardware/software, design and manufacturing facility before procurement of equipment. Expense of such visit to be borne by service provider or vendor.
  - The TSPs to ensure that the network operation/maintenance is done by Indian Engineers within 2 years.
  - Operators to provide the LBS service with an accuracy of 50m in one year.
- Further, Chinese vendors such as ZTE and Huawei have signed agreement with most of the operators, on the basis of which security clearance is being obtained from DoT. However, Non Chinese vendors like Nokia, Cisco had some objections on signing the draft agreement issued by DoT such as deposit of codes in escrow account, cost of compliance, penalty.
- Telecom operators are also in the process of discussion with the Non Chinese vendors so as to arrive at a consensus and to submit the mutually agreed agreement to DoT.

3. Mobile Number Portability

- DoT has revised the MNP implementation date to October 31, 2010. MNP pilot to start with Haryana Circle w.e.f. November 22, 2010.
- All India Acceptance Testing (AT) is being conducted by respective TERM Cell.

4. TRAI Tariff order for DTH/IPTV Services

- TRAI vide its tariff order dated July 21, 2010 fixed the tariff for DTH/IPTV services. The key highlights are as follows:
  - DTH/IPTV whole sale tariffs at 35% of Non-CAS.
  - Broadcasters to provide A la-carte.
  - Retail tariff to continue under forbearance with mandatory provisioning on ala carte basis.
  - Revenue protection of Rs.150 (post adjustment of Taxes) in case of ala carte tariff.
  - HD and niche channel out of tariff regulation.
  - Minimum subscription period to be decided by the operators but should be less than or equal to 3 months.
  - No upward revision of retail tariff for 6 months.

5. TRAI Recommendations on Implementation of Digital Addressable Cable TV Systems in India

- TRAI released its recommendations on Implementation of Digital Addressable Cable TV Systems in India on August 5, 2010. The key highlights of the recommendations are as follows:-
- Migration to a digital addressable cable TV system be implemented with Sunset date for Analog Cable TV services as December 31, 2013, in four phases:
  - Phase I- In Metros by March 31, 2011.
  - Phase II- In all cities having Population of over one million, by December 31, 2011.
  - Phase III- In all Other urban areas by December 31, 2012.
  - Phase IV- In rest of India, by December 31, 2013.
- All service providers who have set up a digital addressable distribution network before the sunset date(s) be treated similar to telecom service providers and be eligible for income tax holiday for the period from the date of setting up of the network, or April 1, 2011, whichever is later, till March 31, 2019.
- Taxes and levies on the broadcasting distribution sector be rationalized.
- Basic custom duty on digital head-end equipments and STBs be reduced to zero for the next 3 years.

- Licensing provisions made in the - “Recommendations on Restructuring of Cable TV Services” dated July 25, 2008, be implemented for LCOs and MSOs.

6. TRAI Recommendations on Efficient Utilization of Numbering resources in India

- 10-digit numbering scheme should be continued

- Country to migrate to an integrated 10-digit numbering scheme at the earliest. All preparations should be completed by September 30, 2011 and actual migration be completed by December 31, 2011.

- Till integrated numbering scheme is implemented, the following scheme should be adopted :

  - Dial intra circle fixed to mobile calls with prefix ‘0’
  - SDCA codes starting with 2, 3, 4 and 6 may be used for mobile services by suffixing with 0, 1, 8 and 9.

- Present arrangement for allocation of new blocks of numbers after demonstrating 80% utilization for fixed and 60% for mobile should be continued.

- However, in case of mobile numbers, service provider should not have more than 3 million unutilized numbers in a service area at the time of requesting for new block of numbers.

7. TRAI Consultation Papers

- TRAI has issued the following Consultation Papers:

  - Review of measures to protect interest of consumers in the telecom Sector.
  - Technical Interoperability of DTH Set top Boxes.

B. Key Company Developments

- Bharti Airtel adjudged as the ‘Top Telecom Company’ fourth year in a row by NDTV Profit Business Leadership Awards 2010.

- Bharti Airtel won the CIO 100 Award for innovative practices in IT at the 5th Annual CIO 100 Awards. The CIO 100 Annual Awards recognizes organizations that exemplify the highest level of operational and strategic excellence in information technology (IT).

- Bharti Airtel was honored with four awards at the Annual V&D Telecom Awards 2010 - Top Cellular Service Provider, Top Telecom Service Provider and Top NLD& VSAT. V&D100, now in its 11th edition, is the most comprehensive annual survey of the Indian telecom services and equipment industries. It is the most trusted and widely used survey for those seeking statistics on Indian telecommunications industry.

- Bharti Airtel announced the launch of EASSy Cable system - the largest submarine cable system serving the African continent. EASSy Cable System is represented by a consortium of 16 telecom operators along with Bharti Airtel.

- Bharti Airtel achieved Cisco Gold Certification from Cisco India. With this globally recognized certification, Bharti Airtel takes a pioneering position in the Indian market to offer integrated Telecom and IT solutions to enterprise customers

- Bharti Airtel was rated as India’s Best Enterprise Connectivity Provider at the Users' Choice Awards instituted by PC Quest.

- Airtel won the Small Business Technology Partner of the Year award at the Franchise India’s Small Business Congress 2010. The Small Business Congress 2010 is an event instituted by Franchise India and Zee Business with Ernst & Young as the process jury. The awards recognize and felicitate achievers, innovators and suppliers who have contributed significantly towards the development of Small and Medium Enterprises in India

- Bharti Airtel partnered with Facebook to offer free access for two months to the Facebook Mobile Site for its mobile service customers.

- Bharti Airtel announced its Network Partners for the launch of its 3G Services in India - Ericsson India, Nokia Siemens Networks and Huawei Technologies.

- Bharti Airtel launched its Global Data Services in Thailand & Malaysia to serve the growing bandwidth demands of customers in the region.

- Bharti Airtel introduced industry’s first end to end managed Video Conferencing solutions to boost and simplify customer experience in India. End to End Managed Video Conferencing services allows customers to use complete VC solution from Bharti Airtel including (Bridge, Network & Hardware).

- Airtel digital TV was voted the favourite DTH service by customers in key metros in a nationwide customer satisfaction survey by MaRS on India’s Favourite DTH Operator. Conducted across 8 cities, Airtel digital TV emerged on top in 4 of the 8 parameters of the survey, namely- Availability of other payment options, Innovative Services and more crucially Uninterrupted Services and Complaint Redressal. The HT-MaRS survey interviewed 2011 respondents across Delhi, Lucknow, Kolkata, Mumbai, Ahmedabad, Chennai, Bangalore and Hyderabad.

- Airtel digital TV introduced iSports Commonwealth Games live update. Also, on the occasion of the Commonwealth Games, Airtel digital TV made the DD Sports HD available free for its customers.

5.2 Africa

Key Industry Developments

Burkina Faso

•Subscribers identification

On 28th September 2010 the Regulator issued an Arrete forbidding the sale of SIM cards without prior identification of the subscribers. The operators were also asked to ensure that their distributors comply with the new regulation. The subscribers must submit official identification documents such as a national identification card, driving license, registration number of the company, etc. A new deadline for deactivation of un-identified subscribers has been fixed for December 15, 2010.

- **Review local interconnect rate**
  August 2010: The regulator launched the local Interconnection rate review, which will set the new tariff to be applied in 2011. The process is still going on.

Chad

- **Subscribers identification**
  The National Telecommunications Regulator of Chad OTRT (Office Tchadien de Régulation des Télécommunications) had given a due date of December 31, 2010 for registration of all SIM cards sold by Mobile operators on their Network by collecting and storing the identification details of all subscribers. Mobile operators will be required to disconnect all unregistered SIM cards.

Congo Brazzaville

- **New Interconnect rate**
  July 2010: the interconnection termination rate dropped from FCFA 75 (US$0.15) to FCFA 50 (US$0.09) on July 1st, 2010, in line with the Agreement signed between all operators in December 2008.

- **Subscribers identification**
  Following the Decree signed on July 26, 2010 by the Minister of Post and Telecommunications, the Congolese Business Union sent a note of information on August 3, 2010 informing the operators that the Government has decided to institute the identification of all subscribers from January 2011. The identification process should be completed by December 2011.

- **New numbering plan**
  On September 29, 2010, the Regulator decided on the implementation of the new 9-digit national numbering plan, which is expected to be implemented by October 15, 2010. Airtel Congo B is assigned prefix 05 in accordance with this plan.

Congo DRC

- **3G licences**
  August 2010: the Ministry of Telecoms convened a meeting with all operators in order to get their feedback on the 3G license award process

Gabon

- **Subscribers identification**
  June 1 to July 15, 2010: A campaign to identify the subscribers of all mobile operators was launched by the regulatory body (ARTEL). This was aimed at educating the mobile operators to require the names and addresses along with the transmission piece national identity of their customers. The operators were required to deactivate any subscribers who had not been identified by July 15, 2010. Given the practical difficulties encountered in the operational phase, the operators sought and obtained from ARTEL an extension of the deadline until August 19, 2010. Presently, the operators are processing the information received, and are required to submit a detailed report to the Regulator. Presently, 900,000 subscribers have been identified and 172,000 are still remaining.

Ghana

- **Selection of Vendor for Supply of MNP Solution in Ghana**
  September 30, 2010: The National Communications Authority, in consultation with the telecom operators has selected a vendor, Porting SX, through a competitive bid process, to supply a centralized database solution for the implementation of Mobile Number Portability in Ghana.

Kenya

- **Number Portability**
  Number Portability- The CCK has licensed Porting XS to provide a number portability database. In October 2010 the CCK has published guidelines on how the Number Portability is to work. The CCK intends to fully implement the number portability by December 2010.

- **Interconnect Review**
  The CCK concluded an interconnect review exercise in September 2010 with the help of 'Analysys Mason', a strategy consulting firm. As a result of this exercise, the Mobile termination rates have been reduced by 50% effective July 1, 2010. The new MTR for voice is 2.21 KES or USc 2.73).

Malawi

- **3G Licence**
  September 2010: Payment of annual license fee of $250,000 is currently due and is expected to be paid in October 2010.

Niger

- **Subscribers identification:**
  The Regulator decided that the subscribers' identification should be completed by August 28, 2010. However, given the difficulties encountered in completing registration, all operators requested an extension to the deadline.

Nigeria

- **Registration of Telecommunications Subscriptions (SIM Card Registration)**
  The registration of new activations by the respective telecommunications operators is ongoing at designated locations across the country while the Nigerian Communications Commission (NCC) is yet to commence registration of existing subscriptions. The NCC recently published draft Regulations for the Registration of Telecommunications Subscriptions in Nigeria and stakeholders have been invited to make submissions to the NCC on or before November 9, 2010.

- **Mobile Number Portability (MNP)**
  The NCC has published a Request for Quotation (RFQ) for the provision of Number Portability Administration Services. RFQ evaluation and selection of the MNP Clearing House Service Provider is ongoing and a public announcement on the outcome is expected. The NCC had earlier in the year appointed KPMG, an accounting and advisory firm, to develop the Regulatory and Technical Framework for the implementation of Number Portability in Nigeria.

- **Price Cap Review**
  In response to public demands and pressure from the Government for reduction in retail telecommunications tariffs, NCC issued a Public Notice of intention to review downward the existing Retail Tariff Cap.

Sierra Leone

- **3G licence awarded to Airtel Sierra Leone**
  The Regulator has also intimated its intent to offer us a 3G license at a license fee of USD 1 million and an annual spectrum fee of USD 350 thousand.

- **Decrease in interconnect rates**
  In July 2010, the Regulator decided to decrease the interconnect rate from USc 10 to USc 7.

Tanzania

- **Lower Interconnect rate**
  The implementation of Interconnection determination No. 2 issued in 2007, Interconnection rates in Tanzania are based in glide path from January 1, 2008 to 31st December 2012 as follows;
  2010: USc 7.49
  2011: USc 7.32
  2012: USc 7.16

  Process is underway to lobby the regulator for reduction of interconnection rates and case study from Kenya has been shared for best practice.
  Currently, all operators charge at the Cap and pass on the expense to customers, which acts to the advantage of the big operators due to higher off-net calls and tariffs. However, recently Airtel and Vodafone have reduced their off net rates to half of their original prices.
  The review of the interconnection may be carried if the Authority deems necessary.

- **Subscribers Identification (KYC)**
  In June, 2009 a law was passed by the parliament for all operators to register and identify all mobile users by December 30 2009 which was further extended to July 15 2010.The mobile operators took the issue to court and settled the issue out of court with the regulator and signed MOU of 3 months extension up to October 15 2010 where by all operators will be required to deactivate all such subscribers who have not been registered.

  The position of the law is as follows;

  - The backlog of registration forms (collected before July 15, 2010) to be processed within 90 days up to October 15, 2010.
  - All new registration forms (received after July 15, 2010) shall be processed within 30 days.
  - All Unregistered SIM Cards after October 15, 2010 should be partially blocked for a period of 30 days unless they get these registered before expiry of 30 days. After expiry of the 30 days (November 15, 2010) any unregistered customer should be fully blocked.
  - Selling of SIM card without registration (recording particulars of the purchaser) is an offence punishable by a fine of Fifteen Million (15,000,000) Tzs. If the offender is any person other than an operator the penalty is three million (3,000,000) Tzs or 12 months imprisonment or both.

Zambia

- **Guidelines for Interconnect Charges**
  The Zambia Information and Communication Technology Authority (ZICTA) announced guidelines for Interconnect Charges, expected to come into effect from November 1, 2010. This follows the Authority's recent cost of service study that was undertaken by PricewaterhouseCoopers (PWC) of the United Kingdom that recommended the relaxation of tariffs.

  ZICTA has determined the interconnect charges at USc 5.9 (K300) per minute and reduced to USc 5.3 on January 1, 2011 with a further reduction to USc 5 at the beginning of 2012

  SMS charges would with effect from November 1 be pegged at K295 (USc 6.09) reducing to K132.50 (USc 2.74) and K125 (USc 2.58) in 2011 and 2012 respectively).

  The Authority said rates for interconnection would be denominated in Zambian kwacha in conformity with the law and given the low inflation rate in the country.

5.3 Results of Operations

The company has reported its (1) audited financial results for the quarter ended September 30, 2009; (2) audited financial results for the quarter ended September 30, 2010. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Key Highlights - *For the quarter ended September 30, 2010*

- **Net addition of 11.5 million customers.**
- **Total Revenues of Rs 152.2 billion (up 47% Y-o-Y).**
- **EBITDA Rs 51.2 billion (up 19% Y-o-Y).**
- **Cash profit from operations of Rs 47.9 billion (up 17% Y-o-Y).**
- **Net Income of Rs 16.6 billion (down 27% Y-o-Y).**

Bharti Airtel Consolidated

Quarter ended September 30, 2010

Customer Base
As on September 30, 2010, the company had an aggregate of 194.8 mn customers consisting of 187.7 mn Mobile, 3.2 mn Telemedia and 3.9 mn Digital TV customers. Its total customer base as on September 30, 2010 increased by 68.2% compared to the customer base as on September 30, 2009.

Revenues/Turnover
During the quarter ended September 30, 2010, the company recorded revenues of Rs 152,150 mn, a growth of 46.6% compared to the quarter ended September 30, 2009. Revenues from mobile services represented 83.4% of the total revenues for the quarter ended September 30, 2010. Non-voice revenue contributed to approximately 14.2% of the total revenues for the quarter.

Operating Expenses (ex-revenue share license and spectrum fee) During the quarter ended September 30, 2010; the company incurred an operating expenditure of Rs 69,559 mn representing 46% of the total revenues. The operating expense comprises:

- Rs 33,165 mn towards network operations costs (21.8% of total revenues)
- Rs 8,816 mn towards employee costs, (5.8% of total revenues) and
- Rs 27,578 mn towards selling general and administrative costs (18.1% of total revenues)

The operating expenses grew by 75% compared to the quarter ended September 30, 2009. 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 September 30, 2010, the company had an EBITDA of Rs. 51,212 mn; growth of 19% compared to the quarter ended September 30, 2009. The EBITDA margin for the quarter was 33.7%.

The net finance cost for the quarter ended September 30, 2010 was Rs 3,318 mn. The interest on borrowings during the quarter was Rs 5,018 mn, the finance charges during the quarter was Rs 1,146 mn, the investment income (primarily related to income on marketable securities) was Rs 352 mn and Rs 2,494 mn was gain of exchange fluctuation and derivative accounting.

The cash profit from operations after derivative and exchange fluctuations for the quarter was Rs 47,893 mn, an increase of 17% as compared to the quarter ended September 30, 2009. During the quarter ended September 30, 2010, the company had depreciation and amortization expenses of Rs 25,790 mn.

Profit / (Loss) Before Tax (PBT)
The Profit / (Loss) before tax for the quarter was Rs 22,267 mn, a decrease of 14%, as compared to the quarter ended September 30, 2009. The current tax for the quarter ended September 30, 2010 was Rs 7,025 mn and deferred tax expense / (income) was Rs (1,347) mn.

Net income
The net income for the quarter ended September 30, 2010 was Rs 16,612 mn with YoY decline of 27%.

Statement of Financial Position
As on September 30, 2010, the company had total assets of Rs 1,441,803 mn, and total liabilities of Rs 947,614 mn respectively. The difference of Rs 494,189 mn was on account of Equity attributable to equity holders of parent and non-controlling interest.

The company had a net debt of Rs 601,438 mn (US$ 13,389 mn) as on September 30, 2010, resulting in a Net Debt to EBITDA (LTM) of 2.93.

Capital Expenditure
During the quarter ended September 30, 2010, the company incurred capital expenditure of Rs 33,047 mn (US$ 736 mn).

Human Resources
As on September 30, 2010, the company had a total of 24,766 employees.

Mobile Services – India & South Asia

Customer Base, Churn, ARPU and MoU - India
As at the end of the quarter the company had 143.3 mn GSM mobile customers on its network, which accounted for a market share of 20.8% of the all India mobile market.

During the quarter, Bharti's share of net additions was 12.8% of all India wireless subscriber net additions.

Despite a CMS of 20.8% for quarter ended September 30, 2010, the Revenue Market Share (RMS) of Mobile Services in India is estimated at 31.2% for quarter ended June 30, 2010 (Based on last reported TRAI data).

The average monthly churn for the quarter ended September 30, 2010 was 5.9%.

During the quarter blended ARPU was Rs 202 (US$ 4.5) per month as compared to Rs 215 (US$ 4.8) per month in the quarter ended June 30, 2010. The blended monthly usage per customer, during the quarter was at 454 minutes. The Average rate per minute during the quarter was 44.4 paisa.

Non voice revenue, which includes Voice Mail Service, Call Management, Airtel Talkies and other value added services like Hello Tunes, Music on Demand and Airtel Live contributed to approximately 12.7% of the total revenues of the segment.

Revenues, EBITDA and EBIT

The revenues for the quarter ended September 30, 2010 for mobile services stood at Rs 88,045 mn, a growth of 6.2% over the corresponding quarter last year. The revenue from this segment contributed to 58% of the total consolidated revenues. The EBITDA during the quarter ended September 30, 2010 was Rs 30,964 mn representing decline of 7.0% over the quarter ended September 30, 2009. The EBITDA margin for the quarter ended September 30, 2010 was 35.2%. The EBIT for the quarter ended September 30, 2010 was Rs 21,152 mn as compared to Rs 25,087 mn for the quarter ended September 30, 2009, a decline of 15.7%.

Capital Expenditure

During the quarter ended September 30, 2010, the company incurred a capital expenditure of Rs 15,590 mn (US$ 347 million) on its Mobile Services.

Telemedia Services

Customer Base and ARPU

At the end of the quarter ended September 30, 2010, the company had its Telemedia operations in 88 cities. During the quarter, the company added 63,208 customers on its Telemedia networks with 3.2 mn customers as on September 30, 2010. The company had approximately 1.38 mn customers (42.8%) of the total customer base subscribing to broadband (DSL) services.

The ARPU for the quarter was Rs 954 (US$ 21.2) per month.

Revenues, EBITDA and EBIT

For the quarter ended September 30, 2010, the revenues from Telemedia operations of Rs 9,118 mn, represented a growth of 6.7% over the corresponding quarter last year. The EBITDA for the quarter was Rs 4,200 mn compared to Rs 3,646 mn in the corresponding prior year quarter, an increase of 15.2%. The EBITDA margin for this segment was 46.1% for the quarter ended September 30, 2010. The EBIT for the quarter ended September 30, 2010 was Rs 2,245 mn.

Capital Expenditure

During the quarter ended September 30, 2010, the company incurred a capital expenditure of Rs 2,155 mn (US$ 48 million) on its Telemedia Services.

Enterprise Services

Revenues, EBITDA and EBIT

The revenues for the quarter ended September 30, 2010 for Enterprise services stood at Rs 10,424 mn, a decline of -8.2% over the corresponding quarter last year. The revenue from this segment contributed to 7% of the total consolidated revenues. The EBITDA during the quarter ended September 30, 2010 was Rs 2,571 mn, a decline of 18.1% over the corresponding quarter last year. The EBITDA margin for the quarter ended September 30, 2010 was 24.7%. The EBIT for the quarter ended September 30, 2010 was Rs. 1,478 mn as compared to Rs 2,351 mn for the quarter ended September 30, 2009, a decline of 37.1%.

Capital Expenditure

During the quarter ended September 30, 2010, the company incurred a capital expenditure of Rs 1,542 mn (US $34 mn) on its Enterprise Services.

Passive Infrastructure Services

Revenues, EBITDA and EBIT

For the quarter ended September 30, 2010, the revenues from its Passive Infrastructure Services were Rs 21,161 mn. The EBITDA for the quarter ended September 30, 2010 was Rs 7,858 mn. The EBITDA margin for the quarter ended September 30, 2010 was 37.1%. The EBIT for the quarter ended September 30, 2010 was Rs 2,886 mn.

Capital Expenditure

During the quarter ended September 30, 2010, the company incurred a capital expenditure of Rs 5,912 mn (US $132 million) on its Passive Infrastructure Services.

Towers and Sharing Operators – Infratel

As at the end of the quarter, the company had 31,831 towers. Sharing factor for the quarter ended September 30, 2010 was 1.65 times.

Towers and Sharing Operators – Indus Towers

As at the end of the quarter, the company had 106,438 towers. Sharing factor for the quarter ended September 30, 2010 was 1.78 times.

Mobile Services - Africa

During this quarter, the African market has shown a healthy elasticity in usage. We have had a growth of 9% in MOU per sub. This helped offset the drop in ARPM and consequently we were able to maintain our ARPU at the same level as last quarter.

Customer Base, ARPU and MoU

As at the end of the quarter the company had 40.1 mn GSM mobile customers on its network. During the quarter , the company added 3.7 Mn customers. The ARPU for the quarter was US$ 7.4 per month. The blended monthly usage per customer, during the quarter was at 112 minutes.

Revenues, EBITDA and EBIT

During the quarter ,the revenue for Africa's Operation's was Rs 38,906 mn and EBITDA was Rs 9,311 mn (EBITDA margin 23.9%). The EBIT for the quarter ended September 30, 2010 was Rs. 1,676 mn.

Capital Expenditure

During the month of September 2010, the company incurred a capital expenditure of Rs 3,765 mn (US $ 84 million) on its African Operation.

SECTION 6

STOCK MARKET HIGHLIGHTS

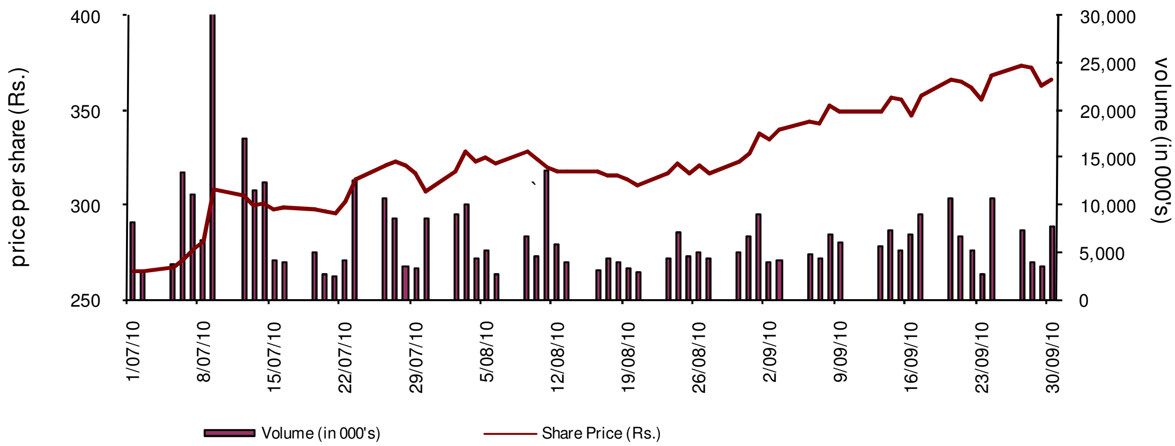
6.1 General Information

Shareholding and Financial Data	Unit	
Code/Exchange		532454/BSE
Bloomberg/Reuters		BHARTI IN/BRTI.BO
No. of Shares Outstanding (30/09/10)	Mn Nos	3,797.53
Closing Market Price - BSE (30/09/10)	Rs /Share	365.90
Combined Volume (NSE & BSE) (01/07/10-30/09/10)	Nos in Mn/day	0.93
Combined Value (NSE & BSE) (01/07/10-30/09/10)	Rs bn /day	0.30
Market Capitalization	Rs bn	1,390
Market Capitalization	US$ bn	30.93
Book Value Per Equity Share	Rs /share	121.69
Market Price/Book Value	Times	3.01
Net Debt to EBITDA (LTM)	Times	2.93
Enterprise Value	Rs bn	1,991
Enterprise Value	US$ bn	44.32
Enterprise Value/ Annualised Q2 Revenue	Times	3.27
Enterprise Value/ Annualised Q2 EBITDA	Times	9.72

6.2 Summarized Shareholding pattern as of September 30, 2010

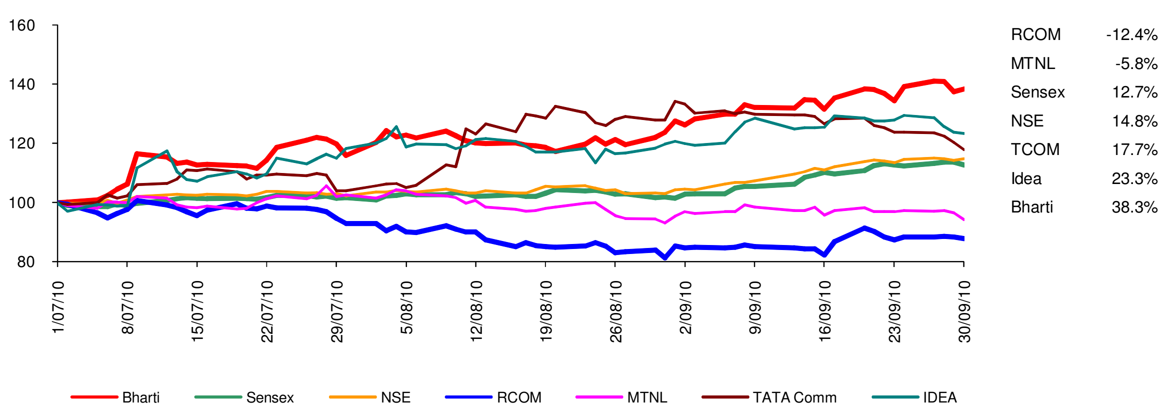
Category	Number of Shares	%
Promoter & Promoter Group		
Indian	1,725,513,056	45.44%
Foreign	851,868,286	22.43%
Sub total	**2,577,381,342**	**67.87%**
Public Shareholding		
Institutions	1,009,285,192	26.58%
Non-institutions	210,863,562	5.55%
Sub total	**1,220,148,754**	**32.13%**
Total	**3,797,530,096**	**100.00%**

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



Source: Bloomberg

6.4 Comparison of Domestic Telecom stock movement with Sensex and Nifty



Source: Bloomberg

SECTION 7

Use of Non-GAAP Financial Information

In presenting and discussing the Company's reported financial position, operating results and cash flows, certain information is derived from amounts calculated in accordance with IFRS, 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 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 IFRS	Location in this results announcement of reconciliation and further information
Earnings before Interest, Taxation, Depreciation and Amortization (EBITDA)	Profit / (Loss) from Operating Activities	Page 27
Earnings before Interest and Taxation (EBIT)	Profit / (Loss) from Operating Activities	Page 27
Cash Profit from Operations after Derivative and Exchange Fluctuations	Profit / (Loss) from Operating Activities	Page 27
Profit / (Loss) after current tax expenses	Profit / (Loss) before taxation	Page 27
Minority Interest	Non - Controlling Interest	NA
Capex	NA	NA
Operating Cash flow	NA	NA

7.1 Reconciliation of Non-GAAP financial information based on IFRS

Consolidated

Amount in Rs mn

Particulars	Quarter Ended Sep 2010	Half Year Ended Sep 2010
Profit / (Loss) from Operating Activities To EBITDA		
Profit / (Loss) from Operating Activities	**25,422**	**50,095**
Add: Depreciation and Amortization	25,790	45,257
EBITDA after acquisition cost	**51,212**	**95,352**
Add: Acquisition Cost	0	982
EBITDA before acquisition cost	**51,212**	**96,334**
Profit / (Loss) from Operating Activities to Cash Profit from Operations after Derivative & Exchange Fluctuation		
Profit / (Loss) from Operating Activities	**25,422**	**50,095**
Add: Depreciation and Amortization	25,790	45,257
Add: Finance income	2,939	3,067
Less: Finance expense	6,258	10,584
Cash Profit from Operations	**47,893**	**87,835**
Profit / (Loss) from Operating Activities to EBIT		
Profit / (Loss) from Operating Activities	**25,422**	**50,095**
Less: Non operating expenses	3	236
Add: Other income	169	700
EBIT	**25,587**	**50,559**
Profit / (Loss) before tax to Profit / (Loss) after Current tax expense		
Profit / (Loss) before tax	22,267	42,987
Less: Current tax expense	7,025	12,434
Profit / (Loss) after current tax expense	**15,242**	**30,553**

7.2 Schedules to Financial Statements

7.2.1 Schedule of Operating Expenses

Amount in Rs mn

Particulars	Quarter Ended Sep 30, 2010				Half Year Ended Sep 30, 2010			
	India & SA	Africa	Africa Others	Total	India & SA	Africa	Africa Others	Total
Access charges	12,372	6,513		18,839	25,147	7,965		33,066
Licence fees, revenue share & spectrum charges	11,525	1,015		12,540	23,267	1,373		24,282
Network operations costs	26,302	6,863		33,165	51,852	8,581		60,433
Employee costs	5,090	3,544	201	8,816	9,811	4,424	201	14,417
Selling, general and adminstration expense	15,801	11,660	121	27,578	31,314	14,200	1,040	46,908
Operating Expenses	**71,090**	**29,595**	**322**	**100,938**	**141,391**	**36,543**	**1,241**	**179,106**

7.2.2 Schedule of Depreciation & Amortisation

Amount in Rs mn

Particulars	Quarter Ended Sep 30, 2010				Half Year Ended Sep 30, 2010			
	India & SA	Africa	Africa Others	Total	India & SA	Africa	Africa Others	Total
Fixed Assets	17,422	4,049		21,471	34,172	5,157		39,329
Licence Fees	204	533		737	411	680		1,091
Intangibles	613	2,969		3,582	1,139	3,698		4,837
Depreciation and Amortization	**18,239**	**7,551**		**25,790**	**35,722**	**9,535**		**45,257**

7.2.3 Schedule of Net Debt

Amount in Rs mn

Particulars	Quarter Ended Sep 30, 2010			
	India & SA	Africa	Africa Others	Total
Long term debt, net of current portion	140,528	41,565	382,109	564,202
Short-term borrowings and current portion of long-term debt	34,677	41,188		75,865
Less:				
Cash and Cash Equivalents	10,811	8,156	171	19,138
Restricted Cash, non-current	279			279
Short term investments	18,942		270	19,212
Net Debt	**145,173**	**74,597**	**381,668**	**601,438**

7.2.4 Schedule of Finance Cost

Amount in Rs mn

Particulars	Quarter Ended Sep 30, 2010				Half Year Ended Sep 30, 2010			
	India & SA	Africa	Africa Others	Total	India & SA	Africa	Africa Others	Total
Interest on borrowings	1,380	1,591	2,047	5,018	2,826	2,108	2,573	7,507
Finance Charges	402	393	351	1,146	483	540	444	1,467
Investment Income	(316)	(37)	0	(352)	(1,077)	(48)	(0)	(1,125)
Derivatives and exchange fluctuation	(1,721)	(777)	5	(2,492)	(297)	(38)	3	(332)
Finance cost (net)	**(255)**	**1,171**	**2,404**	**3,320**	**1,936**	**2,562**	**3,019**	**7,517**

Note 13: Inter segment borrowing cost / income eliminated within respective segments

7.2.5 Schedule of Income Tax

Amount in Rs mn

Particulars	Quarter Ended Sep 30, 2010				Half Year Ended Sep 30, 2010			
	India & SA	Africa	Africa Others	Total	India & SA	Africa	Africa Others	Total
Current tax expense	5,639	1,386		7,025	10,887	1,547		12,434
Deferred tax expense / (income)	(1,837)	490		(1,347)	(3,398)	392		(3,006)
Income tax expense	**3,802**	**1,876**		**5,678**	**7,489**	**1,939**		**9,428**

ANNEXURE – DETAILED FINANCIAL AND RELATED INFORMATION

A.1 Financial Statements as per International Financial Reporting Standards (IFRS)

A.1.1 Consolidated Statement of Operations (as per IFRS)

Amount in Rs mn, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sep 2010	Sep 2009	Y-on-Y Growth	Sep 2010	Sep 2009	Y-on-Y Growth
Revenue	152,150	103,785	47%	274,458	207,928	32%
Operating expenses	(100,938)	(60,778)	66%	(179,106)	(121,947)	47%
Depreciation & amortisation	(25,790)	(15,244)	69%	(45,257)	(29,998)	51%
Profit / (Loss) from operating activities	**25,422**	**27,763**	**-8%**	**50,095**	**55,983**	**-11%**
Share of results of associates	(2)	(6)		(56)	(6)	
Other income	169	190	-11%	700	301	133%
Non operating expense	(3)	(3)	0%	(236)	(135)	75%
Profit / (Loss) before interest and tax	**25,586**	**27,944**	**-8%**	**50,503**	**56,143**	**-10%**
Finance income	2,939	304	867%	3,067	7,924	-61%
Finance costs	(6,258)	(2,388)	162%	(10,584)	(8,724)	21%
Profit / (Loss) before tax	**22,267**	**25,860**	**-14%**	**42,986**	**55,343**	**-22%**
Income tax income/(expense)	(5,678)	(2,753)	106%	(9,428)	(7,058)	34%
Net income / (loss) for the period	**16,589**	**23,107**	**-28%**	**33,558**	**48,285**	**-31%**
Other comprehensive income / (loss)						
Exchange differences on translation of foreign operations	13,819	43		9,635	(10)	
Other comprehensive income / (loss) for the period, net of tax	**13,819**	**43**		**9,635**	**(10)**	
Total comprehensive income / (loss) for the period, net of tax	**30,408**	**23,150**	**31%**	**43,193**	**48,275**	**-11%**
Income Attributable to :						
Equity holders of the parent	16,612	22,630	-27%	33,428	47,375	-29%
Non controlling interests	(23)	477	-105%	130	910	-86%
Net Income / (Loss)	**16,589**	**23,107**	**-28%**	**33,558**	**48,285**	**-31%**
Total comprehensive income / (loss) attributable to :						
Equity holders of the parent	30,712	22,673	35%	43,353	47,365	-8%
Non controlling interests	(303)	477		(160)	910	
Comprehensive Income / (Loss)	**30,408**	**23,150**	**31%**	**43,193**	**48,275**	**-11%**
Earning Per Share						
Basic, profit attributable to equity holders of parent (In Rs)	4.38	5.97		8.81	12.49	
Diluted, profit attributable to equity holders of parent (In Rs)	4.38	5.97		8.81	12.49	

A.1.2 Consolidated Statement of Financial Position (as per IFRS)

Amount in Rs mn

Particulars	As at September 30, 2010
Assets	
Non-current assets	
Property, plant and equipment	613,486
Intangible assets	638,704
Investment in associates	-
Derivative financial assets	4,175
Other financial assets	8,541
Other non - financial assets	8,103
Deferred tax asset	39,659
	1,312,668
Current assets	
Inventories	2,039
Trade and other receivable	47,375
Derivative financial assets	812
Prepayments and other assets	37,740
Income tax recoverable	2,820
Short term investments	19,212
Cash and cash equivalents	19,137
	129,135
Total assets	**1,441,803**
Equity and liabilities	
Equity	
Issued capital	18,988
Treasury shares	(78)
Advances against equity	-
Share premium	56,499
Retained earnings / (deficit)	330,883
Foreign currency translation reserve	10,749
Other components of equity	45,133
Equity attributable to equity holders of parent	**462,174**
Non-controlling interest	32,015
Total equity	**494,189**
Non-current liabilities	
Borrowing	564,203
Deferred revenue	10,379
Provisions	6,012
Derivative financial liabilities	186
Deferred tax liability	8,853
Other financial liabilities	11,948
Other non - financial liabilities	4,036
	605,617
Current liabilities	
Borrowing	75,864
Deferred revenue	27,225
Provisions	974
Derivative financial liabilities	245
Income tax liabilities	2,562
Trade & other payables	235,127
	341,997
Total liabilities	**947,614**
Total equity and liabilities	**1,441,803**

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

Amount in Rs mn

Particulars	Quarter Ended	Half Year Ended
	September 30, 2010	September 30, 2010
Cash flows from operating activities		
Profit before taxation	**22,267**	**42,986**
Adjustments for -		
Depreciation and amortization	25,790	45,257
Finance income	(2,939)	(3,067)
Finance cost	6,258	10,584
Share of results of associated companies (post tax)	2	56
Amortization of Deferred Stock based compensation	414	847
Other non-cash items	103	260
Operating cash flow before working capital changes	**51,895**	**96,923**
Trade receivables and prepayments	(3,730)	(4,974)
Inventories	(178)	(111)
Trade and other payables	(3,158)	10,677
Change in provision	(338)	(111)
Other Liabilities	526	1,133
Other Assets	(864)	(1,727)
Interest Received	249	416
Income Tax (Paid)/Refund	(9,351)	(11,481)
Net cash inflow / (outflow) from operating activities	**35,051**	**90,745**
Cash flows from investing activities		
Proceeds/(Purchase) of property, plant and equipment	(28,344)	(47,406)
Purchase of intangible assets	(813)	(158,639)
Short term investments (Net)	815	33,963
Acquisitions	(11,744)	(372,676)
Net cash inflow / (outflow) from investing activities	**(40,086)**	**(544,758)**
Cash flows from financing activities		
Proceeds from issuance of term borrowings	26,375	493,562
Repayment of borrowings	(22,163)	(33,470)
Advance against equity	(22)	0
Purchase of Treasury stock	(83)	(83)
Interest paid	(6,849)	(9,193)
Proceeds from exercise of stock options	36	36
Dividend paid	(4,428)	(4,428)
Net cash inflow / (outflow) from financing activities	**(7,134)**	**446,424**
Net (decrease) / increase in cash and cash equivalents during the period	**(12,169)**	**(7,589)**
Add : Balance as at the Beginning of the period	29,540	24,961
Balance as at the end of the period	**17,372**	**17,372**

Note 14: Cash and Cash Equivalents is excluding bank overdraft

A.2 Trend and Ratio Analysis

The financial figures used in the quarterly trends are based on IFRS financial statements

A.2.1 Based on Statement of Operations

Consolidated

Amount in Rs mn

Parameters	For the Quarter Ended				
	Sep-10	Jun-10	Mar-10	Dec-09	Sep-09
Total Revenues	152,150	122,308	107,491	103,053	103,785
Access and interconnection charges	18,839	14,227	11,570	11,166	10,698
Operating Expenses (Excl Access Charges & License Fee)	69,559	52,199	44,498	41,132	39,856
Licence Fee	12,540	11,742	10,594	9,932	10,224
EBITDA	51,212	44,140	40,829	40,823	43,007
Cash profit from operations after Derivative and Exchange Fluctuations	47,893	39,942	41,185	41,088	40,924
Profit / (Loss) before tax	22,266	20,719	24,411	25,336	25,860
Net income	16,612	16,816	20,443	21,949	22,630

	Sep-10	Jun-10	Mar-10	Dec-09	Sep-09
As a % of Total Revenues					
Access and interconnection charges	12.4%	11.6%	10.8%	10.8%	10.3%
Operating Expenses (Excl Access Charges & License Fee)	45.7%	42.7%	41.4%	39.9%	38.4%
Licence Fee	8.2%	9.6%	9.9%	9.6%	9.9%
Underlying EBITDA	33.7%	36.9%	38.9%	39.6%	41.4%
Cash profit from operations after Derivative and Exchange Fluctuations	31.5%	32.7%	38.3%	39.9%	39.4%
Profit / (Loss) before tax	14.6%	16.9%	22.7%	24.6%	24.9%
Net income	10.9%	13.7%	19.0%	21.3%	21.8%

India & South Asia

Amount in Rs mn

Parameters	For the Quarter Ended				
	Sep-10	Jun-10	Mar-10	Dec-09	Sep-09
Total Revenues	113,312	112,725	107,491	103,053	103,785
Access and interconnection charges	12,372	12,775	11,570	11,166	10,698
Operating Expenses (Excl Access Charges & License Fee)	47,193	45,784	43,987	41,132	39,856
Licence Fee	11,525	11,742	10,594	9,932	10,224
EBITDA	42,222	42,424	41,340	40,823	43,007
Cash profit from operations after Derivative and Exchange Fluctuations	42,477	40,233	41,696	41,088	40,924
Profit / (Loss) before tax	24,469	23,008	24,922	25,336	25,860
Net income	20,398	19,048	20,954	21,949	22,630

	Sep-10	Jun-10	Mar-10	Dec-09	Sep-09
As a % of Total Revenues					
Access and interconnection charges	10.9%	11.3%	10.8%	10.8%	10.3%
Operating Expenses (Excl Access Charges & License Fee)	41.6%	40.6%	40.9%	39.9%	38.4%
Licence Fee	10.2%	10.4%	9.9%	9.6%	9.9%
Underlying EBITDA	37.3%	37.7%	38.9%	39.6%	41.4%
Cash profit from operations after Derivative and Exchange Fluctuations	37.5%	35.7%	38.8%	39.9%	39.4%
Profit / (Loss) before tax	21.6%	20.4%	23.2%	24.6%	24.9%
Net income	18.0%	16.9%	19.5%	21.3%	21.8%

Mobile Africa

Amount in Rs mn

Parameters	For the Quarter Ended				
	Sep-10	Jun-10	Mar-10	Dec-09	Sep-09
Total Revenues	38,906	9,583			
Access and interconnection charges	6,513	1,452			
Operating Expenses (Excl Access Charges & License Fee)	22,067	5,138			
Licence Fee	1,015	358			
EBITDA	9,311	2,635			
Cash profit from operations after Derivative and Exchange Fluctuations	8,140	1,244			
Profit / (Loss) before tax	521	(754)			
Net income	(1,063)	(697)			

	Sep-10	Jun-10	Mar-10	Dec-09	Sep-09
As a % of Total Revenues					
Access and interconnection charges	16.7%	15.2%			
Operating Expenses (Excl Access Charges & License Fee)	56.7%	53.6%			
Licence Fee	2.6%	3.7%			
EBITDA	23.9%	27.5%			
Cash profit from operations after Derivative and Exchange Fluctuations	20.9%	13.0%			
Profit / (Loss) before tax	1.3%	-7.9%			
Net income	-2.7%	-7.3%			

Africa Others

Amount in Rs mn

Parameters	For the Quarter Ended				
	Sep-10	Jun-10	Mar-10	Dec-09	Sep-09
Total Revenues					
Access and interconnection charges					
Operating Expenses (Excl Access Charges & License Fee)	322	919	511		
EBITDA	(322)	(919)	(511)		
Cash profit from operations after Derivative and Exchange Fluctuations	(2,725)	(1,535)	(511)		
Profit / (Loss) before tax	(2,725)	(1,535)	(511)		
Net income	(2,725)	(1,535)	(511)		

A.2.2 Based on Statement of Financial Position

Consolidated

Amount in Rs mn

Parameters	As at				
	Sep-10	Jun-10	Mar-10	Dec-09	Sep-09
Equity attributable to equity holders of parent	462,174	435,037	421,940	376,921	354,118
Net Debt	601,438	602,308	23,920	47,733	69,215
Capital Employed = Equity attributable to equity holders of parent + Net Debt	1,063,612	1,037,345	445,860	424,654	423,333

Parameters	Sep-10	Jun-10	Mar-10	Dec-09	Sep-09
Return on Equity attributable to equity holders of parent (LTM)	18.5%	21.3%	25.1%	27.6%	29.6%
Return on Capital Employed (LTM)	13.9%	18.4%	21.6%	23.7%	25.7%
Net Debt to EBITDA (LTM)	2.93	2.87	0.14	0.28	0.42
Assets Turnover ratio (LTM)	66.1%	76.3%	89.0%	94.2%	100.5%
Interest Coverage ratio (times)	10.21	17.74	32.08	28.24	32.46
Book Value Per Equity Share (in Rs)	121.7	114.6	111.1	99.3	93.3
Net debt to Equity attributable to equity holders of parent (Times)	1.30	1.38	0.06	0.13	0.20
Per share data (for the period)					
Net profit/(loss) per common share (in Rs)	4.38	4.43	5.39	5.79	5.97
Net profit/(loss) per diluted share (in Rs)	4.38	4.43	5.39	5.79	5.97
Market Capitalization (Rs. bn)	1,390	1,000	1,184	1,248	1,589
Enterprise Value (Rs. bn)	1,991	1,602	1,172	1,268	1,631

A.2.3 Bharti's Three Line Graph

The company tracks its performance on a three-line graph.

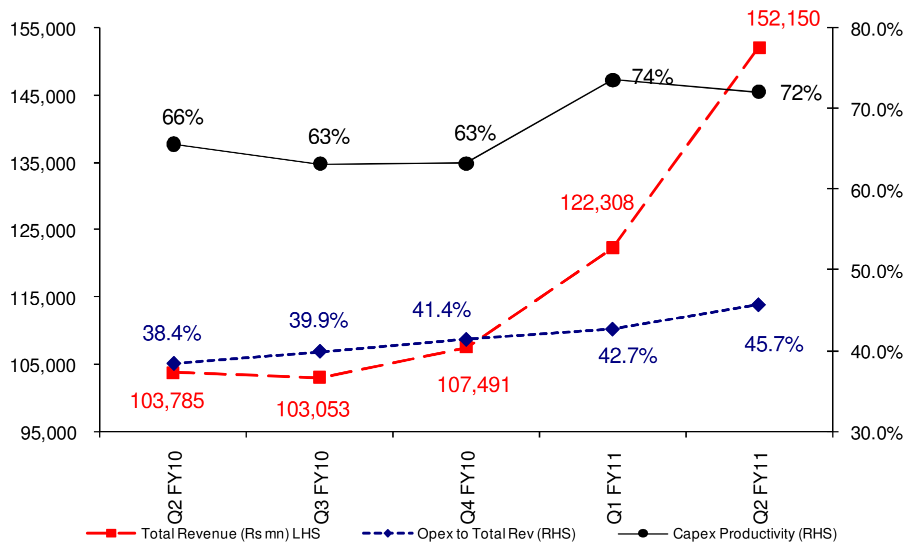
The parameters considered for the three-line graph are:

1. Total Revenues i.e. absolute turnover/sales
2. Opex Productivity – operating expenses divided by the total 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 the company.
3. Capex Productivity – this is computed by dividing revenue for the quarter (annualized) by gross cumulative capex (gross fixed assets and capital work in progress) 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

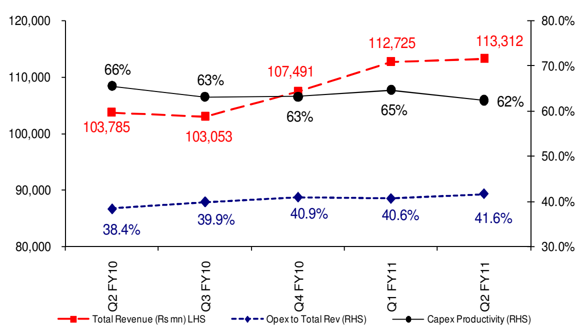
The company believes that as long as the absolute revenues keep increasing periodically, opex productivity stabilizes or keeps coming down and capex productivity keeps improving, the company's overall financial health can be tracked.

Given below are the graphs for the last five quarters of the company:

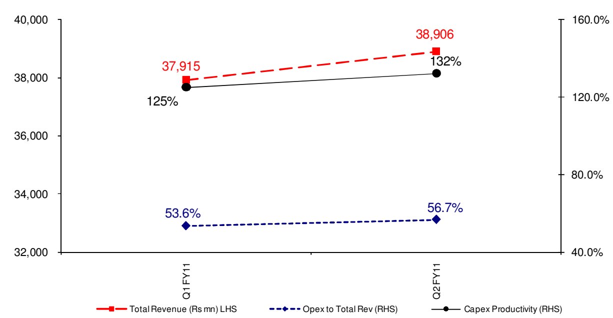
A.2.3.1 Bharti Airtel Consolidated



A.2.3.2 Bharti Airtel- India & South Asia



A.2.3.3 Bharti Airtel- Africa



Note 15: Q1 FY11 revenue has been pro-rated for 91 days.
Note 16: Three Line Graph for Bharti Airtel – Africa depicts Mobile Africa.

A.2.4 Operational Performance - India

Parameters	Unit	Sep 30, 2010	June 30, 2010	March 31, 2010	Dec. 31, 2009	Sep 30, 2009
Customers	**000's**	**150,407**	**143,017**	**133,283**	**123,896**	**114,808**
Mobile Services						
Customers	000's	143,292	136,620	127,619	118,864	110,511
Airtel's Wireless Market Share	%	20.8%	21.5%	21.8%	22.6%	23.4%
Net Additions	000's	6,672	9,001	8,755	8,353	8,144
Airtel's Market Share of Net Additions	%	12.8%	17.6%	14.8%	15.6%	18.3%
Prepaid Customers as a % of total customers	%	96.1%	96.0%	95.8%	95.3%	95.2%
Average Revenue Per User (ARPU)	Rs	202	215	220	230	252
Average Revenue Per User (ARPU)	US$	4.5	4.8	4.9	5.1	5.6
Average Rate Per Minute (ARPM)	Paisa	44.4	44.8	47.0	51.7	56.1
Average Minutes of Use Per User	Min	454	480	468	446	450
Monthly Churn	%	5.9%	5.8%	5.7%	6.3%	4.4%
Non Voice Revenue as a % of mobile revenues	%	12.7%	11.6%	11.8%	11.0%	9.8%
Telemedia Services						
Customers	000's	3,216	3,153	3,067	2,989	2,928
Net Additions	Nos	63,208	86,221	78,313	60,291	100,373
Average Revenue Per User (ARPU)	Rs	954	961	937	964	989
Average Revenue Per User (ARPU)	US$	21.2	21.4	20.9	21.5	22.0

A.2.5 Traffic, Coverage and Network Trends - India

Parameters	Unit	Sep 30, 2010	June 30, 2010	March 31, 2010	Dec. 31, 2009	Sep 30, 2009
Mobile Services	Mn Min	190,767	190,396	172,797	153,241	143,680
Telemedia Services	Mn Min	4,791	4,696	4,515	4,576	4,796
National Long Distance Services	Mn Min	17,689	17,333	15,875	13,944	12,417
International Long Distance Services	Mn Min	3,034	3,044	3,173	3,100	3,181
Total Minutes on Network (Gross)	**Mn Min**	**216,281**	**215,469**	**196,359**	**174,861**	**164,073**
Eliminations	Mn Min	(18,119)	(17,751)	(16,308)	(14,331)	(12,782)
Total Minutes on Network (Net)	**Mn Min**	**198,162**	**197,718**	**180,052**	**160,529**	**151,290**

Parameters	Unit	Sep 30, 2010	June 30, 2010	March 31, 2010	Dec. 31, 2009	Sep 30, 2009
Mobile Servies						
Census Towns	Nos	5,101	5,092	5,091	5,078	5,072
Non-Census Towns & Villages	Nos	445,893	440,023	438,933	433,851	429,723
Population Coverage	%	85.1%	84.3%	84.2%	83.6%	82.9%
Optic Fibre Network	R Kms	134,026	129,244	126,357	118,337	113,326
Network Sites	Nos	110,038	105,394	104,826	102,190	99,501
Telemedia Services						
Cities covered	Nos	88	88	89	95	95
Submarine Cable Systems	Nos	5	4	3	3	2

A.2.6 Passive Infrastructure Services

A.2.6.1 Bharti Infratel Consol

Parameters	Unit	Sep 30, 2010	June 30, 2010	March 31, 2010	Dec. 31, 2009	Sep 30, 2009
Total Towers[17]	Nos	76,535	75,254	73,802	72,938	71,418
Total Tenancies[17]	Nos	132,917	129,248	124,668	119,775	113,257
Key Indicators						
Sharing Revenue per Sharing Operator per month	Rs	33,898	33,064	32,654	32,650	31,180
Sharing Factor	Times	1.73	1.70	1.66	1.61	1.55

Note 17: Total Towers and Tenancies include proportionate consolidation of 42% of Indus Towers.

A.2.6.2 Bharti Infratel Standalone

Parameters	Unit	Sep 30, 2010	June 30, 2010	March 31, 2010	Dec. 31, 2009	Sep 30, 2009
Total Towers[18]	Nos	31,831	31,196	30,568	29,806	29,112
Total Tenancies	Nos	52,776	51,509	50,031	47,361	44,190
Key Indicators						
Sharing Revenue per Sharing Operator per month	Rs	38,041	36,290	36,878	38,107	36,696
Sharing Factor	Times	1.65	1.65	1.62	1.57	1.49

Note 18: Total Towers are excluding 35,254 towers in 11 circles for which the right of use has been assigned to Indus with effect from 1st Jan 2009.

A.2.6.3 Indus Towers

Parameters	Unit	Sep 30, 2010	June 30, 2010	March 31, 2010	Dec. 31, 2009	Sep 30, 2009
Total Towers	Nos	106,438	104,901	102,938	102,696	100,728
Total Tenancies	Nos	190,811	185,093	177,706	172,415	164,446
Key Indicators						
Sharing Revenue per Sharing Operator per month	Rs	31,389	30,379	29,674	28,333	25,917
Sharing Factor	Times	1.78	1.75	1.71	1.66	1.61

Note 19: Indus KPIs are on 100% basis.

A.2.7 Human Resource Analysis - India

Parameters	Unit	Sep 30, 2010	June 30, 2010	March 31, 2010	Dec. 31, 2009	Sep 30, 2009
Consolidated						
Total Employees[20]	Nos	17,387	17,694	17,726	18,404	18,783
Number of Customers per employee	Nos	8,651	8,083	7,519	6,732	6,112
Personnel Cost per employee per month	Rs	101,050	92,152	90,067	86,251	91,049
Gross Revenue per employee per month	Rs	2,141,585	2,097,126	2,008,738	1,861,816	1,837,441

Note 20: Total Employee count of India includes proportionate consolidation of 42% of IndusTowers employees.

A.3 Key Accounting Policies as per IFRS

1. Joint Ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control; that is, when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control. The Group reports its interests in jointly controlled entities using proportionate consolidation. The Group's share of the assets, liabilities, income, expenses and cash flows of jointly controlled entities are combined with the equivalent items in the results on a line-by-line basis in the consolidated financial statements. The financial statements of the joint venture are prepared for the same reporting period as the parent company. Adjustments are made where necessary to bring the accounting policies in line with those of the Group.
Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intra-group balances, income and expenses and unrealized gains and losses on transactions between the Group and its jointly controlled entities.

2. Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and impairment loss. 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.

Assets	Years
Building	20
Network Equipment	3-20
Computer equipment	3
Office, furniture and equipment	2/5
Vehicles	3 - 5
Leasehold improvements	Remaining period of Lease or 10 years whichever is less
Assets individually costing Rs. 5 thousand or less	1
Customer premises equipment	Over expected customer life

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 consolidated statement of comprehensive income on the date of retirement and disposal.

Costs of additions and substantial improvements to property and equipment are capitalized. The costs of maintenance and
repairs of property and equipment are charged to operating expenses.

3. Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised 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 the Group exercises significant influence is included in investments in the related associates/jointly controlled entities.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each date of statement of financial position. Goodwill is not subject to amortization but is tested for impairment annually and when circumstances indicate, the carrying value may be impaired
Negative goodwill arising on an acquisition is recognised directly in the statement of comprehensive income.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the statement of comprehensive income on disposal.
.
Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash- generating unit is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill are not reversed in future periods.

4. Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Gains or losses resulting from foreign currency transactions are included in the consolidated statement of comprehensive income.

The assets and liabilities of foreign operations are translated into functional currency of parent (i.e INR) at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at average exchange rates prevailing during the period. The exchange differences arising on the translation are recognised in 'foreign currency translation reserve (FCTR)'. On disposal of a foreign operation, the component of FCTR relating to that particular foreign operation is recognised in the statement of comprehensive income.

5. Capital leases

Lessee accounting

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the statement of comprehensive income.

Amortization of leased assets is computed on straight line basis over the shorter of useful life of the assets or remaining lease period. Amortization charge for capital leases is included in depreciation expense for the period.

Lessor accounting

Assets leased to others 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 capital lease.

6. Indefeasible right to use (IRU)

The Group enters into agreements for leasing assets under 'Indefeasible right to use' with third parties. Under the arrangement the assets are taken or given on lease over the substantial part of the asset life. However the title to the assets and associated risks are retained by the lessor. Hence, such arrangements are recognized as operating lease. Direct expenditures incurred in connection with agreements are capitalized and expensed over the term of the agreement.

The contracted price is received in advance and is recognized as revenue during the period of the agreement. Unearned IRU revenue net of the amount recognizable within one year is disclosed as unearned income in non-current liabilities and the amount recognizable within one year as unearned income in current liabilities.

Exchange of network capabilities with other telecommunication service providers are recorded as non-monetary transactions and measured at the carrying amount of capacities relinquished, as these exchanges are for similar productive assets used to provide telecommunication services to customers.

7. 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.

8. Revenue recognition

(i) Service revenues

Service revenues include amounts invoiced for usage charges, fixed monthly subscription charges and VSAT/ internet usage charges, roaming charges, activation fees, processing 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 other operators for local, domestic long distance and international calls.

Service revenues are recognized as the services are rendered and are stated net of discounts, waivers 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 the estimated customer relationship period. The excess of activation costs over activation revenue, if any, are expensed as incurred. Subscriber acquisition costs are expensed as incurred. On introduction of new prepaid products, processing fees on recharge coupons is being recognized over the estimated customer relationship period or coupon validity period, whichever is lower.

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 their expected customer relationship period of 12 months. 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 an actual usage basis and is net of sales returns and discounts.

Revenues from national and international 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 arrangement.

Unbilled receivables represent revenues recognized from the bill cycle date to the end of each month. These are billed in subsequent periods based on the terms of the billing plans.

Unearned income includes amounts received in advance on pre-paid cards and advance monthly rentals on post-paid. The related services 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 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 Group has entered into certain multiple-element revenue arrangements. These arrangements involve the delivery or performance of multiple products, services or rights to use assets including VSAT and internet equipment, internet and satellite services, set top boxes and subscription fees on DTH, indefeasible right to use and hardware and equipment maintenance. The Group evaluates all deliverables in an arrangement to determine whether they represent separate units of accounting at the inception of the arrangement in accordance “Revenue Arrangements with Multiple Deliverables” applying the hierarchy in IAS 8.12.

Revenue is determined for each of the units of accounting on the basis of their fair values Arrangements involving the delivery of bundled products or services shall be separated into individual elements, each with own separate revenue contribution. Total arrangement consideration related to the bundled contract is allocated among the different elements based on their relative fair values (i.e., a ratio of the fair value of each element to the aggregated fair value of the bundled deliverables is generated). Where the Group has determined that the fair value of individual element is not ascertainable, equipment sales for these these arrangements are deferred and amortized over the term of the arrangement.

9. License fees

Acquired licenses are shown at historical cost. Licenses acquired in a business combination are recognized at fair value at the acquisition date. License and spectrum entry fees are measured at cost less accumulated amortization. Amortization is charged to the statement of comprehensive income on a straight-line basis over the period of the license from the date of commencement of commercial operations in the respective jurisdiction and is disclosed as components of depreciation and amortization. The amortization period is determined primarily by reference to the unexpired license period.

Group’s shares of licenses acquired under business combination are accounted for at their respective fair values as at the date of acquisition. The amounts are amortized on a straight-line basis over the remaining period of the license from the date of acquisition of respective circles.

The revenue-share fee on license and spectrum is computed as per the licensing agreement and is expensed as incurred.

10. Other intangible assets

Other intangible assets comprising enterprise resource planning software, bandwidth capacities, brands, customer relationships, distribution networks, licenses and non-compete clauses, are capitalized at the Group’s share of respective fair values on the date of an acquisition. Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use or placed in service. The intangibles are amortised as follows:

- Software is amortized over the period of its license, not exceeding three years. Software upto Rs. 500 (thousand) is written off in the year placed in service.
- Bandwidth capacities are amortized over the period of the agreement subject to a maximum of 18 years.
- Brand: Over the period of their expected benefits, not exceeding the life of the licenses and are written off in their entirety when no longer in use.
- Distribution network : Over three years
- Customer base: The estimated life of such relationships.
- Non-compete clause: Over the remaining period of license.

11. Income-taxes

Income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, and is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

12. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. The interest cost incurred for funding a qualifying asset during the construction period is capitalized based on actual investment in the asset at the average interest rate. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

13. 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.

All derivative instruments are 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.

14. Asset Retirement Obligations

Asset retirement obligations (ARO) are provided for those operating lease arrangements where the Group has a binding obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. ARO are provided at the present value of expected costs to settle the obligation using discounted cash flows and are recognised as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of comprehensive income as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

15. Allowance for uncollectible accounts receivable

The allowance for uncollectible accounts receivable reflects management's best estimate of probable losses inherent in the accounts receivable balance. Management primarily determines the allowance based on the aging of accounts receivable balances and historical write-off experience, net of recoveries. The Group provides for amounts outstanding net of security deposits, or in specific cases where management is of the view that the amounts are not recoverable. Amounts due from debtors that have been outstanding, though fully provided, are evaluated on a regular basis by the management and are written off, if as a result of such evaluation, it is determined that these amounts will not be collected.

16. Issuance of Stock by Subsidiaries

At the time a subsidiary sells its stock to unrelated parties at a price less than or in excess of its book value, the Company's investment in that subsidiary's net assets changes. The Company's policy is to record such changes in its Consolidated statement of changes in equity.

GLOSSARY

Technical and Industry Terms

Company Related	
ARPU (for Mobile and Telemedia Services)	Average revenue per customer per month is computed by: dividing the total revenues, excluding equipment sales during the relevant period by the average customers; and dividing the result by the number of months in the relevant period.
ARPM (Average Rate Per Minute)	Average Rate Per Minute is computed by: Dividing the total revenues by total minutes.
Asset Turnover	Asset Turnover is defined as total revenues, for the preceding (last) 12 months from the end of the relevant period, divided by average assets. Asset is defined as the sum of non current assets and net current assets. Net current assets are computed by subtracting current liabilities from current assets. Average assets are calculated by considering average of quarterly average for the preceding (last) four quarters from the end of the relevant period.
Average Minutes of Use per user	Average minutes of usage per customer 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.
Average Sharing Operators	Average Sharing Operators are derived by computing the average of the monthly average sharing operators for the relevant period
Average Customers	Average customers are derived by computing the average of the monthly average customers for the relevant period.
Average Towers	Average towers are derived by computing the average of the monthly average towers for the relevant period
bn	Billion
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.
Capex	It includes investment in gross fixed assets and capital work in progress for the quarter.
Capital Employed	Capital Employed is defined as sum of equity attributable to equity holders of parent and net debt.
Cash Profit From Operations	It is not a IFRS measure and is defined as operating income adjusted for depreciation and amortization, pre-operating costs, interest expense and interest income.
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.
Customers Per Employee	Number of customers on networks of a business unit as at end of the relevant period divided by number of employees in the respective business unit as at end of the relevant period.
DTH	Direct to Home broadcast service
Earnings Per Basic Share.	It is computed by dividing net income attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.
Earnings 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 recognized 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).
EBITDA	Earnings/ (loss) before interest, taxation, depreciation and amortization. It is not a IFRS measure and is defined as operating income adjusted for depreciation and amortization and pre-operating costs.
EBITDA Margin	It is computed by dividing EBITDA for the relevant period by total revenues for the relevant period.
EBIT	Earnings / (Loss) before interest, taxation for the relevant period.

Gross Revenue per Employee per month	It is computed by dividing the Gross Revenue (net of inter-segment eliminations) by the closing number of employees in a given business unit and number of months in the relevant period.
ILD	International Long Distance Services.
Profit / (Loss) after current tax expense	It is not a IFRS measure and is defined as Profit / (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.
Investments in projects	The investment in projects comprises gross fixed assets, intangible assets, capital work in progress, gross goodwill, investment in JV's and one-time entry fee paid towards acquisition of licenses.
ICT	Information Communication Technology
IPTV	Internet Protocol TV. IPTV is the method of delivering and viewing television programmes using an IP transmission and service infrastructure, which can deliver digital television to the customers. IPTV when offered using an IP network and high speed broadband technology becomes interactive because of availability of return path and is capable of providing Video on Demand (VOD), time shifted television and many other exciting programmes.
LTM	Last twelve months.
Market Capitalization	Number of issued and outstanding shares as at end of June 30, 2010 multiplied by closing market price (BSE) as at end of June 30, 2010.
mn	Million
MoU	Minutes of Usage. Duration in minutes for which a customer uses the network. It is typically expressed over a period of one month.
Network Site	Comprises of Base Transmission System (BTS) which holds the radio transreceivers (TRXs) that define a cell and coordinates the radio links protocols with the mobile device. It includes all the Ground based, Roof top and In Building Solutions as at the end of the period.
Net Debt	It is not a IFRS 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 Funded Equity Ratio	It is computed by dividing net debt as at the end of the relevant period by Equity attributable to equity holders of parent as at the end of the relevant period.
Net Revenues	It is not IFRS measure and is defined as total revenues adjusted for access charges for the relevant period.
NLD	National Long Distance Services.
Non Voice Revenue as a % of consolidated revenue	It is computed by dividing the total non-voice revenue of the company (consolidated) by the total revenues for the relevant period. Non-voice revenues include VAS Revenues for Mobile, VAS and Internet Revenues for Telemedia 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.).
Operating Cash flow	It is computed by subtracting capex from EBITDA after acquisition related costs.
Return On Capital Employed (ROCE)	For the full year ended March 31, 2007, 2008, 2009 and 2010. ROCE is computed by dividing the sum of net profit and finance cost (net) for the period by average (of opening and closing) capital employed. For the quarterly computation, it is computed by dividing the sum of net profit and 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 Equity attributable to equity holders of parent	For the full year ended March 31, 2007, 2008, 2009 and 2010, it is computed by dividing net profit for the period by the average (of opening and closing) Equity attributable to equity holders of parent. For the quarterly computations, it is computed by dividing net profit for the preceding (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.
SA	South Asia
Sharing revenue per Sharing Operator per month	It is computed by dividing gross revenue less energy and other pass through, from Passive Infrastructure services by average sharing operators.
Sharing factor	It is computed by dividing average sharing operators by average towers.
Total Tenancies	It is the sum of all operators sharing total towers.
Total Towers	It is the sum of ground based towers, roof top towers and others.
TSP	Telecom Service Provider
Total Operating Expenses	It is defined as sum of equipment costs, employee costs, network operations costs and selling, general and administrative cost for the relevant period.
Underlying EBITDA Margin	It is calculated by dividing EBITDA before acquisition related costs for the relevant period by the Total Revenues for the relevant period.
Regulatory	
AUSPI	Association of Unified Telecom Service Providers of India.
BWA	Broadband Wireless Access
3G	Third - Generation Technology
COAI	Cellular Operators Association of India
CMTS	Cellular Mobile Telephone Service
DoT	Department of Telecommunications
ISP	Internet Service Provider
IUC	Interconnection Usage Charges.
MNP	Mobile Number Portability
TRAI	Telecom Regulatory Authority of India.
UASL	Unified Access Service License.
VSAT	Very Small Aperture Terminals
Others (Industry)	
BSE	The Stock Exchange, Mumbai
RBI	Reserve Bank of India
GSM	Global System for Mobile Communications.
CDMA	Code Division Multiple Access
IGAAP	Generally Accepted Accounting Principles in India.
USGAAP	United States Generally Accepted Accounting Principles.
IFRS	International Financial Reporting Standards
NSE	The National Stock Exchange of India Limited.
Sensex	Sensex is a stock index introduced by The Stock Exchange, Mumbai in 1986.
SMS	Short Messaging Service.

This page has been left blank intentionally.

Written correspondence to be sent to:

Bharti Airtel Limited
Investor Relations
ir@bharti.in
http://www.airtel.in