

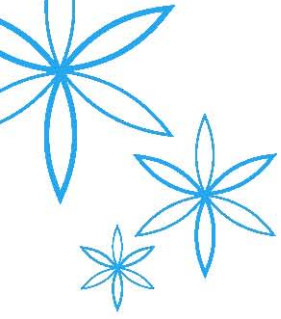
Dissolving Boundaries



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Contents

| | |
|--|-----|
| Our vision..... | 2 |
| Introduction..... | 3 |
| Chairman's message..... | 4 |
| About the Company..... | 6 |
| Company history..... | 7 |
| Shareholding pattern..... | 8 |
| Performance at a glance..... | 9 |
| President's message..... | 10 |
| Board of directors..... | 12 |
| Senior management..... | 19 |
| Dissolving boundaries..... | 30 |
| Corporate Social Responsibility..... | 35 |
| Awards and recognitions..... | 40 |
| Corporate information..... | 41 |
| Directors' report..... | 42 |
| Management Discussion & Analysis..... | 53 |
| Report on corporate governance..... | 60 |
| Standalone Financial Statements with Auditors' Report..... | 86 |
| Consolidated Financial Statements with Auditors' Report..... | 133 |



Our Vision

By 2010 Airtel will be the most admired brand in India:

- * **Loved by more customers**
- * **Targeted by top talent**
- * **Benchmarked by more businesses**

Introduction

We are living in unprecedented and exciting times. India is propelling itself into a position of economic leadership and the Indian population is experiencing the benefits this brings to their personal lives. Telecommunication is a major catalyst in this process. It is offering a growing number of people a greater sense of genuine personal freedom and opportunity to explore their talents and potential.

At Bharti Airtel, we seek to make a difference to the lives of our customers and ensure that they can pursue personal growth opportunities, while enjoying the warmth of myriad human connections. Connections that can be formed and fostered by means of mobile phone services, broadband, conferencing, satellite services, CSR initiatives, our cross-border investments, IPTV and DTH or any of the other services that we provide. We firmly believe that individual happiness can only be achieved in the embrace of togetherness. We have, therefore, set ourselves the collective task of dissolving boundaries, whether between individuals, communities, companies or countries.

Chairman's message . . .




Dear fellow shareholders,

The year 2006-07 has been memorable for the Indian economy and telecom industry. The economy continued to grow at over 8%. The potential offered by our vast and growing middle class continued to enthrall the global audience and investors alike. The continued liberalization of the economy, notably in sectors like real estate, retail and telecom added to international investor interest in India.

Globally, there is a revolution in connectivity underway. The ubiquitous mobile phone is at the heart of the revolution. Today, India is the world's fastest growing telecom market. Averaging over 6 mn customer additions every month, our nation proudly joined an elite group of 4 nations with over 150 mn mobile customers. The mobile industry grew from 99 mn customers in March 2006 with a penetration of 9% to 166 mn customers in March 2007 with a penetration of 15% thus exhibiting a growth of 68%. Your Company crossed the 25 mn-customer milestone in July 2006 and became the first Indian private telecom company to join an exclusive list of global telecom operators. This landmark customer base was achieved in just over 10 years, making Bharti Airtel one of the youngest companies in this list. We continued our phenomenal expansion and finished the year at over 39 mn customers. Your Company has thus come to play a decisive role in bringing people together to enable them to enjoy the richness of life.

We believe that the mobile industry in India is 'In the prime of youth' and expect the robust growth in customer addition to continue, given the multiple growth drivers that exist. Increasing per capita GDP, improving demographics, lower handset prices, expansion by mobile operators and lower regulatory levies are some of the factors that would help India to continue racing ahead. We are also excited about the potential for broadband services in India. This would allow our customers access a host of interactive content and features. In the enterprise segment, there is a significant opportunity for growth by providing customers a host of managed services.

Changes on the regulatory front, like reduction in revenue share and license fee for operating long distance service coupled with innovative schemes such as Easy Lifetime Prepaid, that Bharti Airtel pioneered, have led to hyper



growth for the industry. The reduced regulatory costs translate into an opportunity to extend our network and reach. Today, our network is present in 4,676 census towns and 207,327 non-census towns and villages in India, thus covering approximately 59% of the country's population compared to 42% of the population a year ago.

Your Company launched a number of new products and services and expanded into new geographies in a bid to discover new opportunities. Building strong partnerships with world-class companies has not only been our strength but has also enabled us to rapidly scale the learning curve. Your Company entered into innovative partnerships with companies such as Google for mobile-search and the GSMA to launch the global money transfer pilot project in India. The money transfer project will enable over 25 mn Indians abroad to remit money to India through their mobile phones. In the course of the year, your Company also launched services such as 'CallHome' service across 50 states in the United States of America. With this service, we can now connect 2.5 mn NRIs to their loved ones back in India. All these new services have meant a varied and rich experience for our customers and made a fundamental difference to their lives. Our services will go a long way towards dissolving global boundaries and enable more people to stay connected. The fundamental objective will be to bring people closer and empower them to realize their potential as individuals and societies.

With the continued focus to further empower and strengthen the business, leadership roles at Bharti Airtel (India & SAARC) were announced with effect from April 1, 2007. Manoj Kohli, now leads Bharti Airtel as its President & CEO. The three Joint Presidents have been made Presidents of their respective Strategic Business Units and have been given more empowerment to lead their businesses. I am confident that the enhanced roles will provide further focus and lead us to new heights.

It is my pleasure to report your Company's robust performance for the year ending March 31, 2007, in the face of an extremely competitive environment. We closed the year with a consolidated customer base of over 39 mn, a growth of 86% from a year ago and generated gross

revenues of Rs. 184 bn, a growth of 58% from a year ago. Our EBITDA has grown to Rs. 74 bn thus representing an annual growth of 79%. Our PAT has grown to Rs. 41 bn thus representing an annual growth of 100%.

Alongside the impressive strides in business, we are eagerly working towards playing a committed role in the area of Corporate Social Responsibility. I am glad to inform you that Bharti Foundation has received the prestigious Golden Peacock Award for CSR this year. Its flagship program 'Satya Bharti Schools', providing quality primary education to the underprivileged children in rural areas, has set itself an impressive aim of establishing 1000 village-based schools. Schools setup by us in Ludhiana have created a special place in the hearts of villagers with active community involvement and highly passionate teachers who encourage children to participate in an unique environment that thrives on creativity. We have a firm belief in welfare of the people through a Public Private Partnership and have actively sought the help of village panchayats to make our venture successful.

Our success greatly depends on the skills and the dedication of more than 20,000 employees, whom I would like to thank sincerely. Without their support, we could not have accomplished so much over the past year. We continue to rely on their high commitment and motivation.

Our businesses are gaining scale and reach. By executing a strategy based on investment and innovation, we have built world-class networks that cater to customers at home, at work and on the move. With a new leadership structure to drive the business and an extraordinarily robust market situation, I am looking forward to another exciting year ahead. Your Company's leadership acts as a catalyst for growth and makes us an indispensable part of the Indian growth story.

Best Regards,



Sunil Bharti Mittal
Chairman and Managing Director

About the Company

Bharti Airtel Limited is a leading Indian telecommunication service provider, with 39.01 mn customers, as on March 31, 2006 .

The Company has three strategic business units i.e. Mobile Services, Broadband & Telephone Services and Enterprise Services.

Mobile Services

This unit constitutes the largest portion of the Company's business, both in terms of total revenues and total customers. Bharti Airtel offers mobile services in all 23 telecom circles of India, and is, therefore, the first private mobile services operator to have an all-India presence.

The Company's mobile customer base accounts for a 22.9% share of the overall wireless (GSM + CDMA) market as on March 31, 2007, and has a presence in 4,676 census towns and in 207,327 non-census towns and villages, covering an addressable population of 59% of the total population.

Broadband & Telephone Services (B&TS)

Broadband and Telephone Services (B&TS) provides a wide gamut of voice and data services through a wireline network. Bharti Airtel is the first private operator to provide fixed line and broadband services over the same copper wire. It provides innovative, cost-effective solutions for corporates, small business enterprises and individual homes.

Given the high cost of creating a wireline network, B&TS has adopted a focused approach to network creation and customer acquisition. Currently B&TS provides services in 94 cities across 16 telecom circles. On 31st March 2007, the unit had 1.75 mn voice customers and 0.59 mn broadband customers. It has a capacity of more than 3 mn tags with a cumulative investment of over Rs. 40 bn (as on 31/3/07).

This year will witness a continued focus on broadband services and the introduction of IPTV (Internet Protocol Television) that will provide service over the same copper wire that provides telephone and broadband services. The IPTV service offering will include Digital Broadcast TV and Video-on-Demand.

Enterprise Services

The Enterprise Services strategic business unit has two sub-units: Carriers (long-distance services) and Corporates.

Enterprise Services - Carriers

Bharti Airtel complements its mobile and broadband and telephone services with national and international long distance services. The Company has over 49,000 route kilometers of fibre on its national long distance network. For international connectivity to the East, it has a submarine cable landing station at Chennai, which connects the submarine cable that provides a direct link from Chennai to Singapore. For international connectivity to the West, Bharti Airtel is jointly with 15 other global telecom operators, and is a founding member of the South East Asia-Middle East-Western Europe 4 (SEA-ME-WE-4) consortium. SEA-ME-WE-4, a 4th generation cable system, that supports telephony, internet, multimedia and various other broadband and data services.

Enterprise Services - Corporates

This business unit provides secure, scalable, seamless, reliable and customized integrated voice and data communications solutions to corporate customers through a single window and dedicated relationship management. It leverages its deep domain knowledge to service specific telecom needs of various industry verticals like Banking, Financial Services & Insurance (BFSI), IT, IT Enabled Services (ITES), Manufacturing & Distribution, Media & Services, Government and PSUs, Education, Telecom, Retail and others.

Growth and international expansion

The Company has grown from being a single-circle mobile services entity in 1995, to one of the largest integrated private telecom service providers with an all-India mobile footprint, through a combination of organic and inorganic growth.

The strong and sustained growth demonstrated over the years is testimony to the Company's commitment to being a customer focused telecom player with a long-term vision. The management now looks forward to making Bharti Airtel into a global company, starting with Sri Lanka, where Bharti Airtel has obtained a license to operate network.

Irrespective of its global expansion plans, Bharti Airtel continues to capitalize on the growth opportunities in the Indian telecommunications sector to achieve its vision.

Company history

The Company has an eventful history. Each year of its existence was marked by a number of major events that have helped shape the Company as we know it today.

1995-1996[†]

- launches mobile service brand Airtel in Delhi and Himachal Pradesh
- British Telecom Plc (BT) acquires a stake in the Company

1997-1998[†]

- becomes the first private telecom operator to obtain a license to provide basic telephone services in the state of Madhya Pradesh
- forms Bharti BT VSAT Ltd., focused on providing VSAT solutions across India and Bharti BT Internet Ltd.

1999-2000[†]

- acquires JT mobiles, cellular services operator in Punjab, Karnataka and Andhra Pradesh and becomes the largest private sector telecom operator in India
- expands its South Indian footprint by acquiring Skycell, Chennai
- Singapore Telecommunications Ltd. (SingTel) acquires Telecom Italia's equity stake in the Company

2001-2002[†]

- launches IndiaOne, India's first private sector national and international long distance service
- becomes the largest cellular operator in the country by entry in the East at Kolkata through acquisition and obtaining licenses for 8 new circles
- incorporates India's first private submarine cable landing station in a joint venture with SingTel
- Punjab cellular license restored by Department of Telecommunications (DoT)
- Initial Public Offering (IPO) through India's first 100% book-building issue
- becomes the first private operator to offer basic telephone services in Haryana, Delhi, Tamil Nadu and Karnataka
- introduces the new Airtel brand campaign, featuring the signature A.R. Rahman melody, that

has meanwhile set a world record with over 4 mn single ringtone downloads

- acquires BT's equity interest in the Company's cellular operations

2003-2004[†]

- joins the US\$ 1bn revenue club
- enters into historic strategic partnerships with IBM and Ericsson for outsourcing the Company's core IT and network activities
- launches BlackBerry® wireless solution in India, as a result of an exclusive tie-up with Research In Motion (RIM)
- acquires a controlling stake in Hexacom, the leading mobile operator in Rajasthan
- becomes part of the owners' consortium of SEA-ME-WE-4, a 20,000 km next generation cable system connecting India with South East Asia, the Middle East and Europe
- is the first private operator to launch mobile services in Jammu and Kashmir
- becomes a founding member of the Bridge Mobile Alliance, a consortium of seven leading mobile operators in the region

2005-2006[†]

- acquires an all-India footprint with the launch of mobile services in Assam
- Vodafone, the world's largest mobile service provider, acquires 10% economic interest in the Company
- becomes India's largest integrated private operator based on the total customer base

2006-2007[†]

- receives a Letter of Offer from Telecommunications Regulatory Commission of Sri Lanka to provide 2G and 3G mobile services in Sri Lanka
- makes a foray into the USA with the launch of Airtel CallHome service for Non Resident Indians based there
- enters into strategic partnership with Google, setting new grounds in mobile search
- enters into strategic tie-up with Microsoft and becomes the first telecom operator to offer Microsoft Windows Mobile 5.0 technology

[†] The years shown above represent two full calendar years except the last category.

Top 30 Shareholders[†]

| | Holder | % |
|----|---|-------|
| 1 | Bharti Telecom Limited | 45.36 |
| 2 | Pastel Limited | 15.59 |
| 3 | Vodafone International Holdings B.V | 5.62 |
| 4 | Morgan Stanley and Co. International Limited A/c Mo | 1.84 |
| 5 | Citigroup Global Markets Mauritius Private Limited | 1.29 |
| 6 | CLSA Merchant Bankers Limited A/c CLSA (Mauritius) | 1.26 |
| 7 | The Growth Fund of America, Inc. | 1.11 |
| 8 | Life Insurance Corporation of India | 0.94 |
| 9 | J.P. Morgan Asset Management (Europe) S.A.R.L. A/c FL | 0.81 |
| 10 | Coment Mauritius Limited | 0.78 |
| 11 | Merrill Lynch Capital Markets Espana S.A. S.V. | 0.76 |
| 12 | Euro Pacific Growth Fund | 0.66 |
| 13 | Federated Kaufmann Fund | 0.58 |
| 14 | J.P.Morgan Asset Management (Europe) S.A.R.L. A/c J | 0.56 |
| 15 | Merrill Lynch Capital Markets Espana S.A. S.V. | 0.53 |
| 16 | T. Rowe Price Associates, Inc. A/c T. Rowe Price G | 0.49 |
| 17 | ICICI Prudential Life Insurance Company Limited | 0.49 |
| 18 | Oppenheimer Funds Inc. A/c Oppenheimer Developing | 0.41 |
| 19 | American Funds Insurance Series Growth Fund | 0.40 |
| 20 | Top 50 ASIEN | 0.37 |
| 21 | Deutsche Securities Mauritius Limited | 0.37 |
| 22 | Fidelity Advisor Series I Fidelity Advisor Mid Cap | 0.36 |
| 23 | The India Fund, Inc. | 0.33 |
| 24 | Janus Growth and Income Fund | 0.32 |
| 25 | Norges Bank A/c Government Petroleum Fund | 0.26 |
| 26 | HSBC Global Investment Funds A/c HSBC Global Invest | 0.25 |
| 27 | Goldman Sachs Investments (Mauritius) I Ltd. | 0.22 |
| 28 | The New Economy Fund | 0.21 |
| 29 | The Master Trust Bank of Japan Ltd. A/c The Master | 0.20 |
| 30 | T. Rowe Price International, Inc. A/c T. Rowe Price I | 0.20 |
| | Total | 82.57 |

† Data as on April 26, 2007.