Bharti Tele-Ventures Limited

(Incorporated as a public limited company on July 7, 1995 under the Companies Act, 1956)
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**Quarterly Report On
Results For The Period Of
First Quarter Ended
June 30, 2004**

July 23, 2004

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

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

Supplemental Disclosures

Safe Harbor: - Some information in this report may contain forward-looking statements. We have based these forward-looking statements on our current beliefs, expectations and intentions as to facts, actions and events that will or may occur in the future. Such statements generally are identified by forward-looking words such as “believe,” “plan,” “anticipate,” “continue,” “estimate,” “expect,” “may,” “will” or other similar words.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We have chosen these assumptions or bases in good faith, and we believe that they are reasonable in all material respects. However, we caution you that forward-looking statements’ and assumed facts or bases almost always vary from actual results, and the differences between the results implied by the forward-looking statements and assumed facts or bases and actual results can be material, depending on the circumstances. You should also keep in mind that any forward-looking statement made by us in this report or elsewhere speaks only as of the date on which we made it. New risks and uncertainties come up from time to time, and it is impossible for us to predict these events or how they may affect us. We have no duty to, and do not intend to, update or revise the forward-looking statements in this report after the date hereof. In light of these risks and uncertainties, any forward-looking statement made in this report or elsewhere may or may not occur and has to be understood and read along with this supplemental disclosure.

General Risk:- Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Company unless they can afford to take the risk of losing their investment. For taking an investment decision, investors must rely on their own examination of Bharti Tele-Ventures 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 “U.S. dollars” and “U.S.$” are to United States dollars. All translations from Indian Rupees to United States dollars were made (unless otherwise indicated) on the basis of the indicative closing rate on June 30, 2004 of Rs.46.02 = U.S.$1.00 provided to us by an RBI authorized dealer in India. 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, as the case may be, at any particular rate, the above rates or at all.

Use of the 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 measure and should be read in conjunction with the equivalent IFRS measure.Further disclosures are also provided under “Use of Non GAAP financial information” on page 20.

Others:- In this report, the terms “we”, “us”, “our”, “Bharti” or “the Company”, unless otherwise specified or the context otherwise implies, refer to Bharti Tele-Ventures Limited (“Bharti Tele-Ventures”) and its subsidiaries, Bharti Cellular Limited (“Bharti Cellular”), Bharti Infotel Limited (“Bharti Infotel”), Bharti Mobile Limited (“Bharti Mobile”), Hexacom India Limited (“Hexacom”), Bharti Comtel Limited (“Bharti Comtel”) and Bharti Aquanet Limited (“Bharti Aquanet”).

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.

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SECTION I

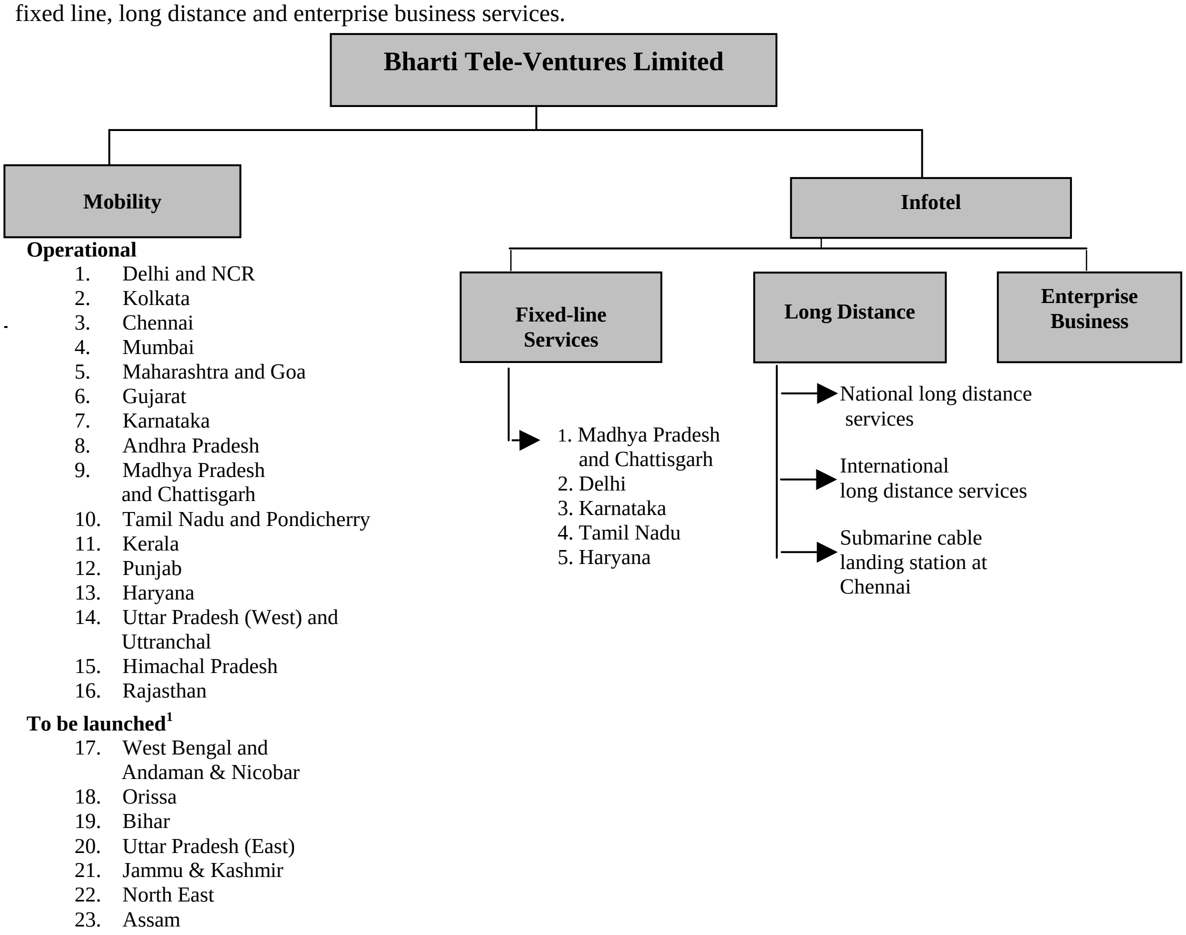
INTRODUCTION

We are India's one of the leading private sector provider of telecommunications services based on an aggregate of 8,375,946 customers as of June 30, 2004, consisting of 7,672,123 mobile and 703,823 fixed line customers. We are currently the largest GSM mobile service provider in the country, based on number of customers. Mobile services constitute the largest portion of our business both in terms of total revenues and total customers. We also provide fixed line, long distance and enterprise business services.

We seek to capitalize on the growth opportunities that we believe are available in the Indian telecommunications market and consolidate our position to be an integrated telecommunications services provider in India with a focus on providing mobile services.

For the quarter ended June 30, 2004, our un-audited total revenue and EBITDA were Rs. 17,047 million (US$ 370 million) and Rs. 6,202 million (US$ 135 million) respectively. The net profit (un-audited) for the quarter was Rs. 2,961 million (US$ 64 million). During the quarter ended June 30, 2004, mobile services represented approximately 64% of our total revenues.

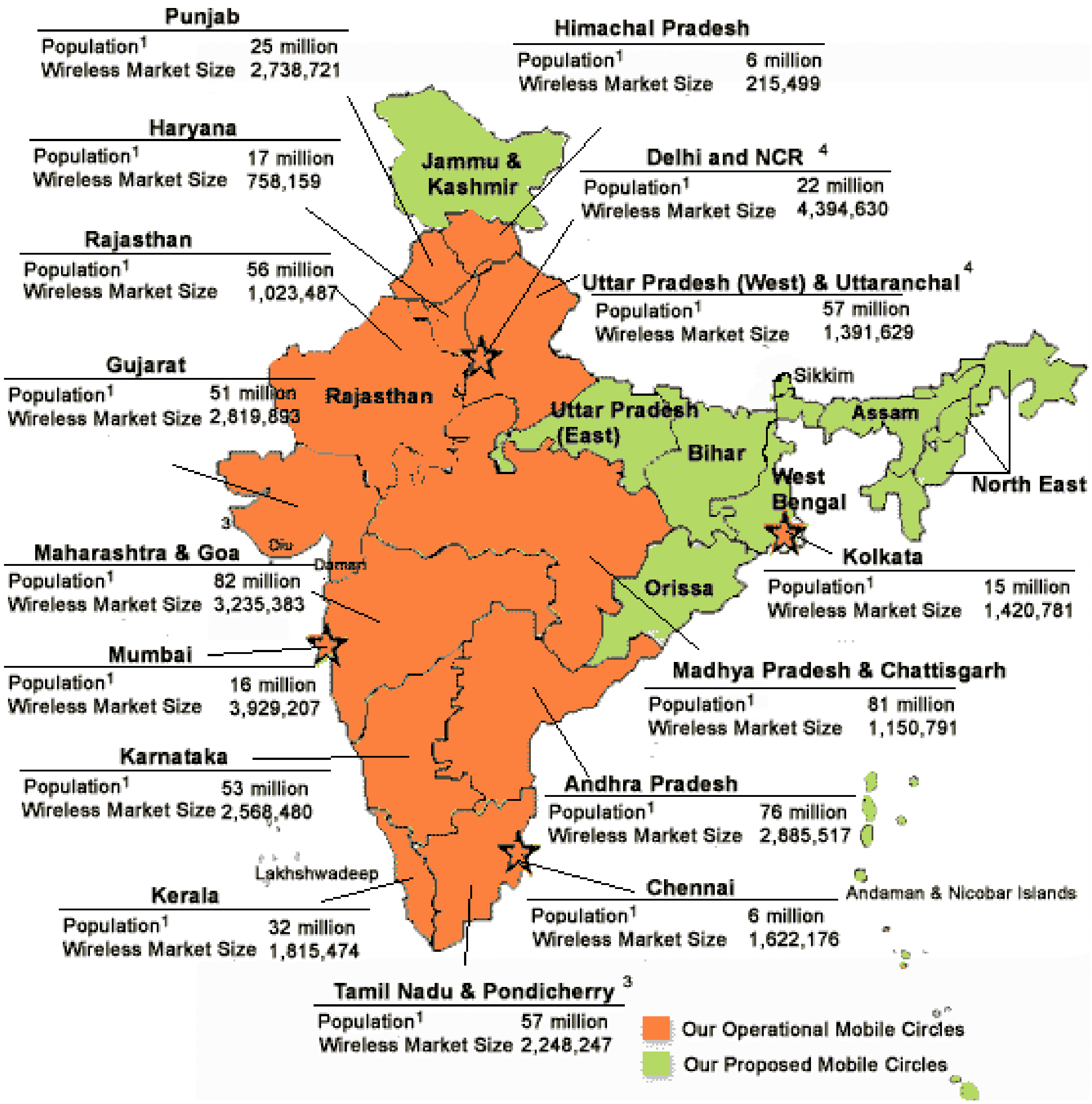
Our businesses have been organized by services into two main 'Strategic Business Groups' – the Mobility and the Infotel service group. The Mobility group provides GSM mobile services in sixteen telecom circles, while the Infotel group provides fixed line, long distance and enterprise business services.



Note: {1} We have received UAS Licenses for these proposed circles (except for the Assam circle for which a Letter of Intent has been obtained and the North East for which we have a mobile license).

Bharti Tele-Ventures currently conducts its business through its subsidiaries. It holds 99.66% in Bharti Cellular (operates 12 mobile circles-except for the circles of Rajasthan, Punjab, Andhra Pradesh and Karnataka), 67.5% in Hexacom (operates the Rajasthan circle), 100% in Bharti Infotel (operates Fixed Line, Long Distance and Enterprise Business Services). Further Bharti Cellular Limited holds 100% in Bharti Mobile (operates Punjab, Andhra Pradesh & Karnataka mobile circles), and Bharti Infotel holds 51% in Bharti Aquanet (owns landing station in Chennai).

1.2 OUR MOBILE FOOTPRINT



Source:

(1) Population estimates are as per National Census, 2001 and are as of March 1, 2001. The population for Uttar Pradesh (West) circle is approximately 37% of the total population for the state of Uttar Pradesh.

(2) Wireless subscriber statistics are as of June 30, 2004 and are based on number of subscribers published by COAI & number of digital mobile subscribers published by ABTO. These numbers does not include digital mobile subscribers of BSNL and MTNL as ABTO does not publish this information. Wireless market size comprises the total number of GSM mobile subscribers and digital mobile subscribers of all the service providers in a circle.

(3) Demographics of Maharashtra and Tamil Nadu do not include demographics of state capitals (metros) Mumbai and Chennai respectively.

(4) Demographic of Haryana does not include Faridabad & Gurgaon as they are included in Delhi & NCR. Similarly, demographics of Uttar Pradesh (West) & Uttranchal does not include Noida & Gaziabad as they are included in Delhi & NCR.

1.3 Business Divisions

- **Mobile Services** - We currently offer mobile services in sixteen out of the 23 circles in India. Our mobile customers in the circles accounted for a market share of 26.30% of All India GSM market and 20.60% of overall wireless (GSM + Digital Mobile) respectively, as at June 30, 2004. We also have licenses for six additional circles namely, Bihar, Orissa, West Bengal, Jammu & Kashmir, Uttar Pradesh (East) and North East; and we have letter of intent for the remaining Assam circle.

- **Fixed Line Services-** We were the first private sector operator to provide fixed line services in India. We currently provide fixed line services in five circles consisting of the Madhya Pradesh, Chattisgarh, Haryana, Delhi, Karnataka and Tamil Nadu circles.

- **Long Distance** - We complement our mobile and fixed line services with national and international long distance services and provides these services across India. We also have a submarine cable landing station at Chennai, which connects the submarine cable connecting Chennai and Singapore. Our long distance and data enterprise services derives enormous support from this connectivity and facilitates us in offering best value to our customers.

- **Enterprise Business Services** – The enterprise business group has recently been streamlined, and in addition to providing broadband, VSAT and internet services, will focus on providing telecommunications services as an integrated service offering, including mobile, fixed-line, long distance and data connectivity services, to key corporate and institutional customers throughout India.

1.4 Vendors

We believe in deploying the finest technology and operating state-of-the-art networks. Our mobile networks equipment suppliers include Siemens, Ericsson, Motorola and Nokia. In the case of the fixed line and long distance networks, equipment is purchased from vendors like Siemens, Nortel, Corning, among others.

1.5 Partners

We have strong strategic alliances with SingTel, and Warburg Pincus, which have enabled us to further enhance and expand our telecommunications networks in India to provide quality service to our customers. The investment made by SingTel and Warburg Pincus in our company is one of their largest investments made in the world outside Singapore, and the United States, respectively.

SECTION II

FINANCIAL HIGHLIGHTS

Detailed financial statements, analysis and other related information is attached to this report as Annexures. Also, kindly refer to Glossary for detailed definitions.

The financial statements for the quarter ended June 30, 2004 & 2003 are un-audited.

2.1 BTVL Consolidated - Summary of Consolidated Financial Statements.

2.1.1.1 Consolidated Summarised Statement of Income net of inter segment eliminations

Rs million except ratios

Particulars	Quarter Ended		
	June 2004	June 2003	Y-on-Y Growth
Total revenues	17,047	10,360	65%
EBITDA	6,202	2,889	115%
Cash profit from operations	5,407	2,258	140%
Earnings / (loss) before taxation	3,078	309	
Net Profit / (loss)	2,961	310	
EBITDA / Total Revenues	36%	28%	

2.1.2.1 Consolidated Summarised Balance Sheet

Rs million except ratios

Particulars	As at June 30, 2004
ASSETS	
Total current assets	26,908
Total non - current assets	113,499
Total assets	**140,407**
LIABILITIES AND STOCKHOLDERS' EQUITY	
Total current liabilities	38,920
Total non - current liabilities	45,474
Total liabilities	**84,394**
Minority Interests	**108**
Total stockholders' equity	**55,905**
Total liabilities and stockholders' equity	**140,407**

Net debt	38,320
Net debt to EBITDA (Times)	1.54
Net debt to stockholders' equity (Times)	0.69
Book Value Per Equity Share (Rs.)	30.2

2.2 Segment - wise Statement of Income

2.2.1 Mobile Services

Rs million except ratios

Particulars	Quarter Ended		
	June 2004	June 2003	Y-on-Y Growth
Total revenues	10,988	6,566	67%
EBITDA	3,852	1,746	121%
Earnings before interest & tax	2,379	720	230%
EBITDA / Total Revenues	35%	27%	

2.2.2 Infotel Services – comprises Fixed Line; Long distance and Enterprise Business Services.

Rs million except ratios

Particulars	Quarter Ended		
	June 2004	June 2003	Y-on-Y Growth
Total revenues	7,863	4,568	72%
EBITDA	2,364	1,156	105%
Earnings before interest & tax	1,610	574	181%
EBITDA / Total Revenues	30%	25%	

2.2.2.1 Fixed Line Services

Rs million except ratios

Particulars	Quarter Ended		
	June 2004	June 2003	Y-on-Y Growth
Total revenues	2,406	1,545	56%
EBITDA	642	305	110%
Earnings before interest & tax	231	(20)	
EBITDA / Total Revenues	27%	20%	

2.2.2.2 Long Distance - comprises the domestic**,** international long distance operations and landing station operations at Chennai.

Rs million except ratios

Particulars	Quarter Ended		
	June 2004	June 2003	Y-on-Y Growth
Total revenues	4,294	2,659	62%
EBITDA	1,184	737	60%
Earnings before interest & tax	878	516	70%
EBITDA / Total Revenues	28%	28%	

2.2.2.3 **Enterprise Business Services**

Rs million except ratios

Particulars	Quarter Ended		
	June 2004	June 2003	Y-on-Y Growth
Total revenues	1,163	365	218%
EBITDA	539	113	375%
Earnings before interest & tax	501	77	549%
EBITDA / Total Revenues	46%	31%	

2.2.3 Others - comprises the expenses of the BTVL corporate office.

Rs million except ratios

Particulars	Quarter Ended		
	June 2004	June 2003	Y-on-Y Growth
Total revenue	0	0	0
EBITDA	(109)	(96)	-14%
Goodwill Amortisation	0	343	-100%
Depreciation & Others	7	(87)	108%
Earnings before interest & tax	(116)	(351)	67%

2.3 Segment-wise Investments and Contribution

2.3.1 Investments in projects#

Rs million except ratios

Segment	As At June 30, 2004	
	Rs. Million	% of Total
Mobile Services	97,529	72%
Fixed Line Services	17,621	13%
Long Distance	18,462	14%
Enterprise Business	2,178	2%
Others	363	0%
Total	**136,152**	**100%**
Accumulated Depreciation & Amortisation	(26,639)	
Net Fixed Assets & Other Project Investment	**109,514**	

Note #: The investment in projects comprises gross fixed assets, capital work in progress, gross goodwill and one time entry fee paid. The above also includes investment in equity towards acquisition of 67.50% interest in Hexacom.

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

Rs million except ratios

	For the Quarter ended June 2004					
	Revenue		EBITDA		Capex	
	Rs. Million	% of total	Rs. Million	% of total	Rs. Million	% of total
Mobile Services	10,988	64%	3,852	62%	3,642	62%
Fixed Line Services	2,406	14%	642	10%	904	15%
Long Distance	4,294	25%	1,184	19%	1,231	21%
Enterprise Business	1,163	7%	539	9%	140	2%
Others	0	0%	(109)	-2%	5	0%
	18,851	**111%**	**6,108**	**98%**	**5,921**	**100%**
Eliminations	(1,804)	-11%	94	2%		0%
Total	**17,047**	**100%**	**6,202**	**100%**	**5,921**	**100%**

SECTION III

OPERATING HIGHLIGHTS

(Please refer to the glossary for revised definitions of ARPU, Churn and MoU, The definition has been revised and applied consistently across all periods presented)
Source:- Wireless Subscribers include GSM mobile subscribers and digital mobile subscribers as published by COAI and ABTO respectively. These numbers do not include digital mobile subscribers of BSNL and MTNL as ABTO does not publish this information.

3.1 BTVL Consolidated

	Unit	June 30, 2004	Mar. 31, 2004	Q1-on-Q4 Growth	June 30, 2003	Y-o-Y Growth
Customers on our Network						
Mobile	No.	7,672,123	6,504,314	18%	3,750,989	105%
Fixed Line	No.	703,823	636,625	11%	423,758	66%
Total	No.	8,375,946	7,140,939	17%	4,174,747	101%

3.2 Mobile Segment

	Unit	June 30, 2004	Mar. 31, 2004	Q1-on-Q4 Growth	June 30, 2003	Y-o-Y Growth
Subscriber Base						
All India Wireless Subscribers	No.	37,273,238	33,311,566	12%	17,230,073	116%
All India GSM Mobile Subscribers	No.	29,205,080	26,154,405	12%	15,148,796	93%
Mobile Customers on Bharti's Networks	**No.**	**7,672,123**	**6,504,314**	**18%**	**3,750,989**	**105%**
Net Additions						
All India Wireless Subscribers	No.	3,961,672	5,129,880	-23%	n/a	n/a
All India GSM Mobile Subscribers	No.	3,050,675	4,162,662	-27%	2,461,159	24%
Mobile Customers on Bharti's Networks	No.	902,644	1,003,734	-10%	679,526	33%
Bharti's Market Share						
as a % of All India GSM Mobile Subscribers	%	26.3%	24.9%		24.8%	
as a % of All India Wireless Subscribers	%	20.6%	19.5%		21.8%	
Bharti's Share of Net Additions						
as a % of All India GSM Mobile Subscribers	%	29.6%	24.1%		27.6%	
as a % of All India Wireless Subscribers	%	22.8%	19.6%		n/a	
Pre-Paid Subscribers (as percentage of)						
Total Customer Base	%	78%	79%		81%	
Total Net Additions	%	65%	65%		103%	
Other Operating Information						
Average Revenue Per User (ARPU)	Rs	515	532	-3%	629	-18%
Average Minutes of Use Per User	minutes	309	300	3%	296	4%
SMS Revenue as a % of total revenues	%	4.6%	3.9%		2.9%	
Monthly Churn						
Post-paid Voluntary Churn	%	1.4%	1.9%		1.9%	
Post-paid Company Initiated Churn	%	3.7%	2.8%		6.7%	
Prepaid	%	8.2%	8.5%		6.4%	

Note:- n.a means not available

3.3 Fixed Line Segment

	Unit	June 30, 2004	Mar. 31, 2004	Q1-on-Q4 Growth	June 30, 2003	Y-o-Y Growth
Fixed Line Customers on Bharti's Networks	No.	703,823	636,625	11%	423,758	66%
Net additions on Bharti's Network	No.	67,198	67,429	0%	51,785	30%
Average Revenue Per User (ARPU)	Rs	1,184	1,225	-3%	1,288	-8%

SECTION IV

MANAGEMENT DISCUSSION & ANALYSIS

KEY INDUSTRY DEVELOPMENTS

INDUSTRY

Consultation Paper on Review of Access Deficit Charges (ADC)

On October 29, 2003, the Telecom Regulatory Authority of India (TRAI) issued the revised Interconnection Usage Charges Regulation (IUC), which included charges relating to carriage, termination, and Access Deficit Charges (ADC). In the Explanatory Memorandum to the said Regulation, TRAI had stated that it would review the ADC regime annually.

On June 23, 2004, the TRAI released a consultation paper to begin the process for such review. In the paper, TRAI has realised the current difficulties being faced by operators relating to billing and reconciliation under the existing regime, which is based on payment of ADC on a call-by-call basis. In the alternative, TRAI has now proposed the ADC payment to be made on a revenue share basis. The range for the proposed ADC revenue share based on the calculations mentioned in the paper is between 2.2% and 5.3% of AGR (Adjusted Gross Revenue).

TRAI has now proposed that the new ADC Regime should be finalised on an annual basis before the proposed implementation date of October 1, 2004. TRAI has reiterated its proposal that the review of ADC would be on an annual basis. The new ADC regime, after the completion of the consultation process, may become applicable from October 1, 2004.

Recommendations on accelerating growth of Internet and Broadband penetration

On April 29, 2004, TRAI released its recommendations for accelerating growth of internet and broadband, as it was of the view that internet growth rates in India have been flat. The authority has identified eleven major hurdles preventing growth in the internet and broadband services.

To remove such hurdles, TRAI has accordingly given twelve sets of recommendations for creating an environment that is more conducive to attracting investors, entrepreneurs and consumers to contribute to the spread of these services.

Consultation Paper on Fixation of Ceiling Tariff for International Private Leased Circuit (Half Circuit)

On April 30, 2004, TRAI issued a Consultation paper on "Fixation of Ceiling Tariff for International Private Leased Circuit (Half Circuit)". The objective of the exercise was to revisit the tariffs in view of making bandwidth available at cheaper rates. The public consultation process is now underway.

Directive on publication of tariffs for consumer information

On May 24, 2004, the TRAI issued a directive on publication of tariff plans and the manner in which the tariffs are to be advertised in the media.

The directive essentially provides for a simplified format which, inter-alia, gives the financial implication of various slabs of usage, which would enable the consumer in making an informed choice in the matter of tariff plans. Further, the service providers are also required to provide the entire details of tariff plans and the assumptions or methodology used in deriving the financial implications for different slabs of minutes of usage.

Consultation Paper on spectrum related issues

On May 31, 2004, TRAI released a consultation paper on issues relating to efficient utilization, spectrum allocation, and spectrum pricing. This paper has its genesis in the Unified License Policy wherein the TRAI envisages the spectrum allocation policy to be separate from licensing of services. The Government has also sought the TRAI's recommendations on efficient utilization of spectrum, spectrum allocation procedure and spectrum pricing.

The salient features of the consultation paper and the issues raised include the current status of spectrum award, spectrum pricing, demand and spectrum allocations. Other key issues such as spectrum re-farming, spectrum trading, treatment of spectrum allocation in cases, mergers and acquisitions and spectrum surrender have also been discussed.

The last date for submission of responses was July 15, 2004 and the public consultation process is yet to start.

Pre-activated auto roaming services to pre-paid customers

On June 16, 2004, the TRAI issued a directive to all Cellular Mobile Service Providers (CMSPs), which stated that whenever preactivated roaming services are given to prepaid subscribers, the operator should inform the subscriber through SMS that when such subscribers roam into another license area, they would be charged for the roaming facility only if they choose to either make or receive a call while roaming. The SMS to inform the customer of the above conditions shall not be charged.

Consultation Paper on revision of ceiling tariff for Domestic Leased Circuits

The TRAI in its document, "Broadband India: Recommendations of Accelerating Growth of Internet and Broadband Penetration" (April 2004) has identified the high price of domestic leased circuits and international circuits as one of the major hurdles preventing growth of internet and broadband services. With a row to implement the initiatives of 'Broadband India', TRAI has already issued a Consultation Paper on 'Fixation of Ceiling Tariff for IPLC' (April 2004).

On June 22, 2004, the TRAI, released this Consultation Paper proposing revision of existing tariff for domestic leased circuits and in an effort to reduce the cost of bandwidth in the country.

License fee reduction for IP - II category bandwidth providers

On June 24, 2004, the Department of Telecommunications (DoT) announced a reduction in license fee payment for Infrastructure Provider Category – II (IP – II) from the existing 15% to 6% of their Adjusted Gross Revenue (AGR).

Minimum validity of six months for tariff plans offered by access providers

On July 7, 2004, TRAI released the 31st amendment to the Telecommunication Tariff Order (TTO), which states as under:

- A tariff plan once offered by an access provider, shall be available to a subscriber for a minimum period of six months from the date of enrolment of the subscriber to that tariff plan.
- The subscriber in the said tariff plan shall be free to choose any other tariff plan, even during the said six months period. Any request to change of the plan shall be accepted and implemented immediately or from the start of the next billing cycle.
- For any tariff plan, the access provider shall be free to reduce tariffs at any time provided that no tariff item in that plan shall be increased within said six months period.

Consultation Paper on Interconnect Exchange cum Inter – Carrier Billing Clearing House for Multi – Operator Multi – Service Scenario

On April 13, 2004, TRAI released a consultation paper, which addresses issues related to Interconnection Architecture. As per TRAI, introduction of the above mentioned exchange could provide cost effective and time reducing solutions to several issues being faced by telecom operators currently while interconnecting with each other. It could also lead to introduction of several value addition services for consumers at competitive prices. Responses have been submitted and the public consultation process is yet to start on this.

COMPANY

Consolidation of BTVL operations

On April 23, 2004, as part of a consolidation exercise and to attain business synergies, Bharti Tele-Ventures Limited (BTVL) in its board meeting approved the merger of its subsidiaries Bharti Cellular Limited and Bharti Infotel Limited with and into Bharti Tele-Ventures Limited. By its order dated July 12, 2004, the High Court of Delhi has approved the merger of Bharti Mobile with and into Bharti Cellular.

Bharti and VSNL sign an agreement to share its National Long Distance (NLD) backbone

On April 25, 2004, Bharti Infotel entered into an agreement with VSNL to share a part of its national long distance backbone for a period of 15 years for a consideration of Rs. 5,000 million.

Migration of mobile licenses to Unified access service licenses (UASL)

On April 27, 2004, we received migration letters for all our 15 existing cellular mobile licenses to the Unified Access Service License (UASL).

We have UAS Licenses for 20 circles consisting of Delhi, Mumbai, Gujarat, Haryana, Kerala, Madhya Pradesh, Maharashtra, Tamil Nadu, U.P. (West), Kolkata, Chennai, Himachal Pradesh, Karnataka, Punjab, Andhra Pradesh, Uttar Pradesh (East), West Bengal including Andaman Nicobar, Orissa, Bihar and Jammu & Kashmir and we also have a Letter of Intent (LoI) for the Assam circle. As a result of our Hexacom acquisition, we have cellular licenses for the Rajasthan and North East circles.

Surrender of fixed line service licenses

On June 14, 2004, we informed the DoT regarding surrender of our basic (fixed line) licenses in four circles namely, Delhi, Haryana, Karnataka and Tamil Nadu and also the unified access service license, which we migrated from the basic services in Madhya Pradesh. This was because mobile and fixed line services were combined under one UAS License and we now have an extra license in these circles. However, these have not yet been terminated.

Bharti's acquisition of additional stake of 1% in Hexacom (India) Limited.

Bharti has entered into a Share Purchase Agreement with a Kuwaiti based company, Ali & Fouad M.T. Al -Ghanim Trading & Cont. Co. W.L.L, to acquire their 1% equity stake held in Hexacom India Limited (Hexacom). This acquisition is subject to a right of first refusal by an existing shareholder and other necessary regulatory approval to be received.

Bharti and Nokia entered into a contract for building and management of networks

On May 27, 2004, Bharti Tele-Ventures and Nokia entered into a contract to build and manage AirTel's existing circles of Mumbai, Maharashtra (including Goa) and Gujarat and the two new circles of Bihar (including Jharkhand) & Orissa.

Bharti and Ericsson entered into a nationwide Intelligent Network (IN) contract

On June 22, 2004, Ericsson and Bharti entered into an agreement to supply a nationwide single vendor Intelligent Network (IN) solution and prepaid system to provide functionality such as real-time cost and spending control. The agreement covers all of Bharti's existing and soon to be launched mobile systems in India.

The Intelligent Network and charging solution is an end-to-end solution, where consulting and systems integration services would make it all work seamlessly in Bharti's existing environment.

Streamlining of the "Enterprise Business" Unit

On June 25, 2004, Bharti Tele-Ventures announced a strategic initiative targeted at our key corporate account segment by leveraging the group's business capabilities and strengthening focus in the segment. The enterprise business group has recently been streamlined, and in addition to providing broadband, VSAT and internet services, will focus on providing telecommunications services as an integrated service offering, including mobile, fixed-line, long distance and data connectivity services, to key corporate and institutional customers throughout India.

Bharti and Siemens entered into a contract for building and management of networks in three circles

On July 1, 2004, Bharti Tele-Ventures and Siemens Mobile, the mobile communications group of Siemens AG entered into a contract to build and manage our cellular networks in the three circles of Kolkata, Madhya Pradesh and West Bengal.

Amalgamation of Bharti Cellular with and into Bharti Mobile

Bharti Cellular and Bharti Mobile had filed petitions in the Honourable High Court of Delhi under Sections 391 and 394 of the Companies Act, 1956 to seek sanction of the Court to the scheme of amalgamation of Bharti Mobile with and into Bharti Cellular. The requisite meetings of the shareholders and creditors of Bharti Cellular and Bharti Mobile were duly held and the requisite majority approved the proposed scheme. The Honourable High Court of Delhi approved the scheme on July 12, 2004 and it will become operative after the order of the Honourable High Court of Delhi is registered with the Registrar of Companies N.C.T of Delhi & Haryana.

Bharti Mobile - Punjab Litigation

The arbitration proceedings for a claim for the refund of license fee and interest paid to the DoT were decided against Bharti Mobile, the licensee of the Punjab Mobile circle. The Company has already paid the license fees and interest thereon before the commencement of arbitration proceedings. The Company challenged the award before the Hona'ble Delhi High Court and the Court issued notice to the DoT. The matter will now be heard by the High Court in due course.

Standard & Poor's Ratings Services assigned 'BB' corporate credit rating to Bharti Tele-Ventures

On May 17, 2004, Standard & Poor's Ratings Services (S&P) assigned its 'BB' corporate credit rating (equivalent to India's sovereign rating) to Bharti Tele-Ventures.

Fitch Ratings assigned 'BB' Rating to Bharti Tele-Ventures

On June 3, 2004, Fitch Ratings, the international rating agency, assigned Bharti Tele-Ventures a 'BB' senior unsecured foreign currency rating.

Launch of 'Airtel Live', a comprehensive mobile portal

On July 5, 2004, Airtel, announced the launch of 'Airtel Live'; a multi access entertainment portal on the mobile with a most comprehensive content of movies, music, sports and mobile games as an initiative to drive convergence in the entertainment and communication space. The content can be accessed by pre-paid as well as post-paid Airtel customers. Airtel also launched a GSM phone customized especially for Airtel customers - Nokia 6220, with pre-installed GPRS, MMS settings, embedded bookmarks and links.

Awards & Recognitions

"The Frost & Sullivan Ceo Of The Year" awarded to Sunil Bharti Mittal

On May 28, 2004, Mr. Sunil Bharti Mittal, Chairman & Group Managing Director of Bharti Tele-Ventures was awarded "The Frost & Sullivan CEO Of The Year". This award is a part of the Asia Pacific Technology Awards 2004 by Frost & Sullivan and recognises outstanding performance by companies in Asia Pacific region, in the Information & Communication Technology industry and Mr. Mittal has been conferred the award in the service providers category.

Bharti Tele-Ventures awarded as the "Asian MobileNews Mobile Operator of the year"

On June 17, 2004, Bharti Tele-Ventures was awarded as the "Asian MobileNews Mobile Operator of the year" in India and the subcontinent. The award is a part of the annual Asian MobileNews Awards 2004 and recognizes outstanding performance by companies in Asia, in the mobile service industry and was announced in Singapore.

Asian MobileNews is a leading publication on mobile telephony in Asia and is a part of the Charlton Media group based in Singapore.

Bharti makes it to the 'Global 1000' - Business Week (Edition: July 26 - August 2, 2004)

As per the latest edition of Business Week (July 26 - August 2, 2004) carrying a special feature on the Global 1000, the world's most valuable companies; Bharti Tele-Ventures made its entry into this elite club and is listed at 948, as per market capitalization ranking. In addition, as per this feature; BTVL with a 276% change in price per share over last year is amongst the World's top ten companies on share-price gain.

4.3 Results of Operations

The financial statements for the quarters ended June 30, 2004 and 2003 are un-audited. The financial statements for quarter ended June 30, 2004 have been adjusted for International Accounting Standard IAS 22: Business Combinations, and such adjustments have not been made for the quarter ended June 30, 2003. These adjustments are for providing business continuations relating to the acquisitions in earlier years. These relate mainly to valuation of their existing brand, customer valuation and valuation of fixed assets and licenses acquired. This has resulted in the change in amounts of certain assets, with total assets remaining the same, resulting in some decrease in goodwill and fixed assets and corresponding increase in other assets such as license fees etc. The overall effect has not been material on stock holder's equity and cash flow's of the company.

In terms of the accounting policy, the major change has been on goodwill amortisation. Whereas earlier the goodwill was being amortised using straight line basis over its estimated useful life of not more than 20 years. In terms of the new accounting standard IFRS 3 which has been adopted by us, we would from this quarter now only be accounting for any impairment to the goodwill, if any and not amortising it.

BTVL Consolidated

As at June 30, 2004, we had an aggregate of 8,375,946 customers, consisting of 7,672,123 mobile and 703,823 fixed line customers. During the quarter, we added nearly one million customers on our networks and our customer base has increased by more than 100% year compared to the prior year quarter ended June 30, 2003.

During the quarter ended June 30, 2004, the company had revenues of Rs 17,047 million and an EBITDA of Rs 6,202 million, growth of 65% and 115%, respectively compared to the prior year quarter ended June 30, 2003. The EBITDA margin for the quarter improved to 36% as compared to 28% for the quarter ended June 30, 2003. The increase in EBITDA margin is due to our operating efficiencies, economies of scale and benefits of integrated operations experienced in our businesses.

The net finance cost for the quarter ended June 30, 2004 was Rs. 794 million. The gross finance cost including the exchange fluctuation and the effect of derivative accounting, on the borrowings was Rs. 922 million and the gross finance income (primarily relating to income on marketable securities) was Rs. 128 million.

The cash profit from operations for the quarter was Rs. 5,407 million, an increase of 140%.

During the quarter, there was no amortization of goodwill in line with explanation given above. However, there was a amortization of goodwill in quarter ended June 30, 2003.

The company also had income tax expense of Rs. 115 million. The current tax income for the quarter was Rs. 390 million and the deferred tax expense recognized for the quarter was Rs. 505 million.

The net profit for the quarter ended June 30, 2004 was Rs. 2,961 million.

During the quarter ended June 30, 2004, we incurred capital expenditure of Rs 5.92 billion (US$ 129 million). As on June 30, 2004, the net debt of the company was approximately Rs.38 billion resulting in a net debt to equity ratio of 0.69.

Mobile

Our 7,672,123 mobile customers accounted for a market share 26.30% of All India GSM market and 20.60% of overall wireless market (GSM + Digital Mobile) respectively.

Of our 7,672,123 mobile customers as of June 30, 2004, prepaid subscribers accounted for approximately 78% while post paid customers accounted for the remaining 22%. During the quarter, our share of new additions was 29.6% of the All India GSM net additions and 22.8% of All India wireless net additions. The prepaid customer base grew by 96% to 5,954,697 as of June 30, 2004 from 3,032,470 as of June 30, 2003, whereas the post paid customer base increased by 139% to 1,717,426 as of June 30, 2004 from 718,519 as of June 30, 2003. The company's prepaid and post paid net customer activations totalled 588,157 and 314,487, respectively, or a monthly average addition of 196,052 prepaid and 104,829 post paid customers for the quarter ended June 30, 2004.

The company has taken steps with respect to its credit control policies to contain the churn over its networks over last one year, which has helped the company to reduced the post paid churn rate to 5.2% from 8.6% in the corresponding period last year. However, it was the company initiated churn, which reduced to 3.7% from 6.7%, a reduction of 44% year-on-year.

During the quarter, our blended ARPU at Rs.515 (US$ 11) per month was lower by 18% as compared to the quarter ended June 30, 2003. The reasons being change in the mix of prepaid to post paid customers, reduction in tariffs due to intense competition and various new tariff plans launched by the Company during the period. The blended monthly usage per customer was at 309 minutes during the quarter, an increase of 4% on a year on year basis. The Short Messaging Services (SMS) revenue, which is primarily text messaging accounted for 4.6% of the total revenue of the segment. The revenue from this service alone increased by 161% on a year-on-year basis.

The revenues from our cellular business for the quarter ended June 30, 2004 was Rs.10,988 million. The revenue from this segment contributed to 64% of our consolidated revenues. The revenue grew by 67% compared to the corresponding prior year quarter, however EBITDA more than doubled during the same period and was Rs 3,852 million for the quarter ending June 30, 2004. The EBITDA margin (ratio of EBITDA to total revenues) during the quarter improved to 35% as compared to 27% achieved during the quarter ending June 30, 2003.

Earning before interest & tax during the quarter was Rs 2,385 million in the quarter ended June 30, 2004.

We also acquired a 67.5% equity interest in Hexacom, for a net consideration of Rs. 4,453 million. The financials of Hexacom have not been consolidated in our results of operations (as the entity is jointly controlled by us with the other shareholders) and we have used the equity method of accounting.

Fixed line Business
During the quarter ended June 30, 2004, we added 67,198 customers on our fixed line networks, translating into monthly average net additions of approximately 22,400. Our fixed line customer base was 703,823 as of June 30, 2004, which represents a growth of 66% over the corresponding quarter of last year. We have focused on acquiring customers subscribing to its DSL services and as on June 30, 2004, had approximately. 50,000 fixed-line customers subscribing to such services. These services were launched in the month of May, 2003.

For the quarter ended June 30, 2004, the revenues from our fixed line operations of Rs 2,406 million, growth of 56% and contributed 14% to the consolidated total revenues. The EBITDA for the quarter was Rs. 642 million compared to Rs.305.million in the corresponding prior year quarter. The improvement in EBITDA margin for this segment of 27% as compared to 20% for the quarter ended June 30, 2003 was largely attributable to the operational efficiencies experienced by the company. The EBIT for the quarter ended June 30, 2004 was Rs 231 million as compared to a loss of Rs 20 million for the quarter ended June 30, 2003.

The ARPU for the quarter was Rs. 1,184 (US$ 26) per month, a reduction of 8% compared to the corresponding prior year quarter.

Long Distance
During the quarter ended June 30, 2004, the revenues of Rs.4,294 million from our long distance business was an increase of 62% over the corresponding quarter last year. The increase in the revenues was due to substantial growth in traffic carried by us on our networks (primarily attributable to increased captive subscriber base); reduction in retail tariffs and superior network quality.

The EBITDA from this segment during the quarter was Rs 1,184 million, a growth of 60%, however the EBITDA margin has remained the same at 28% in the quarter ended June 30, 2004 compared to the corresponding prior year quarter. The reduction in the margin during the period was due to fall in retail tariffs due to increased competition and introduction of ADC on all International long distance calls.

Enterprise Services
For the quarter ended June 30, 2004, the revenues from this segment were Rs.1,163 million, a growth of 218% compared to the corresponding prior year quarter. The EBITDA for this segment for the quarter ended June 30, 2004 was Rs. 539 million. The EBITDA margin for this segment in the quarter ended June 30, 2004 was 46% as compared to 31% in the corresponding period last year. Our revenues have shown continued improvement over last few quarters due to increase in the data business.

The enterprise business group has recently been streamlined, and in addition to providing broadband, VSAT and internet services, will focus on providing telecommunications services as an integrated service offering, including cellular, fixed-line, long distance and data connectivity services, to key corporate and institutional customers throughout India.

SECTION V

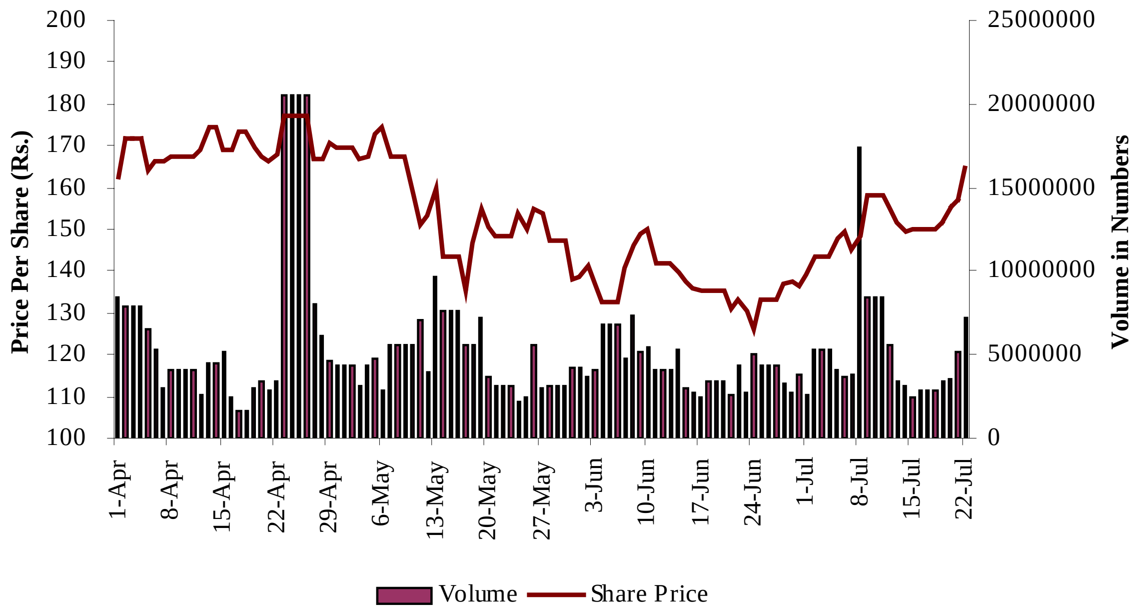
5.1 STOCK MARKET HIGHLIGHTS

5.1.1 General Information

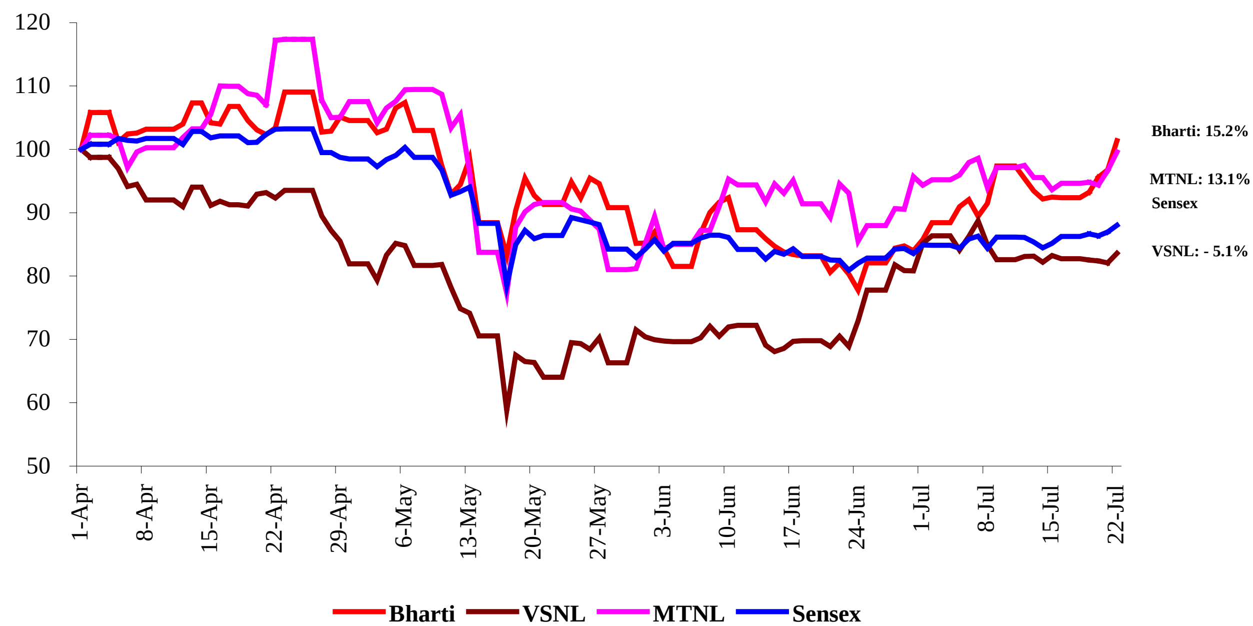
Opinion & Financial Data			**Stock Data**	
No. of Shares Oustanding (as on June 30, 2004)	Million Nos.	1,853	Code/Exchange	532454/BSE
Closing Market Price - BSE (July 22, 2004)	Rs./Share	164.65	Bloomberg/Reuters	BHARTI IN/BRTI.BO
Market Capitalisation	Rs. Million	305,157	***Shareholding Pattern***	**As on June 30, 2004**
Book Value Per Share	Rs.	30.16	Promoters Holding	46.61%
Market Price/Book Value	Times	5.46	Singtel (Pastel Ltd)	15.95%
Net debt to EBITDA	Times	1.54	Free Float*	37.43%
Enterprise Value	Rs. Million	343,476		
Enterprise Value/Annualised Q1 Revenue	Times	5.04	Foreign Holding	47.40%
Enterprise Value/Annualised Q1 EBITDA	Times	13.85	Combined Volume (April 01, 2004- July 22, 2004)	5.3 million per trading day

* Free float includes 4.4% shareholding of Indian public & instutution which has foreign ownership restrictions (not freely tradeable across Indian and Overseas investors)

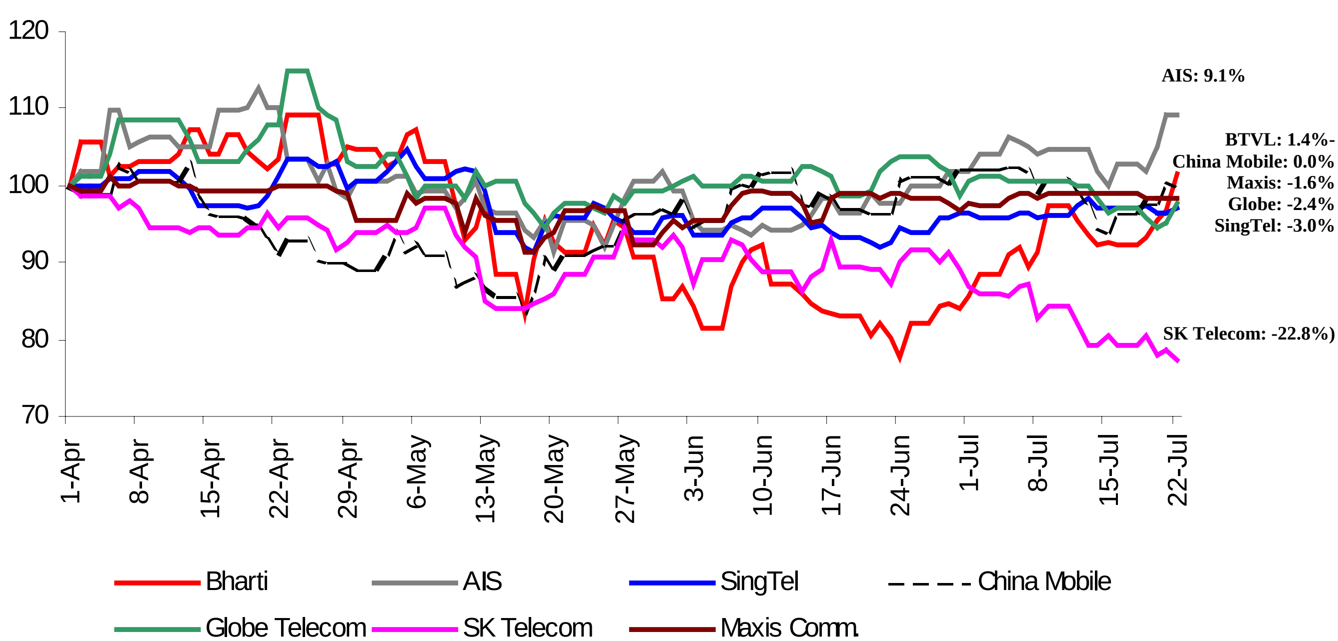
5.1.2 Bharti Tele-Ventures Daily Stock Price` (BSE) & Volume (combined of BSE and NSE) Movement



5.1.3 Comparison of Domestic Telecom Stock Movement with Sensex



5.1.4 Comparison of Select Asian Telecom Stock Movement with Bharti Tele-Ventures



SECTION VI

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 itself an expressly permitted GAAP measure. Such non - GAAP measures should not be viewed in isolation as alternatives to the equivalent GAAP measures.

A summary of certain of the non - GAAP measures included in this report, together with details where additional information and reconciliation to the nearest equivalent GAAP measure can be found, is shown below.

Non - GAAP measure	**Equivalent GAAP measure**	**Location in this results announcement of reconciliation and further information**
Earnings before Interest, Taxation, Depreciation and Amortizations (EBITDA)	Operating Income	BTVL Consolidated Page 21, Mobile Services:- Page 22, Infotel Services:- Page 22, Fixed Line Services:- Page 23, Long Distance:- Page 23, Enterprise Business Services:- Page 23, Others:- Page 24.
Cash Profit from Operations	Operating Income	Page 21
Net Debt	N.A	Page 21
Net Revenues	Total revenues	Page 21
Operating Expenses	N.A	Page 21
Book Value	Total stockholders equity	Book value is equal to stockholder's equity
Earnings before Interest & Taxes	Operating Income	Mobile Services:- Page 22, Infotel Services:- Page 22, Fixed Line Services:- Page 23, Long Distance:- Page 23, Enterprise Business Services:- Page 23, Other:- Page 24
Total Revenues [for Infotel]	N.A.	Page 22

N.A. – Not Applicable

6 Reconciliation / working for Non-GAAP financial measures and others

6.1 BTVL Consolidated

Rs million except ratios

Particulars	Quarter Ended June 2004
Operating Income to EBITDA	
Operating Income	**3,877**
Other Income	55
Depreciation & Amortisation	(2,296)
Pre-operating costs	(78)
Donations	(6)
EBITDA	**6,202**
Operating Income to Cash Profit from Operatins	
Operating Income	**3,877**
Other Income	55
Depreciation & Amortisation	(2,296)
Pre-operating costs	(78)
Donations	(6)
Finance Cost, net	(794)
Cash Profit from Operations	**5,408**
Net Debt	
Long term debt, net of current portion	41,661
Current portion of long term debts	8,459
Short term borrowings	1,054
Cash and cash equivalents	12,854
Net Debt	**38,320**
Total Revenues to Net Revenues	
Total Revenues	**17,047**
Add / (Less):-	
Access and interconnection costs	(3,924)
Net Revenues	**13,123**
Operating Expenses	
Equipment Costs	(270)
Employee costs	(1,113)
Other Costs	(3,995)
Operating Expenses	**(5,378)**

6.2 Mobile Services

Rs million except ratios

Particulars	Quarter Ended June 2004
Operating Income to EBITDA	
Segment Result	**2,356**
Depreciation & Amortisation	1,423
Pre-operating costs	73
EBITDA	**3,852**
Net Profit / (Loss) to Earnings before Interest & Taxes	
Net profit/(loss)	**1,963**
Finance costs (net)	757
Income tax (income)/expense	(341)
Earnings before Interest & Taxes	**2,379**

6.3 Infotel Services

Rs million except ratios

Particulars	Quarter Ended June 2004
Revenues For Infotel	
Revenues for Fixed line Services	2,406
Revenues for Long Distance	4,294
Revenues for Enterprise Business Services	1,163
Revenues For Infotel	**7,863**
EBITDA For Infotel	
EBITDA for Fixed line Services	642
EBITDA for Long Distance	1,184
EBITDA for Enterprise Business Services	539
EBITDA For Infotel	**2,365**
EBIT For Infotel	
EBIT for Fixed line Services	231
EBIT for Long Distance	878
EBIT for Enterprise Business Services	501
EBIT For Infotel	**1,610**

6.4 Fixed Line Services

Rs million except ratios

Particulars	Quarter Ended June 2004
Operating Income to EBITDA	
Segment Result	**229**
Depreciation & Amortisation	408
Pre-operating costs	6
EBITDA	**642**
Net Profit / (Loss) to Earnings before Interest & Taxes	
Net profit/(loss)	**263**
Finance costs (net)	(197)
Income tax (income)/expense	165
Earnings before Interest & Taxes	**231**

6.5 Long Distance

Rs million except ratios

Particulars	Quarter Ended June 2004
Operating Income to EBITDA	
Segment Result	**858**
Depreciation & Amortisation	326
Pre-operating costs	0
EBITDA	**1,184**
Net Profit / (Loss) to Earnings before Interest & Taxes	
Net profit/(loss)	**465**
Finance costs (net)	216
Income tax (income)/expense	196
Earnings before Interest & Taxes	**877**

6.6 Enterprise Business

Rs million except ratios

Particulars	Quarter Ended June 2004
Operating Income to EBITDA	
Segment Result	**494**
Depreciation & Amortisation	45
Pre-operating costs	0
EBITDA	**539**
Net Profit / (Loss) to Earnings before Interest & Taxes	
Net profit/(loss)	**392**
Finance costs (net)	(5)
Income tax (income)/expense	114
Earnings before Interest & Taxes	**501**

6.7 Others

Rs million except ratios

Particulars	Quarter Ended June 2004
Operating Income to EBITDA	
Segment Result	**(206)**
Depreciation & Amortisation	97
Pre-operating costs	0
EBITDA	**(109)**
Net Profit / (Loss) to Earnings before Interest & Taxes	
Net profit/(loss)	**(120)**
Finance costs (net)	23
Income tax (income)/expense	(18)
Earnings before Interest & Taxes	**(116)**

6.8 Schedule of Net Finance Costs

Rs million except ratios

Particulars	Quarter Ended June 2004
Interest on borrowings	738
Interest – others	93
Debt extinguishment costs	0
Amortised loan origination costs	1
Normal Interest Cost	**832**
Total Finance Income	**128**
Exchange fluctuation loss/(gain), net	1,494
Other financial expenses	(1,404)
Others	**90**
Net finance costs	**794**

6.9 Schedule of Income Tax

Rs million except ratios

Particulars	Quarter ended June 30, 2004
Current tax expense	(390)
Deferred tax expense / (benefit)	505
Income tax (expenses) / Income	**(115)**

6.10 Schedule of other costs

Rs million except ratios

Particulars	Quarter Ended June 2004
Network operating expenses	1,419
Sales & marketing expenses	1,316
Other operating expenses	1,260
Total Other costs	**3,996**

ANNEXURES

A1 Financial Statements

A1.1 Consolidated Statement of Income as per International Financial Reporting Standards

Rs million except ratios

Particulars	Quarter Ended		
	June 2004	June 2003	Y-on-Y Growth
Revenues			
Service Revenue	16,793	10,277	63%
Equipment Sales	254	84	204%
Total revenues	**17,047**	**10,361**	**65%**
Operating Expenses			
Other income	(55)	(8)	-
Access and interconnection charges	3,924	2,784	41%
Equipment costs	270	56	383%
Employee costs	1,113	839	33%
Other costs	3,996	2,704	48%
Licence fees	1,542	1,088	42%
Pre-operating costs	79	0	-
Depreciation & amortisation	2,296	1,956	17%
Donations	6	0	-
Operating Income	**3,877**	**941**	**-**
Loss of Joint Venture and/or Associate company	5	0	-
Finance costs (net)	794	632	-
Earnings / (Loss) before taxation	**3,078**	**309**	**-**
Income tax (expense)/ income	(115)	(0)	-
Profit / (loss) to minority shareholders	2	(1)	-
Net profit/(loss)	**2,961**	**310**	**-**

Ratios:			
Operating Expenses to Net Revenue	41.0%	47.5%	
EBITDA / Total Revenues	36.4%	27.9%	
Net Profit / (loss) / Total Revenues	17.4%	3.0%	
Interest Coverage ratio	7.8	4.6	

A1.2 Consolidated Balance Sheet as per International Financial Reporting Standards

Rs millions, except ratios

Particulars	As at
	June 30, 2004
ASSETS	
Current Assets	
Cash and cash equivalents	1,515
Accounts receivable (net)	7,080
Marketable securities	11,339
Inventories	291
Derivative financial instruments	977
Other current assets	5,707
Total current assets	**26,908**
Investment in associates and joint ventures	4,453
Property plant and equipment (net)	60,053
Capital work-in-progress	7,431
Goodwill	22,828
License entry fee	9,279
Other intangible assets	5,470
Deferred tax, net	3,144
Other non-current assets	840
Total Non-current assets	**113,499**
Total assets	**140,407**
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities	
Short-term borrowings	1,054
Equipment supply payables	7,110
Unearned revenue	7,072
Current portion of long term debts	8,459
Accrued employee costs	408
Derivative financial instruments	1,077
Other current liabilities	13,739
Total current liabilities	**38,920**
Non-current liabilities	
Long term debt, net of current portion	41,661
Provision	170
Other non-current liabilities	3,643
Total Non-current liabilities	**45,474**
Total liabilities	**84,394**
Minority interest	108
Stockholders' equity	
Share capital	18,534
Share premium	35,331
Deferred stock compensation	(140)
Loan to trust	(326)
Accumulated deficit	2,506
Total stockholders' equity	**55,905**
Total liabilities and stockholders' equity	**140,407**

Ratios	
Net debt	38,320
Net Debt to Stockholders' Equity	0.69
Number of Shares Outstanding (Million Nos.)	1,853
Book Value Per Equity Share (in Rs)	30.16
Net Debt to EBITDA	1.54
Net Debt to Market Capitalisation	0.13

A 1.3 Consolidated Statement of Cash Flows

Amount in Rs. Million

Particulars	Quarter ended June 30, 2004
Net profit/(loss)	**2,961**
Add: Non Cash items	
Depreciation and amortisation	2,296
Deferred tax expense / (income)	509
Impact of fair valuation of financial instruments	42
Cash generated from operations before working capital changes	**5,808**
(Increase)/decrease in working capital **	5,457
(Increase)/decrease in non-current assets	(969)
Increase/(decrease) in non-current liabilities	183
Net cash provided/(used) by/in operating activities	**4,671**
Cash flows from investing activities	
Purchase of property, plant and equipment	(5,921)
Investment in associate (Hexacom)	(4,453)
Net cash provided/(used) by/in investing activities	**(10,374)**
Cash flows from financing activities	
Increase/(decrease) in borrowings	6,474
Shareholders Equity	1,562
Net cash provided/(used) by/in financing activities	**8,036**
Marketable Securities & Cash and cash equivalents	
Beginning of the year	4,712
End of the year	12,854

*** Includes Rs. 4,400 million received on account of transaction with VSNL regarding sharing of bandwidth / dark fibre.*

A1.4 Key Accounting Policies

1. Revenue recognitions:

Prepaid cards and Internet dial up cards: Revenues from pre-paid cards and pre-paid dial up packs are recognized based on the actual usage i.e. minutes or usage basis. Until such time the unutilized value of the card is treated as "revenue received in advance".

2. Goodwill

Acquisitions of companies are accounted for using the purchase method of accounting. Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the Group's share of net assets of the acquired subsidiary at the date of acquisition. Goodwill is stated at cost less accumulated amortization and impairment losses. Goodwill is amortized using the straight-line basis over its estimated useful life of not more than twenty years.

3. License Fees

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

License agreements executed by the Group under the old license fee regime were in the nature of operating leases. Accordingly, the license fee costs incurred by the Group under the old license fee regime until the date of migration to the NTP, i.e. July 31, 1999, and revenue-share fee from the date of migration are expensed as incurred.

Licenses signed under NTP 1999

License agreements signed/awarded post March 31, 2001, under NTP 1999, stipulate the payment of one time fee termed as 'license entry fee' to obtain the right to operate services and annual usage charge on the basis of the percentage of revenues i.e. ' revenue share'.

License entry fee has been recognized as an intangible asset and is measured initially at cost. After initial recognition, license entry fee is measured at cost less accumulated amortization and any other impairment losses. License entry fee is amortized on a straight-line basis over the period of the license from the date of commencement of commercial operations in the respective circles. The revenue share is computed on the basis of AGR and is expensed as incurred.

4. Accounts Receivables:

Receivables are stated at cost less provision for impairment of receivables. A provision for impairment of receivables is established where there is an objective evidence that the Group will not be able to collect all the amounts due, according to the original terms of receivables. Provision for impairment of receivables is made for all dues outstanding for more than 90 days in case of active subscribers and dues from subscriber who have been deactivated, other than those covered by security deposit or in specific cases where the management is of the view that the amounts are recoverable.

Provision for impairment of receivables, in case of Other Telecom Operators on account of their ILD traffic and on account of Interconnect Usage Charges (IUC), is made for dues outstanding for more than 120 days from the date of billing. The provision is netted off against any amount payable to that operator pertaining for the same period.

5. Pre-operating costs:

Pre-operating costs represent certain marketing and administrative expenses incurred prior to the commencement of commercial operations of the new licenses. These costs, identified specifically for each of the new licenses, are expensed as incurred in the books of account, as they are not directly related to the construction of the network and separately disclosed in the income statement.

6. Property, plant and equipment:

Property, plant and equipment are stated at historical cost, net of accumulated depreciation and accumulated impairment loss, if any. All direct costs relating to the acquisition and installation of property, plant and equipment are capitalized.

Fixed assets have been depreciated on a straight-line method based on the estimated useful life of the asset, which is as follows:

Assets	Years
Building	20
Network Equipment	10-15
Computer equipment	3
Office, furniture and equipment	5
Vehicles	5
Leasehold improvements	Period of Lease or 10 years whichever is less

Gains and loses arising from the retirement or disposal of the property, plant and equipment are determined as the difference between the net disposable proceeds and the carrying amount of the asset and are recognized in the profit and loss account on the date of retirement and disposal.

7. Income Tax:
The income tax charge is based on the profit/ loss for the year or a part thereof and includes deferred taxation. Deferred taxes are calculated using the balance sheet liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years or parts thereof in which those temporary differences are expected to be recovered or settled and based on the tax rates substantially enacted by the balance sheet date. The measurement of the deferred tax liabilities and deferred tax assets reflects the consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred tax can be utilized. At each balance sheet date, the Group re-assesses unrecognized deferred tax assets and the carrying amount of the deferred tax assets.

8. Foreign currency transactions: Monetary assets and liabilities in foreign currencies are translated into Indian rupees at the closing rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at rates ruling on the transaction dates. The translation differences have been accounted for in the profit and loss account.

9. Derivative Financial instruments:
Derivative financial instruments are initially recognized in the balance sheet at the cost and subsequently are re-measured at their fair value. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IAS 39 are recognized immediately in the income statement.

The fair value of the derivative instruments- the interest rate swaps and the foreign currency swaps is determined on the basis of the quotes from dealers/ banks.

A1.5 Consolidated Profit & Loss Statement as per Indian GAAP

Rs million except ratios

Particulars	Quarter Ended		
	June 2004	June 2003	Y-on-Y Growth
	Audited	Unaudited	
Total Income	17,276	10,360	67%
Profit before finance expenses / (Income) net, depreciation, amortisation and taxation#	6,350	2,889	118%
Cash profit from operations	5,276	2,161	143%
Depreciation	2,106	1,501	40%
Amortisation	542	464	20%
Other income	56	8	-
Preoperative Expenditure written off	78	0	-
Charity and donation	6	0	-
Profit before tax	2,551	204	-
Tax expenses (Income)	142	0	-
Profit after tax	2,409	204	-
Minority interest	18	(1)	-
Profit for the period	2,390	205	-

 # Profit before finance expense / (income) net, depreciation, amortization and taxation represents EBITDA.

A1.6 Summary of differences in Net Profit/(loss) between IGAAP and IFRS

Rs million except ratios

Particulars	Quarter ended June 30, 2004	Quarter ended June 30, 2003
Net profit / (loss) as per IFRS	**2,961**	**310**
Add: Differences on account of:		
Minority interest and loss of joint venture	33	0
Deferred tax expense in IGAAP not required in IFRS	69	0
Less: Differences on account of:		
Amortisation of Goodwill	239	(171)
Being difference in revenue recognised	3	
License fee amortisation (not applicable in IFRS)	148	148
Differences in accounting for finance charges	213	95
Remeasurement of financial instruments as per IFRS 39 not applicable as per IGAAP	48	2
Differential depreciation provided in IGAAP due to forex fluctuations not considered in IFRS	22	31
Net profit/(loss) as per Indian GAAP	**2,390**	**205**

G1 GLOSSARY

Technical and Industry Terms

Financial and Operational (Company Related)	
AGR	Adjusted Gross Revenues. Used for computing the license fees and WPC charges payable by a cellular services provider and have been provisionally defined as total income of a cellular services provider net of access and interconnection charges actually paid to other telecom service providers, roaming revenues passed on to other telecom service providers and service tax and sales tax, if included in the total income.
Annualized EBITDA	Annualized EBITDA is defined as 12 multiplied by EBITDA for the period divided by number of months during the period.
ARPU (for Mobile & Fixed Line services)	Average Revenue per customer per month is calculated as the total revenues excluding equipment sales and the connection fees divided by the average number of customers during the period.
Average Customers	Average customers are calculated by considering the average of the monthly average customers.
Book value per equity share	Total stockholder's equity divided by issued, subscribed and fully paid equity shares as at the end of the quarter.
Cash Profit from Operations	It is not an IFRS measure and is calculated as operating income adjusted for other income, depreciation & amortization, pre-operative costs, donations and finance cost, net.
Churn	Churn is calculated by dividing the monthly total number of disconnections during the period by the average monthly total reported customer base during the period; and dividing the result by the number of months in the period. The Company initiated churn is involuntary contract churn.
EBITDA	EBITDA represents Earnings/(loss) before Depreciation, Pre-operating costs, Amortization, Interest and Taxation. {It is not an IFRS measure} and is calculated as operating income minus other income plus depreciation & amortization, pre-operative costs and donations.
EBITDA Margin or EBITDA / Revenue	EBITDA divided by total revenues.
EBIT	EBIT represents Earnings / (Loss) before Interest and Taxation.
Fixed Line customers per employee	Number of fixed line customers on our networks as at end of the period divided by number of employees in the fixed line segment as at end of the period.
Funded Equity	Share capital add share premium less loan to trust.
Interest coverage ratio	EBITDA for the period divided by finance cost, net for the period.
Market capitalization	Number of issued, subscribed and fully paid up equity shares as at end of July 22, 2004 multiplied by closing market price (BSE); as at end of July 22, 2004.
MoU/Sub/Month	Minutes of Usage. Duration for which a customer uses cellular services. It is typically expressed over a period of one month. An average minutes of usage per subscriber per month is calculated by: dividing the total minutes of usage (both incoming & outgoing) during the relevant period by the average number of customers during the period; and dividing the result by the number of months in the period.
Mobile customers per employee	Number of mobile customers on our networks as at end of the quarter divided by number of employees in the mobile segment; as at end of the period.
Net Debt	{It is not an IFRS measure} and is defined as the long-term debt, net of current portion plus current portion of long-term debt plus short-term borrowings minus cash and cash equivalents.

Net Debt to EBITDA	Net Debt to EBITDA is defined as net debt divided by annualized EBITDA.
Net Debt to Market capitalisation	Net Debt to Market capitalisation is defined as net debt divided by the market capitalisation.
Net Debt to funded equity	Net Debt to funded equity is defined as net debt divided by funded equity.
Net Profit/ (loss) margin	Net Profit / (loss) for the period divided by total revenues for the period.
Net Revenues	{It is not an IFRS measure} and is defined as total revenues minus access and interconnection costs.
Operating expenses to net revenues	Operating expenses for the period divided by net revenues for the period.
Post-paid services	Provision of mobile services to customers, in which the customers pay for usage of mobile services at the end of the billing period for services, including airtime, value added services, access and interconnection charges and other charges.
Pre-paid services	Provision of mobile services to customers, in which the customers pay a fixed amount, which is valid for a certain period, for usage of mobile services, including airtime, value added services, access and interconnection charges and other charges.
Roaming	Occurs when mobile customers use the mobile service outside their home network. Roaming facility is made available by an arrangement between two mobile services providers to allow their respective customers to roam on each other's networks.

Others (Industry)	
ADC	Access Deficit Charges
BSNL	Bharat Sanchar Nigam Limited. On October 1, 2000 the Department of Telecom Operations, Government of India became a corporation and was christened as Bharat Sanchar Nigam Limited (BSNL), and is one of the largest Public Sector Undertaking of India.
CDMA	CDMA stands for Code Division Multiple Access. It is another access technology that uses codes and not time slot or frequency slot to distinguish between signals. It uses spread spectrum technique i.e., the signal is spread over a band of frequency rather than a slot. The entire band is available to all the users and they are distinguished based on the code.
COAI	The Cellular Operators Association of India (COAI) was constituted in 1995 as a registered, non - profit, non - governmental society dedicated to the advancement of communication in India, in particular of modern communication through Cellular Mobile Telephone Services. The main objective of the COAI is to protect, promote and upgrade cellular operations in India and also to look after the common and collective interests of its members.
DoT	Department of Telecommunications. It is within the purview of Ministry of Communications, Government of India.
Erlang	The term Erlang is used to measure the telecom traffic. A unit Erlang implies that a circuit is occupied for 60 minutes in a busy hour.
Forbearance	"Forbearance" means that the Authority has not, for the time being, notified any charge for a particular telecommunication service and the service provider is free to fix any charge for such service. The Authority, however, has a right to intervene at any stage after the introduction of the charge.
GSM	Stands for Global System for Cellular Communications. This is a second generation digital technology originally developed for Europe. Initially developed in the 900 MHz band and subsequently modified for the 850, 1800 and 1900MHz bands. Originally stood for Groupe Speciale. It is an open and non-proprietary system with one of its great strengths being the international roaming capability.

Interconnection	"Interconnection" means the commercial and technical arrangements under which service providers connect their equipments, networks and services to enable their customers to have access to the customers, services and networks of other service providers.
IFRS	International Financial Reporting Standards
IGAAP	Generally Accepted Accounting Principles in India.
IPLC	The International Private Leased Circuit (IPLC) is a dedicated point-to-point connection providing a non-switched, fixed and assured bandwidth between two points, one being in India and the second in a foreign country.
IUC	IUC stands for Interconnect Usage Charge means the charge payable by one service provider to one or more service providers for the usage of the network elements for origination, transit and termination of calls.
Limited mobility	Provision of last mile access to customers by Fixed Line service providers, within a SDCA, using WLL application.
Local Loop	Communications lines/ services between the customer and the switching center for the telecommunications services provider.
MSC	Cellular Switching Center. In an automatic cellular communications system, the interface between the radio system and the public switched telephone network (PSTN). The MSC performs all signaling functions that are necessary to establish calls to and from cellular stations.
MTNL	Mahanagar Telephone Nigam Limited set up on 1st April, 1986 by the Government of India provides telecommunications services in Delhi and Mumbai. The Government of India currently holds 56.25% stake in the company.
NSE	Stands for the National Stock Exchange of India Limited.
QoS	Quality of Service. Quality of service is the main indicator of the performance of a telephone network and of the degree to which the network conforms to the stipulated norms. The subscriber's perception of the Quality of Service (QOS) is determined by a number of performance factors.
SMS	Short Messaging Services, by which text messages of up to 160 characters can be exchanged between two or more mobile customers.
SDCA	"SDCA" stands for the Short Distance Charging Area. The Indian telecom network is divided into number of LDCAs {Long Distance Charging Areas}, which consists of one or more SDCAs; which are known as local areas. Each SDCA has one or more number of exchanges and its size varies from 800 sq kms to 2,000 sq. kms.
TDSAT	Telecom Dispute Settlement Appellate Tribunal- A separate disputes settlement body known as "Telecom Dispute Settlement and Appellate Tribunal" to adjudicate any dispute between a licensor and licensee, between two or more service providers, between a service provider and a group of consumers, and to hear and dispose of appeals against any decision or order of TRAI, has been formally constituted.
TRAI	Telecom Regulatory Authority of India. Established in January 1997, as an autonomous body with quasi judicial powers to regulate telecommunication services in India.
TTO	In exercise of the powers conferred upon TRAI under sub-section {2} of section 11 of the TRAI Act, 1997 had notified, by an order known as the "The Telecommunication Tariff Order, 1999", in the Official Gazette, tariffs at which the telecommunication services within India and outside India shall be provided.
US GAAP	United States Generally Accepted Accounting Principles.

VSAT	Very Small Aperture Terminal. A satellite communications technology that employs frequencies in the Ku band or C band and very small receiving dishes. VSAT systems employ satellite transponders; the receiving dishes may be leased or owned by the VSAT user.
VSNL	Videsh Sanchar Nigam Limited
WPC	Wireless Planning & Coordination Wing. WPC Wing of the Ministry of Communications is the Radio Regulatory agency responsible for radio frequency spectrum management including licensing and caters for the needs of all wireless users in the country, government or private, security or non-security. It is also the national nodal agency for all matters related to International Telecommunication Union (ITU) and the Asia Pacific Telecommunity (APT) and is responsible for treaty obligations on behalf of the Government of India. It also exercises the statutory functions of the Central Government and issues licenses to establish, maintain and operate wireless stations as well as possess, develop and deal in wireless equipment in the country.