Quarterly report on the results for the period of the First Quarter ended June 30, 2005

Bharti Tele-Ventures Limited
(Incorporated as a public limited company on July 7, 1995 under the Companies Act, 1956)
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 World's Best Performers	 Asia's Best GSM Carrier
 Mobile Operator of the Year	 Top Value Builders

Recognised by our peers. Showcased by the world.

July 26, 2005

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

Sunil B Mittal Chief Executive Officer Chairman & Group Managing Director	Akhil Gupta 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 “US dollars” and “US$” 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, 2005 of Rs.43.515 = US $1.00 provided to us by a Reserve Bank of India (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 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.bhartiteleventures.com and www.airtelworld.com is not part of this Quarterly Report.

Use of the Certain Non-GAAP measures: - This result announcement contains certain information on the Company’s results of operations and cash flows that have been derived from amounts calculated in accordance with International Financial Reporting Standards (IFRS) and United States Generally Accepted Accounting Principles (US GAAP), but are not in themselves IFRS or US GAAP measures. They should not be viewed in isolation as alternatives to the equivalent IFRS or US GAAP measures and should be read in conjunction with the equivalent IFRS and US GAAP measures. **Further, disclosures are also provided under “Use of Non GAAP financial information” on page 27.**

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

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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PART I
SNAPSHOT AND OVERVIEW

BHARTI TELE-VENTURES – A SNAPSHOT

Particulars	UNITS	Full Year Ended March 31,			Quarter Ended
		2003	2004	2005	June 30, 2005
Total Customer Base	**Nos (000's)**	**3,443**	**7,141**	**11,842**	**13,191**
Mobile					
Number of circles operational	Nos	15	15	23	23
Number of customers	Nos (000's)	3,071	6,504	10,984	12,256
Total market share of all India wireless subscribers	%	24.2%	19.5%	21.2%	21.5%
Fixed line					
Number of circles operational	Nos	6	6	6	14
Number of customers	Nos (000's)	372	637	857	935
Consolidated financials as per US GAAP					
Revenue	INR Mn.	24,170	48,320	80,028	25,173
EBITDA	INR Mn.	5,056	15,968	30,128	9,407
Cash profit from operations	INR Mn.	3,041	13,588	28,132	9,258
Earnings before tax	INR Mn.	(1,873)	5,976	16,604	5,980
Profit after tax	INR Mn.	(2,018)	5,076	14,978	5,099
Total funded equity	INR Mn.	40,678	45,916	61,065	69,975
Consolidated financials as per US GAAP					
Revenue	US$ Mn.	509	1,113	1,835	579
EBITDA	US$ Mn.	106	368	691	216
Cash profit from operations	US$ Mn.	64	313	645	213
Earnings before tax	US$ Mn.	(39)	138	381	137
Profit after tax	US$ Mn.	(42)	117	343	117
Total funded equity	US$ Mn.	856	1,058	1,400	1,608
Key Ratios					
EBITDA Margin	%	20.9%	33.0%	37.6%	37.4%
Net Profit Margin	%	-8.3%	10.5%	18.7%	20.3%

1. *All annual financial highlights for the year ended March 31, 2003, 2004 and 2005 are consolidated audited results as per United States Generally Accepted Accounting Principles (US GAAP).*
2. *Financial highlights for the quarter ended June 30, 2005 are un-audited and are based on the consolidated results as per United States Generally Accepted Accounting Principles (US GAAP).*
3. *Exchange rate for Rupee conversion to US$ is (a) Rs. 47.53 for financial year ended March 31, 2003 (b) Rs. 43.40 for the financial year ended 2004 (c) Rs. 43.62 for the financial year ended March 31, 2005 (d) Rs. 43.51 for the quarter ended June 30, 2005.*

AN OVERVIEW

Introduction

We are one of India's leading private sector providers of telecommunications services with an aggregate of 13,190,787 customers as of June 30, 2005, consisting of 12,256,284 GSM mobile and 934,503 broadband & telephone customers. We are the first telecom company in the country to have an all India footprint with mobile operations in all the 23 telecom circles of India. **We are the largest mobile service provider in the country, based on number of customers.** Mobile services contribute the largest portion, both in terms of total revenues and total customers, to our overall business. We also provide broadband & telephone services, long distance services and enterprise services.

As per un-audited US GAAP financial statements, for the quarter ended June 30, 2005, our Total Revenues and EBITDA were Rs. 25,173 million (US$ 579 million) and Rs. 9,407 million (US$ 216 million). The net profit for the quarter ended June 30, 2005 was Rs. 5,099 million (US$ 117 million). During the quarter ended June 30, 2005, mobile services contributed to 69% of our total revenue.

We continue to capitalize on the growth opportunities prevalent in the Indian telecommunications sector to achieve our vision "to be globally admired for telecom services that delight customers".

Business Divisions

- **Mobile Services** - We offer GSM mobile services in all the 23 telecom circles of India, thus being the only telecom operator having an all India presence. Our 12,256,284 GSM mobile customers in the circles accounted for a market share of 27.3% of All India GSM market and 21.5% of overall wireless (GSM + Digital Mobile) respectively, as on June 30, 2005.

- **Broadband & Telephone Services** - We currently provide broadband (DSL) & telephone services (fixed line) in 14 telecom circles covering 66 towns. We had 934,503 customers as on June 30, 2005 of which 15% (~141,000) were subscribing to broadband (DSL) services.

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- **Long Distance Services –** We compliment our mobile and broadband & telephone services with national and international long distance services. We have approximately 29,500 route kilometers of fibre on our national long distance network. We also have a submarine cable landing station at Chennai to connect to the submarine cable (owned by an associate company) between Chennai and Singapore. We have entered into an agreement to join the South East Asia-Middle East-Western Europe – 4 (SEA-ME-WE-4) consortium along with 15 other global telecom operators to jointly develop and own the next generation cable system.

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

Vendors

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

Partner

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

PART II
RESULTS FOR THE QUARTER ENDED JUNE 30, 2005

- **Financial Highlights**
- **Operational Highlights**
- **Management Discussion & Analysis**
- **Stock Market Highlights**
- **Use of Non - GAAP Financial Information**
- **Annexures - Detailed Financial and Related Information**

SECTION 1

FINANCIAL HIGHLIGHTS

Sub Section 1A **Un-audited financial results for the quarter ended June 30, 2005 as per United States Generally Accepted Accounting Principles (US GAAP)**

Sub Section 1B **Comparative analysis of un-audited financial results for the quarter ended June 30, 2005 as compared to June 30, 2004 as per International Financial Reporting Standards (IFRS)**

Detailed financial statement, analysis and other related information is attached to this report as Annexure (page 37). Also, kindly refer to Section 6 (use of Non- GAAP financial information on page 27) and Glossary (page 54) for detailed definitions.

Sub Section 1 A- FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2005 (as per US GAAP)

1A.1 BTVL Consolidated - Summary of Consolidated Financial Statements

1A.1.1 Consolidated Summarised Statement of Operations (net of inter segment eliminations) (as per US GAAP)

Amount in Rs. Million except ratios

Particulars	Quarter Ended June 2005
Total revenues	25,173
EBITDA	9,407
Cash profit from operations	9,258
Income / (Loss) before Income taxes	5,980
Current tax expense	511
Income / (Loss) after current tax expense	5,469
Deferred tax expense / (income)	304
Net income / (loss)	5,099
EBITDA / Total revenues	37.4%

1A.1.2 Consolidated Summarised Balance Sheet (as per US GAAP)

Amount in Rs. Million

Particulars	As at June 30, 2005
ASSETS	
Total current assets	31,121
Total non current assets	141,574
Total assets	**172,696**
LIABILITIES AND STOCKHOLDERS' EQUITY	
Total current liabilities	56,412
Total non current liabilities	45,546
Total liabilities	**101,957**
Total stockholders' equity	**69,975**
Total liabilities and stockholders' equity	**172,696**

1A.1.3 Summary of differences for the summarised Statement of Operations/ Income for the quarter ended June 30, 2005, between USGAAP and IFRS

Amount in Rs. Million except ratios

Particulars	Quarter Ended June 2005		
	US GAAP	Differences	IFRS
Total revenues	25,173	77	25,249
EBITDA	9,407	9	9,416
Cash profit from operations	9,258	(41)	9,217
Earnings/(loss) before taxation	5,980	(2)	5,979
Current tax expense	511	1	512
Earnings/(loss) after current tax expense	5,469	(3)	5,466
Deferred tax expense / (income)	304	52	356
Net profit / (loss)	5,099	(58)	5,042
EBITDA / Total revenues	37.4%		37.3%

Note: The IFRS financials have been used for comparative purpose in section 2B

1A.2 Segment - wise Summarised Statement of Operations as per US GAAP

1A.2.1 Mobile Services

1A.2.1.1 Mobile Consolidated - comprises of consolidated statement of operations of mobile operations.

Amount in Rs. Million except ratios

Particulars	Quarter Ended June 2005
Total revenues	17,464
EBITDA	6,085
Income/(Loss) before interest income, interest expense & taxes	3,890
EBITDA / Total Revenues	34.8%

1A.2.1.2 Existing Mobile Operations - *(Refer glossary for definition)*

Amount in Rs. Million except ratios

Particulars	Quarter Ended June 2005
Total revenues	16,355
EBITDA	5,981
Income/(Loss) before interest income, interest expense & taxes	3,980
EBITDA / Total Revenues	36.6%

1A.2.1.3 New Mobile Operations – *(Refer glossary for definition)*

Amount in Rs. Million except ratios

Particulars	Quarter Ended June 2005
Total revenues	1,109
EBITDA	104
Income/(Loss) before interest income, interest expense & taxes	(90)
EBITDA / Total Revenues	9.4%

1A.2.2 Infotel Services – comprises of the Broadband & Telephone Services, Long Distance Services and Enterprise Services

Amount in Rs. Million except ratios

Particulars	Quarter Ended
	June 2005
Total revenues	10,223
EBITDA	3,515
Income/(Loss) before interest income, interest expense & taxes	2,535
EBITDA / Total Revenues	34.4%

1A.2.3 Broadband & Telephone Services

1A.2.3.1 Broadband and Telephone Services Consolidated - comprises of consolidated statement of operations of broadband & telephone operations

Amount in Rs. Million except ratios

Particulars	Quarter Ended
	June 2005
Total revenues	3,404
EBITDA	984
Income/(Loss) before interest income, interest expense & taxes	477
EBITDA / Total Revenues	28.9%

1A.2.3.2 Existing Broadband and Telephone Operations – *(Refer glossary for definition)*

Amount in Rs. Million except ratios

Particulars	Quarter Ended
	June 2005
Total revenues	3,340
EBITDA	1,070
Income/(Loss) before interest income, interest expense & taxes	586
EBITDA / Total Revenues	32.0%

1A.2.3.3 New Broadband and Telephone Operations - *(Refer glossary for definition)*

Amount in Rs. Million except ratios

Particulars	Quarter Ended
	June 2005
Total revenues	63
EBITDA	(86)
Income/(Loss) before interest income, interest expense & taxes	(110)
EBITDA / Total Revenues	-

1A.2.4 Long Distance Services – comprises of the domestic, international long distance operations and landing station at Chennai

Amount in Rs. Million except ratios

Particulars	Quarter Ended
	June 2005
Total revenues	5,209
EBITDA	1,869
Income/(Loss) before interest income, interest expense & taxes	1,468
EBITDA / Total Revenues	35.9%

1A.2.5 Enterprise Services

Amount in Rs. Million except ratios

Particulars	Quarter Ended
	June 2005
Total revenues	1,610
EBITDA	663
Income/(Loss) before interest income, interest expense & taxes	590
EBITDA / Total Revenues	41.1%

1A.2.6 Others – comprises of the expenses of the BTVL corporate office

Amount in Rs. Million

Particulars	Quarter Ended
	June 2005
Total revenues	0
EBITDA	(193)
Depreciation & Others	102
Income/(Loss) before interest income, interest expense & taxes	(295)

1A.3 Segment-wise Investments and Contribution (as per US GAAP)

1A.3.1 Investments in projects (as per US GAAP)

Amount in Rs. Million except ratios

Segment	As at June 30, 2005	
	Rs. Million	% of Total
Mobile Services	124,643	71%
Broadband & Telephone Services	24,967	14%
Long Distance Services	21,949	13%
Enterprise Services	3,175	2%
Others	391	0%
Total	**175,125**	**100%**
Accumulated Depreciation & Amortisation	36,740	
Net Fixed Assets & Other Project Investment	**138,385**	

Note: The investment in projects comprises gross fixed assets, intangibles assets, capital work in progress, gross goodwill and one time entry fee paid.

1A.3.2 Segment-wise Contribution to Revenue, EBITDA and Capex incurred during the period (as per US GAAP)

Segment	Quarter Ended June 2005					
	Revenue		EBITDA		Capex	
	Rs. Million	% of total	Rs. Million	% of total	Rs. Million	% of total
Mobile Services						
Existing Circles	16,355	65%	5,981	64%	5,343	55%
New Circles	1,109	4%	104	1%	1,665	17%
Total Mobile Services	**17,464**	**69%**	**6,085**	**65%**	**7,008**	**72%**
Broadband & Telephone Services						
Existing Circles	3,340	13%	1,070	11%	992	10%
New Circles	63	0%	(86)	-1%	898	9%
Broadband & Telephone Services	3,404	14%	984	10%	1,890	19%
Long Distance	5,209	21%	1,869	20%	593	6%
Enterprise Business	1,610	6%	663	7%	199	2%
Others	0	0%	(193)	-2%	12	0%
Sub Total	**27,687**	**110%**	**9,407**	**100%**	**9,702**	**100%**
Eliminations	(2,514)	-10%	0	0%	0	0%
Total	**25,173**	**100%**	**9,407**	**100%**	**9,702**	**100%**

Sub Section 1 B- COMPARATIVE ANALYSIS OF UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2005 AS COMPARED TO JUNE 30, 2004 (as per IFRS)

1B.1 BTVL Consolidated - Summary of Consolidated Financial Statements as per International Financial Reporting Standards (IFRS).

1B.1.1 Consolidated Summarised Statement of Income (net of inter segment eliminations) (as per IFRS)

Amount in Rs. Million except ratios

Particulars	Quarter Ended		
	June 2005	June 2004	Y-on-Y Growth
Total revenues	25,249	17,047	48%
EBITDA	9,416	6,202	52%
Cash profit from operations	9,217	5,407	70%
Earnings/(loss) before taxation	5,979	3,078	94%
Current tax expense	512	(390)	-
Earnings/(loss) after current tax expense	5,466	3,468	58%
Deferred tax expense / (income)	356	505	-
Net profit / (loss)	5,042	2,961	70%
EBITDA / Total revenues	37.3%	36.4%	

1B.1.2 Consolidated Summarised Balance Sheet (as per IFRS)

Amount in Rs. Million

Particulars	As at June 30, 2005
ASSETS	
Total current assets	30,483
Total non - current assets	141,580
Total assets	**172,063**
LIABILITIES AND STOCKHOLDERS' EQUITY	
Total current liabilities	57,836
Total non - current liabilities	38,224
Total liabilities	**96,060**
Minority Interests	913
Total stockholders' equity	75,089
Total liabilities and stockholders' equity	**172,063**

1B.2 Segment - wise Summarised Statement of Income as per IFRS

1B.2.1 Mobile Services

1B.2.1.1 Mobile Consolidated- comprises of consolidated statement of income of mobile operations.

Amount in Rs. Million except ratios

Particulars	Quarter Ended		
	June 2005	June 2004	Y-on-Y Growth
Total revenues	17,508	10,988	59%
EBITDA	6,073	3,852	58%
Earnings before interest & tax	3,932	2,379	65%
EBITDA / Total Revenues	34.7%	35.1%	

1B.2.1.2 Existing Mobile Operations- *(Refer glossary for definition)*

Amount in Rs. Million except ratios

Particulars	Quarter Ended		
	June 2005	June 2004	Y-on-Y Growth
Total revenues	16,399	10,988	49%
EBITDA	5,973	3,852	55%
Earnings before interest & tax	4,027	2,448	64%
EBITDA / Total Revenues	36.4%	35.1%	

1B.2.1.3 New Mobile Operations – *(Refer glossary for definition)*

Amount in Rs. Million except ratios

Particulars	Quarter Ended		
	June 2005	June 2004	Y-on-Y Growth
Total revenues	1,110	-	-
EBITDA	101	-	-
Earnings before interest & tax	(94)	(69)	-
EBITDA / Total Revenues	9.1%		

1B.2.2 Infotel Services – comprises of the Broadband & Telephone Services, Long Distance Services and Enterprise Services.

Amount in Rs. Million except ratios

Particulars	Quarter Ended		
	June 2005	June 2004	Y-on-Y Growth
Total revenues	10,255	7,863	30%
EBITDA	3,535	2,364	50%
Earnings before interest & tax	2,555	1,610	59%
EBITDA / Total Revenues	34.5%	30.1%	

1B.2.3 Broadband & Telephone Services

2B.2.3.1 Broadband & Telephone Services Consolidated – comprises of consolidated statement of Income of broadband & telephone operations

Amount in Rs. Million except ratios

.	Quarter Ended		
	June 2005	June 2004	Y-on-Y Growth
Total revenues	3,409	2,406	42%
EBITDA	989	642	54%
Earnings before interest & tax	483	231	110%
EBITDA / Total Revenues	29.0%	26.7%	

1B.2.3.2 Existing Broadband & Telephone Operations – *(Refer glossary for definition)*

Amount in Rs. Million except ratios

Particulars	Quarter Ended		
	June 2005	June 2004	Y-on-Y Growth
Total revenues	3,346	2,406	39%
EBITDA	1,075	642	68%
Earnings before interest & tax	593	231	157%
EBITDA / Total Revenues	32.1%	26.7%	

1B.2.3.3 New Broadband & Telephone Operations – *(Refer glossary for definition)*

Amount in Rs. Million except ratios

Particulars	Quarter Ended		
	June 2005	June 2004	Y-on-Y Growth
Total revenues	63	-	-
EBITDA	(86)	-	-
Earnings before interest & tax	(110)	-	-
EBITDA / Total Revenues	-	-	

1B.2.4 Long Distance Services - comprises of the domestic, international long distance operations and landing station operations at Chennai.

Amount in Rs. Million except ratios

Particulars	Quarter Ended		
	June 2005	June 2004	Y-on-Y Growth
Total revenues	5,207	4,294	21%
EBITDA	1,856	1,184	57%
Earnings before interest & tax	1,455	878	66%
EBITDA / Total Revenues	35.7%	27.6%	

1B.2.5 Enterprise Services

Amount in Rs. Million except ratios

Particulars	Quarter Ended		
	June 2005	June 2004	Y-on-Y Growth
Total revenues	1,639	1,163	41%
EBITDA	689	539	28%
Earnings before interest & tax	616	501	23%
EBITDA / Total Revenues	42.0%	46.4%	

1B.2.6 Others – comprises of the expenses of the BTVL corporate office.

Amount in Rs. Million

Particulars	Quarter Ended		
	June 2005	June 2004	Y-on-Y Growth
Total revenues	-	-	-
EBITDA	(193)	(109)	-
Depreciation & Others	116	7	-
Earnings before interest & tax	(309)	(116)	-

1B.3 <u>Segment-wise Investments and Contribution</u> (as per IFRS)

1B.3.1 Investments in projects (as per IFRS)

Amount in Rs. Million except ratios

Segment	As at June 30, 2005	
	Rs. Million	% of Total
Mobile Services	131,735	73%
Broadband & Telephone Services	23,292	13%
Long Distance Services	22,031	12%
Enterprise Services	4,027	2%
Others	391	0%
Total	**181,476**	**100%**
Accumulated Depreciation & Amortisation	41,208	
Net Fixed Assets & Other Project Investment	**140,268**	

Note: The investment in projects comprises gross fixed assets, intangibles assets, capital work in progress, gross goodwill and one time entry fee paid.

1B.3.2 Segment-wise Contribution to Revenue, EBITDA and Capex incurred during the period (as per IFRS)

Segment	Quarter Ended June 2005					
	Revenue		EBITDA		Capex	
	Rs. Million	% of total	Rs. Million	% of total	Rs. Million	% of total
Mobile Services						
Existing Circles	16,399	65%	5,973	63%	5,276	55%
New Circles	1,110	4%	101	1%	1,669	17%
Total Mobile Services	**17,508**	**69%**	**6,073**	**64%**	**6,945**	**72%**
Broadband & Telephone Services						
Existing Circles	3,346	13%	1,075	11%	995	10%
New Circles	63	0%	(86)	-1%	898	9%
Broadband & Telephone Services	3,409	14%	989	11%	1,893	20%
Long Distance	5,207	21%	1,856	20%	593	6%
Enterprise Business	1,639	6%	689	7%	193	2%
Others	0	0%	(193)	-2%	13	0%
Sub Total	**27,764**	**110%**	**9,414**	**100%**	**9,636**	**100%**
Eliminations	(2,514)	-10%	2	0%	0	0%
Total	**25,249**	**100%**	**9,416**	**100%**	**9,636**	**100%**

Note: The eliminations for capex is on account of transfer of assets from one segment to another.

SECTION 2

OPERATING HIGHLIGHTS

THE FINANCIAL FIGURES USED FOR COMPUTING ARPU, NON VOICE REVENUE, SMS REVENUE, GROSS REVENUE PER EMPLOYEE PER MONTH ARE BASED ON INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) FOR PURPOSE OF PROVING TRENDS FOR PERIODS GIVEN HEREUNDER.

2.1 BTVL Consolidated

Parameters	Unit	June 30, 2005	March 31, 2005	Q-on-Q Growth	June 30, 2004	Y-on-Y Growth
Customers on our Network						
Mobile Services	No.	12,256,284	10,984,280	12%	7,672,123	60%
Broadband & Telephone Services	No.	934,503	857,262	9%	703,823	33%
Total	No.	13,190,787	11,841,542	11%	8,375,946	57%
Non Voice Revenue as a % of Total Revenue	%	16.2%	16.3%		12.5%	

2.2 Mobile Services

Parameters	Unit	June 30, 2005	March 31, 2005	Q-on-Q Growth	June 30, 2004	Y-on-Y Growth
Subscriber Base						
All India Wireless Subscribers	No.	56,906,073	51,722,801	10%	37,271,904	53%
All India GSM Mobile Subscribers	No.	44,920,004	41,025,940	9%	29,203,746	54%
Mobile Customers on Bharti's Networks	No.	12,256,284	10,984,280	12%	7,672,123	60%
Net Additions						
All India Wireless Subscribers	No.	5,183,272	4,166,291	24%	3,960,338	31%
All India GSM Mobile Subscribers	No.	3,894,064	3,647,133	7%	3,049,341	28%
Mobile Customers on Bharti's Networks	No.	1,272,004	1,158,124	10%	902,644	41%
Bharti's Market Share						
as a % of All India GSM Mobile Subscribers	%	27.3%	26.8%		26.3%	
as a % of All India Wireless Subscribers	%	21.5%	21.2%		20.6%	
Bharti's Share of Net Additions						
as a % of All India GSM Mobile Subscribers	%	32.7%	31.8%		29.6%	
as a % of All India Wireless Subscribers	%	24.5%	27.8%		22.8%	
Pre-Paid Customers						
Total Customer Base	%	76%	76%		78%	
Total Net Additions	%	76%	76%		65%	
Other Operating Information						
Average Revenue Per User (ARPU)	Rs	493	504	-2%	515	-4%
Average Revenue Per User (ARPU)	US$	11.3	11.6	-2%	11.8	-4%
Average Minutes of Use Per User	Minutes	367	357	3%	309	19%
Monthly Churn						
Post-paid Voluntary Churn	%	1.1%	1.1%		1.4%	
Post-paid Company Initiated Churn	%	2.8%	3.2%		3.7%	
Prepaid	%	6.7%	6.7%		8.2%	
Non Voice Revenue						
SMS Revenue as a % of mobile revenue	%	6.8%	6.3%		4.6%	
Non Voice Revenue as a % of mobile revenue	%	10.2%	9.4%		5.9%	

Notes: -

1. *Wireless Subscribers include GSM mobile subscribers and digital mobile subscribers as published by COAI and AUSPI respectively. These numbers do not include digital mobile subscribers of BSNL.*
2. *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*

2.3 Broadband & Telephone Services

Parameters	Unit	June 30, 2005	March 31, 2005	Q-on-Q Growth	June 30, 2004	Y-on-Y Growth
Broadband & Telephony Customers	No.	934,503	857,262	9%	703,823	33%
Net additions	No.	77,241	53,603	44%	67,198	15%
Average Revenue Per User (ARPU)	Rs	1,262	1,231	3%	1,184	7%
Average Revenue Per User (ARPU)	US$	29.0	28.3	3%	27.2	7%

2.4 Human Resource Analysis

Parameters	Unit	June 30, 2005	March 31, 2005	Q-on-Q Growth	June 30, 2004	Y-on-Y Growth
Mobile Services						
Number of Customers per Employee	No.	2,412	2,277	6%	2,001	21%
Existing Circles	No.	2,663	2,536	5%	2,001	33%
New Circles	No.	1,219	976	25%	0	
Gross Revenue per employee per month	Rs	1,148,619	1,115,821	3%	1,015,474	13%
Existing Circles	Rs	1,302,096	1,276,093	2%	1,015,474	28%
New Circles	Rs	418,951	308,043	36%	0	
Broadband & Telephone Services						
Number of Customers per Employee	No.	413	465	-11%	555	-25%
Existing Circles		548	-		-	
New Circles		35	-		-	
Gross Revenue per employee per month	Rs	502,802	562,254	-11%	631,973	-20%
Existing Circles		668,806	-		-	
New Circles		35,612	-		-	
Long Distance Services						
Gross Revenue per employee per month	Rs	3,280,907	3,296,328	0%	2,845,624	15%
Enterprise Services						
Gross Revenue per employee per month	Rs	827,929	1,126,567	-27%	1,440,625	-43%

SECTION 3

MANAGEMENT DISCUSSION & ANALYSIS

3.1 KEY INDUSTRY & COMPANY DEVELOPMENTS

3.1.1 INDUSTRY

Telecom Regulatory Authority of India's (TRAI's) consultation paper on Interconnection Usage Charge (IUC) Review

On March 17, 2005, TRAI initiated a consultative exercise for reviewing the existing IUC regime. The consultation paper sought comments of stakeholders on key issues such as the methodology used to calculate Access Deficit Charge (ADC), justification for ADC on fixed wireless services, admissibility of ADC to private fixed-line operators, review of carriage charges, feasibility of introducing a revenue-share ADC, feasibility of allowing access providers to negotiate International Long Distance (ILD) termination rates with ILD operators and sharing of roaming revenues of private-sector Cellular Mobile Service Providers (CMSPs) with BSNL.

The deadline for submission of comments was April 30, 2005. After collecting responses, TRAI conducted open house discussions with stakeholders at Bangalore and Delhi. TRAI also invited individual operators to express their views through presentations before the authority. TRAI is yet to announce the revised IUC regime.

TRAI's IUC (Fifth Amendment) Regulation, 2005

On April 11, 2005, TRAI issued the IUC (Fifth Amendment) Regulation, 2005 which introduced ADC @ Rs.0.30 per minute on calls originated by national roaming subscribers and ADC @ Rs.3.25 per minute on calls originated by international roaming subscribers, such ADC being payable to BSNL. The regulation became effective from April 11, 2005. Cellular Operators Association of India (COAI) & others filed an appeal in Telecom Disputes Settlement Appellate Tribunal (TDSAT) challenging the said regulation. At the first hearing, no interim relief was granted. The next hearing could not take place due to the retirement of Chairman, TDSAT. In the meantime, BSNL issued a circular dated May 9, 2005 seeking to implement the said regulation and recover ADC on roamers' calls. In view of the non-functioning of TDSAT, COAI filed a writ petition in Delhi High Court challenging the BSNL circular. The matter is presently under consideration.

TRAI's Recommendations on Spectrum

On May 13, 2005, TRAI gave its recommendations to the Department of Telecommunications (DoT) on spectrum related matters. The highlights are as under:

- The existing ceiling on spectrum charges should be reduced from 6% to 4% of AGR (Adjusted Gross Revenue).
- The existing spectrum allocation criteria should be made technology-neutral.
- Government should not keep spectrum in reserve. Wherever competition is adequate, government should allot spectrum to operators based on revised criteria till a certain minimum spectrum is made available to each operator.
- The unallocated carriers in 800 MHz should be given to existing CDMA operators.
- When Defence vacates spectrum in 900 MHz band, a part of it should be allocated to GSM operators who have been allocated spectrum only in 1800 MHz band.
- For 3G services, TRAI has recommended use of the IMT-2000 2GHz band. This is to be allocated in minimum blocks of 2 X 5 MHz. Operators who have both GSM and CDMA operations, should be allocated only single block of 2 x 5 MHz.
- 3G-spectrum allocation to existing operators should be viewed as an extension of 2G spectrum allocation and so there should be no one-time spectrum charges.
- An annual 'per-MHz' charge may be imposed for the 3G spectrum allocated to an operator, till the operator achieves the roll-out specified in Cellular/Unified Access Licenses for the first year of operation. In case an operator does not fulfill this rollout within 2 years of allocation of 3G spectrum, the said allocation should be cancelled.
- The entire spectrum management process including frequency authorization process should be fully automated.

Presently, DoT is in the process of finalizing the spectrum policy.

TDSAT Order on Direct Connectivity Petition

COAI had filed a petition in TDSAT requesting the tribunal to issue a direction to BSNL to provide direct connectivity to CMSPs with BSNL's cellular network (Cellone). On May 03, 2005, TDSAT gave its judgement holding that in the interest of level playing field, direct connectivity between CMSPs and BSNL Cellone may be encouraged in the future by mutual agreement on the basis of costs being shared between the CMSP and BSNL. It also held that on considerations of level playing field, BSNL is not justified any longer in charging transit charges to the extent of 19 paise per minute for accessing BSNL Cellone subscribers. TDSAT therefore directed BSNL to stop charging 19 paise per minute from cellular operators by way of transit charges for accessing BSNL cellular networks, wherever the MSCs (Mobile Switching Centres) of both BSNL Cellone and private CMSPs are connected to the same BSNL Switch, with effect from the date of the Judgment.

TDSAT Judgement on Virtual Private Network (VPN) services

On December 16, 2004, DoT had announced guidelines for amending licenses of Internet Service Providers (ISPs) to allow them to provide VPN Services on certain terms and conditions. ISPs were asked to discontinue providing VPN services unless their licenses were amended in line with these guidelines. The Internet Service Providers Association of India (ISPAI) and others filed a petition in TDSAT challenging the DoT guidelines. On May 03, 2005, TDSAT upheld DoT's view that end-to-end managed VPN service is not included in the existing ISP license and proper procedure as specified in the TRAI Act 1997 should be followed for finalizing terms and conditions on which VPN services may be allowed to ISPs. In the interim, TRAI allowed the guidelines to remain in operation as ad-hoc and ISPs who wish to provide VPN Services may do so only in terms of the guidelines upon payment of the entry fee and annual licence fee prescribed therein.

Inter Service Area connectivity

On May 20, 2005, the DoT directed all telecom service providers to treat calls between Chennai & Tamil Nadu; Mumbai & Maharashtra; Kolkata & West Bengal and UP (East) & UP (West) service areas as intra-circle for the purposes of routing and ADC. Prefixing "0" for dialing cell-to-cell and fixed–to-cell calls between these service areas shall no longer be required. Access providers may establish direct connectivity between the aforesaid service areas through lease lines for terminating traffic from one part of the state to the corresponding remaining part of the state. The above direction was to be implemented with immediate effect.

TRAI Recommendations on Publications of Telephone Directory and Provision of Directory Enquiry Services

On May 05, 2005, TRAI gave its recommendations to the DoT on issues relating to publication of telephone directory and directory enquiry services. TRAI recommended that all access licenses should have uniform provisions on these. For fixed line services, BSNL and MTNL should publish an integrated directory covering fixed line customers of all networks, the cost of which shall be shared by private operators. Each cellular operator should publish its own printed directory at circle level, containing customers who have given their explicit consent. All operators should provide directory services through the web. Cellular operators may provide directory services through the handset. Prepaid cellular customers, who have given express consent, should be included in the web directory. The DoT's policy on the subject is awaited.

Telecommunication Tariff (34th Amendment) Order 2005

On March 11, 2005, TRAI issued the 34th amendment to the Telecommunications Tariff Order 1999 (TTO'99) whereby TRAI fixed ceiling tariffs for International Private Leased Circuits (IPLCs). The ceiling tariffs for IPLC (Half Circuit) for E1, DS-3 and STM-1 capacities were fixed at Rs.1.3 million p.a., Rs.10.4 million p.a. and Rs.29.9 million p.a. respectively and were to be implemented effective April 01, 2005.

VSNL filed an appeal in TDSAT challenging this order on the ground that TRAI acted non-transparently by not disclosing the documents on which it has relied. On April 28, 2005 TDSAT ordered that disclosure of documents cannot be refused by TRAI on the plea of confidentiality. TDSAT set aside this order and the matter was remanded to TRAI to have a fresh look.

Ceiling tariff for Domestic Leased Circuits (DLC) provided through Managed Leased Line Network (MLLN) Technology

On April 21, 2005, TRAI issued the 36th amendment to TTO'99 whereby the ceiling tariff for domestic leased circuits (DLC) were revised. On May 02, 2005, TRAI issued the 37th Amendment to TTO'99 wherein it withdrew the ceiling tariff prescribed by it in the 36th Amendment for 64 Kbps DLC provided through MLLN technology since the ceiling tariff prescribed therein for 64 Kbps DLC was based on the classical method of providing 64 Kbps leased circuits, whereas the provision of bandwidth through MLLN technology involves much higher costs. TRAI decided to retain the earlier ceiling tariff for 64 Kbps circuits provided on MLLN technology for one month. On June 02, 2005, TRAI issued the 38th Amendment to TTO'99 prescribing ceiling tariffs for leased circuits provided through MLLN Technology. TRAI will revisit the ceiling tariff after a year based on the prevailing market trends and other relevant factors at that time.

Direction on information to customers about complete details of the tariff plan

On June 29, 2005, TRAI issued a directive to all Cellular Mobile Service Providers and Unified Access Service Providers requiring them to inform their customer in writing, within a week of activation of service, the complete details of his tariff plan. The operator is required to intimate the customer, in writing, as and when there are any changes in any aspect/item of tariff in the chosen package.

TRAI Direction to all Service Providers on Provision of Interconnection

On June 7, 2005 TRAI issued a directive to all telecom service providers to provide interconnection upon request of the interconnection seeker, within 90 days of the applicable payments being made by the seeker. All the service providers have also been directed to furnish compliance report by July 10, 2005 and thereafter on quarterly basis by the 10th of every month following the end of the quarter.

TRAI Directives on Value Added Services (VAS) and Premium Rate Services

On May 03, 2005, TRAI issued a directive mandating all CMSPs not to provide any chargeable VAS to a customer without his explicit consent. TRAI also directed that any VAS, which was earlier being provided free of charge, shall not be made chargeable without the explicit consent of the customer. On the same day, TRAI issued another directive mandating CMSPs and Unified Access Service Providers to publish in all communications/advertisements relating to premium rate services, the pulse rate/tariff for the service.

TRAI Directive on Formats for Publication/ Advertisement of subscriber tariff

On May 24, 2005, TRAI issued a directive, which prescribed formats for publication/advertisement of subscriber tariff. TRAI also directed that the websites of the service providers should contain complete details of the tariff plans as well as the financial implications for various usage slabs. These details should also be included in the tariff brochures available at retail outlets.

Regulation on Quality of Service (QoS) parameters of basic and cellular services, 2005

On February 22, 2005, TRAI had issued a consultation paper on "Review of Quality of Service Parameters of Basic and Cellular Mobile Telephone Services". After the completion of the consultative exercise, TRAI issued the Regulation on Quality of Service Parameters of Basic & Cellular Mobile Telephone Services, 2005 dated July 01, 2005.

Study Paper on Next Generation Telecom Networks

On July 15, 2005, TRAI issued a study paper on next generation telecom networks. The study paper highlights the trend towards unification of networks & services due to technological advancements, leading to the emergence of next generation networks, which are predominantly IP (internet protocol) based. The paper brings out the positive impact of this development on the service providers as well as consumers, particularly in rural areas. It also deliberates upon the pro-active role to be played by regulators and policy makers to facilitate the large-scale penetration of next generation networks for the benefit of customers of telecom services.

Consultation Papers

The following Consultation Papers were issued during the first quarter:

- Consultation paper on billing issues dated May 02, 2005
- Measures to Promote Competition in IPLC in India dated June 06, 2005
- Issues related to Entry Fee & Annual Licence fee for ISP Licence with Virtual Private Network (VPN) dated June 24, 2005
- Mobile Number Portability dated July 22, 2005

3.1.2 KEY COMPANY DEVELOPMENTS

Highlights

- Bharti was adjudged as the **"Asian Mobile News Mobile Operator of the Year"** in India on June 16, 2005.

- Bharti signed a **managed capacity expansion contract with Ericsson** to provide managed services and expand its GSM /GPRS network into rural india in 15 circles on June 14, 2005.

- Launch of **suite of mobile services including Bridge Roaming, Bridge Prepaid, Bridge Enterprise and Bridge Concierge** on June 13, 2005. These services will enable our customers to enjoy a seamless mobile service experience when roaming overseas on the alliance members network. Airtel is the founder member of the Bridge alliance, which was established in November 2004 and includes Globe Telecom (Philippines), Maxis (Malaysia), Singtel Mobile (Singapore), Singtel Optus (Australia), Taiwan Mobile (Taiwan), Telkomsel (Indonesia) and CSL (Hong Kong).

- Launch of **BlackBerry® 7100g™ business phone** in India on June 7, 2005. A wider portfolio of Blackberry products has been made available in India by Airtel in partnership with Research In motion (RIM).

- The company decided **not to proceed with the proposed sponsored ADR** due to lack of sponsorship interest by most of its principal shareholders on May 20, 2005.

- The company **introduced the Rs. 200/-** denomination recharge coupon in the market in May 2005.

- CRISIL has assigned **"AAA/Stable" to the long-term debt programme** of Bharti Tele-Ventures Limited on July 1, 2005 indicating highest safety.

- Fitch ratings, the international rating agency, **upgraded Bharti Tele-Ventures Limited's (BTVL's) long term foreign currency rating to "BB+" from "BB"** on May 09, 2005 with a stable outlook on rating.

- Bharti ranked 2nd amongst the **"Best Managed Companies"** in India in Asia's Best Companies 2005 poll conducted by Finance Asia (April 2005 edition).

- Bharti Tele-Ventures Limited was adjudged as the **"Best GSM carrier"** in Asia and **"Best Indian Carrier"** on May 16, 2005. Mr. Sunil Bharti Mittal, Chairman & Group managing Director of Bharti Enterprises was chosen as the **"Best Asian Telecom CEO"** at the Telecom Asia Awards 2005.

- Bharti **featured amongst the top 100 global technology companies** in the Business Week The Information Technology 100 on June 20, 2005.

- Bharti **featured amongst the top three companies** in the Economic Times 500.

- Bharti **featured amongst the Forbes Global 2000** leading companies in the world.

- Bharti ranked 2nd amongst the **"Best Managed Companies"** in India in Asia's Best Companies 2005 poll conducted by Finance Asia (April 2005 edition).

- Bharti's total number of outstanding shares as of June 30, 2005 is **1,873,455,212,** up from 1,853,366,767 as of March 31, 2005 on account of the conversion option exercised by the Shyam Group for the OCRD's issued to them on the acquisition of Hexacom (Bharti Hexacom Limited).

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. The said merger has since been, sanctioned by the Hon'ble High Court of Delhi on May 21, 2005. The merger is effective from April 1, 2004.

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 Hon'ble Delhi High Court and the matter is now listed for hearing before the Hon'ble Delhi High Court on September 2, 2005.

3.2 Results of Operations

Key Highlights

- **Total Revenues of over Rs. 25 billion (up 48% Y-o-Y)**
- **EBITDA of Rs. 9.4 billion (up 52% Y-o-Y)**
- **Cash profit from operations of Rs. 9.2 billion (up 70% Y-o-Y)**
- **Net Profit of over Rs. 5 billion (up 70% year on year).**
- **New mobile operations turn EBITDA positive.**
- **Highest ever net additions of 1.35 million of customers on its network**
- **Market leader with a market share of all India wireless subscribers at 21.5%.**

4.2.1BTVL Consolidated

As on June 30, 2005, the company had an aggregate of 13,190,787 customers, consisting of 12,256,284 GSM mobile and 934,503 broadband & telephone customers. Its total customer base as on June 30, 2005 increased by approximately 57% compared to the customer base as on June 30, 2004.

4.2.2Highlights as per US GAAP

During the quarter ended June 30, 2005, the company had revenues of Rs 25,173 million and EBITDA of Rs 9,407 million. The EBITDA margin for the quarter ended June 30, 2005 was 37.4%.

The cash profit from operations for the quarter ended June 30, 2005 was Rs. 9,258 million and income before income taxes (EBT) was Rs. 5,980 million.

During the quarter, the company had an income tax expense of Rs. 815 million. The current tax expense for the quarter was Rs. 511 million and the deferred tax expense recognized for the quarter was Rs. 304 million.

The net profit for the quarter ended June 30, 2005, was Rs 5,099 million.

(Kindly refer to table 1A in part II, section 1 for detailed disclosures)

4.2.3Highlights as per IFRS (for comparative purpose)

During the quarter ended June 30, 2005, the company had revenues of Rs 25,249 million and EBITDA of Rs 9,416 million, a growth of 48% and 52% respectively, compared to the quarter ended June 30, 2004. The EBITDA margin for the quarter was 37.3% as compared to 36.4% for the quarter ended June 30, 2004. The increase in EBITDA was mainly due to the operating efficiencies derived from the economies of scale and benefits of integrated operations.

The net finance cost for the quarter ended June 30, 2005 was Rs. 199 million. The interest on borrowings during the quarter was Rs.525 million and the finance income (primarily related to income on marketable securities) was Rs. 145 million. The balance amount was other finance costs, effect of exchange fluctuation and the effect of derivative accounting.

The cash profit from operations for the quarter was Rs. 9,217 million, an increase of 70%, as compared to the quarter ended June 30, 2004.

The earnings before taxation for the quarter was Rs. 5,979 million, an increase of 94%, as compared to the quarter ended June 30, 2004.

The net profit for the quarter ended June 30, 2005, was Rs 5,042 million.

During the quarter ended June 30, 2005, the company incurred capital expenditure of Rs. 9,636 million (US$ 221 million).

The company had a net debt of Rs. 33,025 million (US$ 759 million) as on June 30, 2005, resulting in a net debt to EBITDA (LTM) of 0.99.

Non-voice revenue contributed to approximately 16.2% of the total revenues for the quarter.

Mobile Services

The revenues for the quarter ended June 30, 2005 for mobile services stood at Rs 17,508 million, an increase of 59% over last year. The revenue from this segment contributed to 69% of its total consolidated revenues. The EBITDA during the quarter ended June 30, 2005 was Rs 6,073 million representing growth of 58% over the quarter ended June 30, 2004. The EBITDA margin for the quarter ended June 30, 2005 was 34.7%. The EBIT for the quarter ended June 30, 2005 was Rs 3,932 million as compared to Rs 2,379 million for the quarter ended June 30, 2004 an improvement of 65% .

During the quarter, the company launched Rs. 200 recharge coupon nationally, which has a validity of 30 days. As at the end of the quarter the company had 12,256,284 GSM mobile customers, which accounted for a market share 27.3% of the All India GSM market and 21.5% of the overall wireless market (GSM + Digital Mobile) respectively.

Of its 12,256,284 GSM mobile customers as of June 30, 2005, postpaid customer contributed approximately 24% to the overall customer base while pre-paid customers contributed the balance 76%. During the quarter, its share of new additions was 32.7% of the All India GSM mobile net additions and 24.5% of All India wireless net additions. The net additions during the quarter on its network were 1,272,004.

The monthly churn for the quarter ended June 30, 2005 was 3.9% (1.1% voluntary churn and 2.8% company initiated churn) for its post-paid segment while it was 6.7% for the pre-paid segment.

During the quarter, its blended ARPU of Rs. 493 (US$ 11.3) per month was lower by 2% as compared to the quarter ended March 31, 2005. The decline in ARPU was on account of reduction in roaming tariffs, local rates being effective between the inter circle calling (Mumbai and Maharashtra, Kolkata and West Bengal; Chennai and Tamil Nadu; Uttar Pradesh (West) and Uttar Pradesh (East) circles) and introduction of the Rs. 200 recharge coupon with a validity of 30 days. The blended monthly usage per customer, during the quarter, was at 367 minutes, an increase of 3% on a quarter on quarter basis. The non-voice revenue, which includes Short Messaging Service (SMS), voice mail service, call management and other value added services like Hello Tunes and Airtel Live contributed to approximately 10.2% of the total revenue of the segment. The Short Messaging Services (SMS) revenue, which is primarily text messaging accounted for 6.8% of the total revenue of the segment, for the quarter ended June 30, 2005.

The revenues for the quarter ended June 30, 2005 from its existing mobile operations of Rs. 16,399 million grew by 49%, EBITDA of Rs. 5,973 million grew by 55% and EBIT of Rs. 4,027 million grew by 64% compared to quarter ended June 30, 2004. The EBITDA margin for its existing mobile operations for the quarter ended June 30, 2005 was 36.4%.

The revenue for the quarter ended June 30, 2005 from its new mobile operations was Rs. 1,100 million. The company's new mobile operations turned EBITDA positive during the quarter ended June 30, 2005 with an EBITDA of Rs. 101 million and an EBITDA margin of 9.1%.

During the quarter ended June 30, 2005, the company incurred a capital expenditure of Rs 6,945 million (US$ 160 million) of which Rs. 5,276 million (US$ 121 million) was for existing circles and Rs. 1,669 million (US$ 38 million) was for new circles.

Broadband & Telephone Services

At the end of the quarter ended June 30, 2005, the company had its broadband & telephone operations in 14 telecom circles covering 66 towns. During the quarter, the company added 77,241 customers on its broadband & telephone networks with 934,503 customers as on June 30, 2005. The company have focused on acquiring customers subscribing to DSL services and as on June 30, 2005, had approximately 141,000 broadband & telephone services customers subscribing to such services.

For the quarter ended June 30, 2005, the revenues from its broadband & telephone operations of Rs 3,409 million, represented a growth of 42% on year-on-year basis. The EBITDA for the quarter was Rs. 989 million compared to Rs. 642 million in the corresponding prior year quarter, an increase of 54% respectively. The EBITDA margin for this segment was 29.0% for the quarter ended June 30, 2005. The EBIT for the quarter ended June 30, 2005 was Rs 483 million, a growth of 110% as compared to the quarter ended June 30, 2004.

The revenues for the quarter ended June 30, 2005 from its existing broadband & telephone operations of Rs. 3,346 million grew by 39%, EBITDA of Rs. 1,075 million grew by 68% and EBIT of Rs. 593 million grew by 157%. The EBITDA margin for its existing broadband & telephone operations was 32.1%.

The revenue for the quarter ended June 30, 2005 from its new operations was Rs. 63 million. The company's new broadband & telephone operations had a negative EBITDA of Rs 86 million for the quarter ended June 30, 2005.

The ARPU for the quarter was Rs. 1,262 (US$ 29.0) per month.

Long Distance Services

For the quarter ended June 30, 2005, the revenues from its long distance services was Rs. 5,207 million representing a growth of 21% over the corresponding quarter last year. The EBITDA from this segment during the quarter was Rs 1,856 million, a growth of 57% over the corresponding quarter last year. The EBITDA margin, for the quarter, was 35.7%. The EBIT of this segment was Rs. 1,455 million representing a growth of 66% over the corresponding quarter last year.

Enterprise Services

For the quarter ended June 30, 2005, the revenue from this segment was Rs. 1,639 million, a growth of 41% over the corresponding quarter last year. The EBITDA for this segment for the quarter ended June 30, 2005 was Rs. 689 million. The EBITDA margin for this segment in the quarter ended June 30, 2005 was 42.0%.

4.2.4 IFRS un-audited results for the period ended March 31, 2005

The un-audited IFRS results for the quarter and year ended March 31, 2005 have been revised due to an income tax appeal order post the results announcement on April 28, 2005 for the quarter and full year ended March 31, 2005.

Reversal of Deferred Tax Asset

In Indian GAAP- the company was, under it's income tax assessments, being allowed license fee (Revenue Share) on a straight line basis over the license period and was thus recognizing deferred tax accordingly. Subsequent to the year end March 31, 2005, a decision by the Appellate authorities ruled that license fee (Revenue Share) would be deductible in the year of incurrence, resulting in a reversal of deferred tax asset recognized earlier in the financial statements and in non-recognition of deferred tax asset on license fee (Revenue Share) from April 1,2004.

In IFRS - the treatment was same as IGAAP.

In US GAAP – the impact was taken in the respective years to which the amount pertained.
(refer to Part III for differences between US GAAP & IFRS published in last quarterly report, and differences between audited IGAAP and un-audited IGAAP for the full year ended March 31, 2005)

SECTION 4

Stock Market Highlights

4.1 General Information

Opinion & Financial Data	Unit	
No. of Shares Outstanding (June 30, 2005)	Million Nos.	1,873
Closing Market Price - BSE (July 25, 2005)	Rs./Share	267.25
Market Capitalisation	Rs. Million	500,681
Book Value Per Share	Rs.	40.02
Market Price/Book Value	Times	6.68
Net Debt to EBITDA (LTM)	Times	0.99
Enterprise Value	Rs. Million	533,706
Enterprise Value/Annualised Q1 Revenue	Times	5.28
Enterprise Value/Annualised Q1 EBITDA	Times	14.17

Stock Data	
Code/Exchange	532454/BSE
Bloomberg/Reuters	BHARTI IN/BRTI.BO
Shareholding Pattern	**As on June 30, 2005**
Promoters Holding*	45.97%
Singtel (Pastel Ltd)	15.78%
Free Float*	38.25%
Foreign Holding	47.74%
Combined Volume (April 01, 2005 - July 25, 2005)	1.5 million per trading day

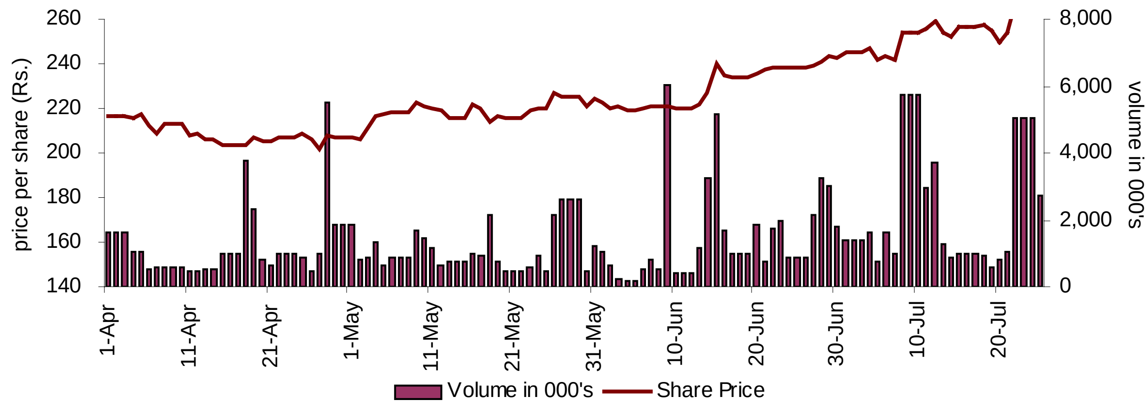
Free float includes 5.03% shareholding of Indian public & institution which has foreign ownership restrictions (not freely tradable across Indian and Overseas investors)

4.2 Summarised Shareholding pattern as of June 30, 2005

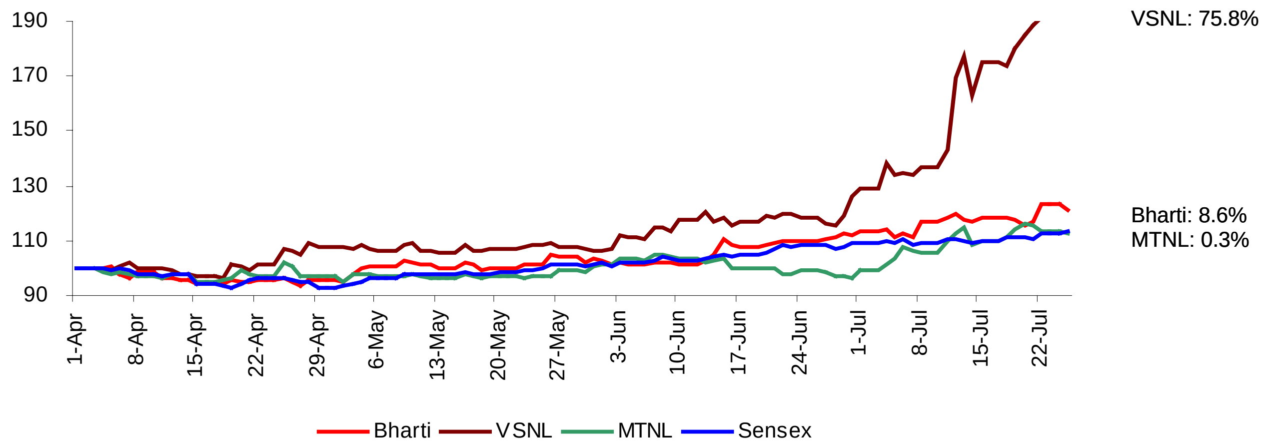
Category	%
Indian Holding	
Promoters*	45.97%
Banks/ Mutual Funds/ Indian Financial Institutions	3.40%
Indian Residents/ Bodies Corporate/ Others	2.88%
Total - Indian	**52.26%**
Foreign Holding	
Foreign Companies	21.94%
Foreign Institutional Investors	24.70%
Non-Resident Indians and Overseas Corporate Bodies	1.11%
Total - Foreign	**47.74%**
Total	**100.00%**

**Promoters include holding of Bharti telecom and Persons Acting in Concert*
For detailed shareholding pattern of the company Kindly refer http://www.bhartiteleventures.com

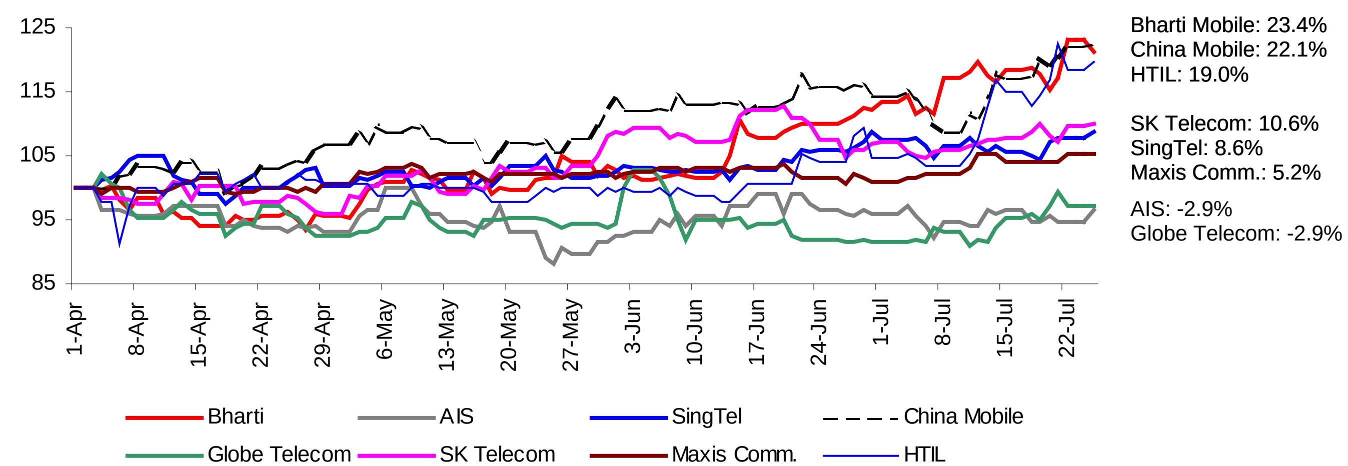
4.3 Bharti Tele-Ventures Daily Stock Price` (BSE) & Volume (combined of BSE and NSE) Movement



4.4 Comparison of Domestic Telecom Stock Movement with Sensex



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



Note: The charts given in section 5.3, 5.4 and 5.5 are based on the information downloaded from Bloomberg.

SECTION 5

Use of Non - GAAP Financial Information

In presenting and discussing the Company's reported financial position, operating results and cash flows, certain information is derived from amounts calculated in accordance with US GAAP and 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.

Part A – US GAAP

Non - GAAP measure	Equivalent GAAP measure for USGAAP	Location in this results announcement of reconciliation and further information
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)	Operating Income	BTVL Consolidated Page 28, Mobile Services:- Page 29, Infotel Services:- Page 30, Broadband & Telephone Services:- Page 30, Long Distance Services:- Page 30, Enterprise Services:- Page 31, Others:- Page 31.
Cash Profit from Operations	Operating Income	Page 28
Income/(loss) after current tax expenses	Earnings/(loss) before taxation	Page 28
Net Debt	N.A	Page 28
Net Revenues	Total revenues	Page 28
Earnings before Interest & Taxes [for Infotel]	N.A.	Page 30
Total Revenues [for Infotel]	N.A.	Page 30
Total Non Current Assets	N.A	Page 29
Total Non Current Liabilities	N.A	Page 29
Schedule of cost of services	N.A	Page 31
Schedule of depreciation and amortization	N.A	Page 31
Schedule of Interest income and Interest expense	N.A	Page 32
Schedule of Income tax	N.A	Page 32

N.A. – Not Applicable

Part B - IFRS

Non - GAAP measure	Equivalent GAAP measure for IFRS	Location in this results announcement of reconciliation and further information
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)	Operating Income	BTVL Consolidated Page 33, Mobile Services:- Page 34, Infotel Services:- Page 34, Broadband & Telephone Services:- Page 34, Long Distance Services:- Page 35, Enterprise Services:- Page 35, Others:- Page 36.
Cash Profit from Operations	Operating Income	Page 34
Earnings/(loss) after current tax expenses	Earnings/(loss) before taxation	Page 34
Net Debt	N.A	Page 34
Net Revenues	Total revenues	Page 34
Operating Expenses	N.A	Page 34
Earnings before Interest & Taxes [for Infotel]	N.A.	Page 35
Total Revenues [for Infotel]	N.A.	Page 34
Schedule of Other costs	N.A	Page 35
Schedule of depreciation and amortization	N.A	Page 36
Schedule of Finance cost (net)	N.A	Page 36
Schedule of Income tax	N.A	Page 36

N.A. – Not Applicable

5A.1 Reconciliation of Non-GAAP financial information based on US GAAP

5A.1.1 BTVL Consolidated

Amount in Rs million

Particulars	Quarter Ended June 2005
Operating Income To EBITDA	
Operating Income	**5,998**
Depreciation & Amortisation	3,403
Pre-operating cost	6
EBITDA	**9,407**

Operating Income to Cash Profit from Operations	
Operating Income	**5,998**
Depreciation & Amortisation	3,403
Pre-operative costs	6
Interest expense	130
Interest income	(279)
Cash Profit from Operations	**9,258**

Net Debt	
Long term debt, net of current portion	36,935
Short-term borrowings and current portion of long-term debt	6,560
Less:	
Cash and cash equivalents	2,183
Restricted cash	149
Restricted cash, non-current	16
Short term investments	5,629
Investments	804
Net Debt	**34,715**

Total Revenue to Net Revenue	
Total Revenue	**25,173**
Less:-	
Access charges	4,850
Net Revenue	**20,323**

Operating expenses (Opex)	
Network operations costs	2,429
Equipment costs	319
Employee costs	1,694
Selling general and administrative costs	4,033
Operating Expenses (Opex)	**8,475**

Income / (Loss) before Income taxes to Income / (Loss) after current tax expense	
Income / (Loss) before Income taxes	5,980
Less:-	
Current tax expense	511
Income / (Loss) after current tax expense	**5,469**

5A.1.1 BTVL Consolidated {contd}

Amount in Rs million

Particulars	Quarter Ended June 2005
Property and equipment, net	99,223
Acquired intangible assets, net	15,685
Goodwill	23,320
Investment in associates and joint ventures	157
Investments	804
Restricted cash, non-current	16
Other assets	2,370
Total Non Current Assets	**141,574**

Amount in Rs million

Particulars	Quarter Ended June 2005
Long-term debt, net of current portion	36,935
Deferred taxes on income	3,961
Unearned income- indefeasible right to use	3,098
Other liabilities	1,552
Total Non Current Liabilities	**45,546**

5A.1.2 Mobile Services

Amount in Rs million

Particulars	Quarter Ended June 2005
Operating Income To EBITDA	
Operating Income	**3,796**
Depreciation & Amortisation	2,288
Pre-operating cost	0
EBITDA	**6,085**

5A.1.3 Infotel Services

Amount in Rs million

Particulars	Quarter Ended June 2005
Revenues For Infotel	
Revenues from Broadband & Telephone Services	3,404
Revenues from Long Distance Services	5,209
Revenues from Enterprise Services	1,610
Revenues For Infotel	**10,223**
EBITDA For Infotel	
EBITDA from Broadband & Telephone Services	984
EBITDA from Long Distance Services	1,869
EBITDA from Enterprise Services	663
EBITDA For Infotel	**3,515**
EBIT For Infotel	
EBIT from Broadband & Telephone Services	477
EBIT from Long Distance Services	1,468
EBIT from Enterprise Services	590
EBIT For Infotel	**2,535**

5A.1.4 Broadband & Telephone Services

Amount in Rs million

Particulars	Quarter Ended June 2005
Operating Income To EBITDA	
Operating Income	**466**
Depreciation & Amortisation	512
Pre-operating cost	6
EBITDA	**984**

5A.1.5 Long Distance Services

Amount in Rs million

Particulars	Quarter Ended June 2005
Operating Income To EBITDA	
Operating Income	**1,451**
Depreciation & Amortisation	419
Pre-operating cost	0
EBITDA	**1,869**

5A.1.6 Enterprise Services

Amount in Rs million

Particulars	Quarter Ended June 2005
Operating Income To EBITDA	
Operating Income	**577**
Depreciation & Amortisation	86
Pre-operating cost	0
EBITDA	**663**

5A.1.7 Others

Amount in Rs million

Particulars	Quarter Ended June 2005
Operating Income To EBITDA	
Operating Income	**(293)**
Depreciation & Amortisation	100
Pre-operating cost	0
EBITDA	**(193)**

5A.2 Schedule to financial statements

5A.2.1 Schedule of Cost of Services

Amount in Rs million

Particulars	Quarter Ended June 2005
Access charges	4,850
Licence fees, revenue share & spectrum charges	2,442
Network operations costs	2,429
Employee costs	1,694
Depreciation & amortisation	3,293
Cost of Services	**14,708**

5A.2.2 Schedule of Depreciation and Amortisation

Amount in Rs million

Particulars	Quarter Ended June 2005
Fixed Assets	3,016
Licence Fees	148
ESOP	38
Intangibles	200
Depreciation and Amortisation	**3,403**

5A.2.3 Schedule of Finance Cost (net)

For the Period Ended June 30, 2005

Particulars	Quarter Ended June 2005
Interest on borrow ings	523
Finance Charges	201
Finance Income	(145)
Derivatives & Exchange Fluctuation	(430)
Finance Costs (Net)	**149**

5A.2.4 Schedule of Income Tax

Amount in Rs million

Particulars	Quarter Ended June 2005
Current tax expense	511
Deferred tax expense / (income)	304
Income tax expense / (Income)	**815**

5B.2 Reconciliation of Non-GAAP financial information based on IFRS

5B.1.1 BTVL Consolidated

Amount in Rs million

Particulars	Quarter Ended June 2005
Operating Income To EBITDA	
Operating Income	**6,182**
Other Income	(137)
Depreciation & Amortisation	3,364
Pre-operating costs	6
Donations	1
EBITDA	**9,416**
Operating Income to Cash Profit from Operations	
Operating Income	**6,182**
Other Income	(137)
Depreciation & Amortisation	3,364
Pre-operating costs	6
Donations	1
Finance costs (net)	199
Cash Profit from Operations	**9,217**
Net Debt	
Long term debt, net of current portion	35,280
Current portion of long term debt	4,818
Short term borrow ings	1,741
Less:	
Cash and cash equivalents	3,180
Marketable Securitties	5,635
Net Debt	**33,025**
Total Revenue to Net Revenue	
Total Revenue	**25,249**
Less:-	
Access and interconnection cost	4,850
Net Revenue	**20,399**
Operating expenses	
Equipment Costs	319
Employee Costs	1,696
Other Costs	6,527
Operating Expenses	**8,542**
Earnings/(loss) before taxation to Earnings/(loss) after current tax expenses	
Earnings/(loss) before taxation	5,979
Less:-	
Current tax expense	512
Earnings/(loss) after current tax expenses	**5,466**

5B.1.2 Mobile Services

Amount in Rs million

Particulars	Quarter Ended June 2005
Operating Income To EBITDA	
Operating Income	**3,932**
Other Income	(94)
Depreciation & Amortisation	2,234
Pre-operating costs	0
Donations	1
EBITDA	**6,073**

5B.1.3 Infotel Services

Amount in Rs million

Particulars	Quarter Ended June 2005
Revenues For Infotel	
Revenues from Broadband & Telephone Services	3,409
Revenues from Long Distance Services	5,207
Revenues from Enterprise Services	1,639
Revenues For Infotel	**10,255**
EBITDA For Infotel	
EBITDA from Broadband & Telephone Services	989
EBITDA from Long Distance Services	1,856
EBITDA from Enterprise Services	689
EBITDA For Infotel	**3,535**
EBIT For Infotel	
EBIT from Broadband & Telephone Services	483
EBIT from Long Distance Services	1,455
EBIT from Enterprise Services	616
EBIT For Infotel	**2,555**

5B.1.4 Broadband & Telephone Services

Amount in Rs million

Particulars	Quarter Ended June 2005
Operating Income To EBITDA	
Operating Income	**483**
Other Income	(11)
Depreciation & Amortisation	511
Pre-operating costs	6
EBITDA	**989**

5B.1.5 Long Distance Services

Amount in Rs million

Particulars	Quarter Ended June 2005
Operating Income To EBITDA	
Operating Income	**1,455**
Other Income	(20)
Depreciation & Amortisation	421
Pre-operating costs	0
EBITDA	**1,856**

5B.1.6 Enterprise Services

Amount in Rs million

Particulars	Quarter Ended June 2005
Operating Income To EBITDA	
Operating Income	**616**
Other Income	(13)
Depreciation & Amortisation	86
Pre-operating costs	0
EBITDA	**689**

5B.1.7 Others

Amount in Rs million

Particulars	Quarter Ended June 2005
Operating Income To EBITDA	
Operating Income	**(305)**
Other Income	(2)
Depreciation & Amortisation	114
Pre-operating costs	0
EBITDA	**(193)**

5B.2 Schedule to financial statements

5B.2.1 Schedule of Other Costs

Amount in Rs million

Particulars	Quarter Ended June 2005
Network and operating expenses	2,494
Sales and marketing expenses	1,918
Other operating expenses	2,116
Total Other Costs	**6,527**

5B.2.2 Schedule of Depreciation and Amortisation

Amount in Rs million

Particulars	Quarter Ended June 2005
Fixed Assets	3,031
Licence Fees	148
ESOP	10
Intangibles	175
Depreciation and Amortisation	**3,364**

5B.2.3 Schedule of Finance Cost (net)

Amount in Rs million

Particulars	Quarter Ended June 2005
Interest on borrowings	525
Finance Charges	201
Finance Income	(145)
Derivatives & Exchange Fluctuation	(382)
Finance Costs (Net)	**199**

5B.2.4 Schedule of Income Tax

Amount in Rs million

Particulars	Quarter Ended June 2005
Current tax expense	512
Deferred tax expense / (income)	356
Income tax expense / (Income)	**868**

ANNEXURES – DETAILED FINANCIAL AND RELATED INFORMATION

A.1 FINANCIAL STATEMENTS AS PER UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (US GAAP)

A.1.1 Consolidated Statement of Operations (as per US GAAP)

Amount in Rs. Million except ratios

Particulars	Quarter Ended June 2005
Revenues	
Services	24,767
Indefeasible right to use sales	103
Equipment	303
Total Revenues	**25,173**
Operating Expenses	
Cost of services	(14,708)
(Inclusive of depreciation and amortisation)	
Costs of equipment sales	(319)
Selling, general & administrative expenses	(4,142)
(Inclusive of depreciation and amortisation)	
Pre-operating cost	(6)
Total Operating Expense	**(19,175)**
Operating Income / (Loss)	**5,998**
Interest expense	(466)
Interest income	317
Share of profits in associates / joint ventures	(3)
Other income	135
Non operating expenses	(1)
Income / (Loss) before unusual income / (expense)	**5,980**
Income / (Loss) before income Taxes	**5,980**
Income tax (expense) / benefit	(815)
(Profit) / loss to minority shareholders	(66)
Net income / (loss)	**5,099**
Earnings / (loss) per share for profit attributable to common shareholders	
Basic	2.74
Diluted	2.70
Weighted average number of shares used in computing earnings / (loss) per share	
Weighted average number of common shares (in millions)	1,860
Weighted average number of diluted shares (in millions)	1,889

A.1.2 Consolidated Balance Sheet (as per US GAAP)

Amount in Rs. Million

Particulars	As at June 30, 2005
ASSETS	
Cash and cash equivalents	2,183
Accounts receivable, net of allowances for doubtful debts	9,358
Unbilled receivables	3,074
Inventories	483
Short term investments	5,629
Deferred taxes on income	2,492
Derivative financial instruments	507
Restricted cash	149
Prepaid expenses and other current assets	7,090
Due from related parties	157
Total Current Assets	**31,121**
Property and equipment, net	99,223
Acquired intangible assets, net	15,685
Goodwill	23,320
Investment in associates and joint ventures	157
Investments	804
Restricted cash, non-current	16
Other assets	2,370
Total Assets	**172,696**
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities	
Short-term borrowings and current portion of long-term debt	6,560
Trade payables	13,982
Equipment supply payables	15,896
Accrued expenses	7,402
Unearned income	8,120
Unearned income - indefeasible right to use sales	302
Derivative financial instruments	1,470
Due to related parties	24
Other current liabilites	2,650
Deferred taxes on income	6
Total current liabilities	**56,412**
Long-term debt, net of current portion	36,935
Deferred taxes on income	3,961
Unearned income - indefeasible right to use sales	3,098
Other liabilities	1,552
Total liabilities	**101,957**
Minority interest	763
Stockholders' equity	
Common stock, par value Rs.10 per share	18,762
Additional paid in capital	51,506
Deferred stock based compensation	(31)
Treasury stock	(305)
Retained earnings / (deficit)	43
Total stockholders' equity	**69,975**
Total liabilities and stockholders' equity	**172,696**

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

Amount in Rs. Million

Particulars	Quarter ended June 30, 2005
Cash flows from operating activities	
Net profit/(loss)	**5,099**
Add: Non Cash items	
Depreciation and amortisation	3,403
Tax expense / (income)	815
Impact of fair valuation of financial instruments	(253)
Cash generated from operations before working capital changes	**9,064**
(Increase)/decrease in working capital	4,540
(Increase)/decrease in non-current assets	(1,144)
Increase/(decrease) in non-current liabilities	(1,578)
Net cash provided/(used) by/in operating activities	**1,818**
Cash flows from investing activities	
Purchase of property, plant and equipment	(9,702)
Investment / loss in associate	0
Licence fee paid	0
Net cash provided/(used) by/in investing activities	**(9,702)**
Cash flows from financing activities	
Increase/(decrease) in borrowings	(5,292)
Shareholders Equity	3,825
Net cash provided/(used) by/in financing activities	**(1,467)**
Cash and cash equivalents*	
Beginning of the period	8,247
End of the period	7,960

*Note: * includes restricted cash, restricted cash – non current, short term investments and investments.*

A.1.4 Accounting Policies (as per US GAAP)

1. Joint Ventures

The Group's interest in Joint ventures in which the Group has a majority interest, but does not control due to significant participatory rights of the minority stockholders are accounted for under the equity method of accounting and is initially recognized at cost. Under this method, the Group's share of the post-acquisition profits or losses of the joint venture is recognized in the income statement and its share of post-acquisition movements in equity is recognized in equity. The cumulative post-acquisition movements are adjusted against the cost of the investment. Unrealized gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The Group's investment in joint venture includes goodwill identified on acquisition.

The Group's interest in jointly controlled entities is accounted for by the equity method of accounting and is initially recognized at cost.

2. Property and equipment

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

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

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

Land is not depreciated. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses arising from retirement or disposal of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of income on the date of retirement and disposal.

3. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of net identifiable assets of the acquired subsidiary or jointly controlled entity at the date of acquisition. Goodwill on acquisition of subsidiaries is disclosed separately. Goodwill arising on accounting for jointly controlled entities or entities in which we exercise significant influence is included in investments in associates/jointly controlled entities. Goodwill is stated at cost less accumulated amortization and impairment losses, if any.

Effective April 1, 2002, the Group adopted provisions of Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," which sets forth the accounting for goodwill and intangible assets subsequent to their acquisition. SFAS 142 requires that goodwill and indefinite-lived intangible assets be allocated to the reporting unit level, which the Group defines as each fixed line or mobility circle. SFAS 142 also prohibits the amortization of goodwill and indefinite-lived intangible assets upon adoption, but requires that they be tested for impairment at least annually, or more frequently as warranted, at the reporting unit level.

The goodwill impairment test under SFAS 142 is performed in two phases. The first step of the impairment test, used to identify potential impairment, compares the fair value of the reporting unit with its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds its fair value, goodwill of the reporting unit is considered impaired, and step two of the impairment test must be performed. The second step of the impairment test quantifies the amount of the impairment loss by comparing the carrying amount of goodwill to the implied fair value. An impairment loss is recorded to the extent the carrying amount of goodwill exceeds its implied fair value.

4. Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are expressed in the functional currency Indian Rupees at the rates of exchange in effect at the balance sheet date. Transactions in foreign currencies are recorded at rates ruling on the transaction dates. Gains or losses resulting from foreign currency transactions are included in the statement of operations.

5. Capital leases

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

Assets acquired under capital lease are capitalized as assets by the Group at the lower of fair value of the leased property or the present value of the related lease payments or where applicable, estimated fair value of such assets. Amortization of leased assets is computed on straight line basis over the useful life of the assets.

Lessor accounting
Assets leased to others given under capital leases are recognized as receivables at an amount equal to the net

investment in the leased assets. The finance income is recognized based on periodic rate of return on the net investment of the lessor outstanding in respect of the finance lease.

6. Impairment of long – lived assets and intangible assets

The Group reviews its long-lived assets, including identifiable intangibles with finite lives, for impairment whenever events or changes in business circumstances indicate that the carrying amount of assets may not be fully recoverable. Such circumstances include, though are not limited to, significant or sustained declines in revenues or earnings and material adverse changes in the economic climate. For assets that the Group intends to hold for use, if the total of the expected future undiscounted cash flows produced by the asset or asset Group is less than the carrying amount of the assets, a loss is recognized for the difference between the fair value and carrying value of the assets. For assets the Group intends to dispose of by sale, a loss is recognized for the amount by which the estimated fair value, less cost to sell, is less than the carrying value of the assets. Fair value is determined based on quoted market prices, if available, or other valuation techniques including discounted future net cash flows.

7. Revenue recognition

(i) Service revenues

Service revenues include amounts invoiced for airtime charges, call revenue, fixed monthly subscription charges and VSAT/ internet usage charges, roaming charges, activation fees, and fees for value added services ('VAS'). Service revenues also include revenues associated with access and interconnection for usage of the telephone network of the incumbent fixed line service operator for local, domestic long distance and international calls.

Service revenues are recognized as the services are rendered and are stated net of discounts and taxes. Revenues from pre-paid cards are recognized based on actual usage. Activation revenue and related activation costs, not exceeding the activation revenue, are deferred and amortized over their estimated useful life of 29 to 50 months for the year ended March 31, 2005 (2004 – 32 to 60 months), which is consistent with the estimated churn of customers. Excess of activation costs over activation revenue, if any, is expensed as incurred. Subscriber acquisition costs are expensed as incurred.

Service revenues from the internet and VSAT business comprise revenues from registration, installation and provision of internet and satellite services. Registration fee and installation charges are deferred and amortized over the expected customer relationship period. Service revenue is recognized from the date of satisfactory installation of equipment and software at the customer site and provisioning of internet and satellite services. Revenue from prepaid dialup packs is recognized on the actual usage basis and is net of sales returns and discounts.

Revenues from national long distance operations comprise revenue from provision of voice services, which are recognized on completion of services while revenue from provision of bandwidth services is recognized over the period of use. Revenue is stated net of discounts and waivers.

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

Unbilled receivables represent revenues recognized in respect of mobile, fixed line and national long distance services provided from the bill cycle date to the end of each month. These are billed in subsequent periods as per the terms of the billing plans.

Unearned revenue include unused amounts of revenue billed in respect of pre-paid cards and monthly rentals received in advance. The related services/billings are expected to be performed within the next operating cycle.

(ii) Equipment sales

Equipment sales consist primarily of revenues from sale of VSAT and internet equipment (hardware) and sim cards, fixed line service handsets and related accessories to subscribers. Equipment sales are treated as activation revenue and are deferred and amortized over the customer relationship period.

(iii) Multiple element arrangements

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

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

8. License fees

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

Annual license fees incurred by the Group under the old license fee regime until the date of migration to the NTP - 99, i.e. July 31, 1999 and revenue-share fees from the date of migration to NTP – 99 are expensed as incurred. However, the Group's share of licenses acquired under business combinations during the old license regime, prior to July 31, 1999, have been accounted for at their respective fair values as at the date of acquisition and are amortized on a straight-line basis over the remaining period of the license from the date of acquisition of respective circles. Upon the migration to the NTP - 99, the remaining unamortized cost of such licenses acquired is carried over and forms a part of the new cost basis for the license signed under NTP - 99. Amortization of licenses is disclosed as part of "Depreciation and Amortization" in the Statement of operations.

Licenses signed under NTP - 99

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

License entry fees have been recognized as an intangible asset and are measured initially at cost. After initial recognition, license entry fees are measured at cost less accumulated amortization and any other impairment losses. License entry fees are amortized on a straight-line basis over the period of the license from the date of commencement of commercial operations in the respective circles. The Group's share of licenses acquired under business combinations arising after the 'applicability' of NTP - 99 have been accounted for at their respective fair values as at the date of acquisition and are amortized on a straight line basis over the remaining period of the license. Amortization of license entry fees is disclosed as part of "Depreciation and Amortization" in the statement of operations. The revenue-share fee is computed on the basis of Adjusted Gross Revenue ('AGR') and is expensed as incurred.

UASL Licenses & license fees

The Group has migrated its cellular mobile licenses in 15 circles to Unified Access Service Licenses (UASL) after obtaining the necessary approvals from DoT. UASL permits the licensee to provide basic and / or cellular services using any technology in a defined service area.

UASL entry fees have been recognized as an intangible asset and are measured initially at cost. After initial recognition, license entry fees are measured at cost less accumulated amortization and any other impairment losses. License entry fees are amortized on a straight-line basis over the period of the license from the date of commencement of commercial operations in the respective circles.

9. Other intangible assets

Other intangible assets comprising of enterprise resource planning software, bandwidth capacities, brands, customer relationships, distribution networks and licenses, are capitalized at the Group's share of respective fair values on the date of acquisition. The methodology used for valuation of these intangibles is as follows:

- Software is capitalized at the amounts paid for acquiring the license for use and are amortized over the period of such license, not exceeding three years.
- Bandwidth capacities are capitalized at the amounts paid for acquiring the capacities and are amortized over the period of the agreement.
- Brands are valued using the Royalty Relief approach and are amortized on a straight-line basis over the period of expected benefit, not exceeding the life of the licenses and are written off in their entirety when no longer in use.
- Customer relationships reflect the estimated fair value of the customer accounts acquired from which the Group can expect to derive future benefits over the estimated life.
- Distribution networks reflect the fair value of the estimated benefit and are amortized over an estimated useful life of three years.
- The fair value of licenses are valued using the Market Value Approach. The licenses are amortized over the remaining license period

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

10. Income-taxes

In accordance with the provisions of SFAS 109, Accounting for Income Taxes, income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of income in the period in which such change is enacted. Based on management's judgment, the measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits for which it is more likely than not that some portion or all of such benefits will not be realized.

11. Pre operating costs

Pre operating costs represent certain marketing and administrative expenses incurred prior to the commencement of commercial operations of the new circles. These costs are expensed as incurred.

12. Derivative financial instruments

The Group enters into derivative instruments, including interest rate swaps and foreign currency forward contracts, to manage interest rate movements of its debt obligations and foreign currency exposures related to the import of equipment used in operations and its foreign currency denominated debt instruments.

Statement of Financial Accounting Standards No. 133, ''Accounting for Derivative Instruments and Hedging Activities'' (''SFAS No. 133''), requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or in other comprehensive income, depending on whether a derivative is designated as part of a hedging relationship and, if it is, depending on the type of hedging relationship.

13. Asset Retirement Obligations

In July 2001, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 143, Accounting for Asset Retirement Obligations. This statement provides accounting and reporting standards for costs associated with the retirement of long-lived assets. This statement requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the entity capitalizes the cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the estimated useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement.

14. Indefeasible right to use (IRU)

Fibre and duct are sold as part of the operations of Company's Infrastructure Provider business. The Company has decided to view these as integral equipment. Under the agreements, title was not transferred to the lessee. The transactions are therefore recorded as operating lease agreements. Direct expenditures incurred in connection with agreements are capitalized and written off over the term of the agreement. The contracted sales price is chiefly paid in advance and is recognized as revenue during the period of the agreement. Sales not recognized in income, net of amount recognizable within one year is recorded as non current liability and amount recognizable within one year is recorded as unearned income.

A.1.4 Summary of differences in Net Profit/(loss) between US GAAP (un-audited) and IGAAP (audited)

Amount in Rs million

Particulars	Quarter ended June 30, 2005
Net profit / (loss) as per US GAAP	**5,099**
Add: Differences on account of:	
Being difference in revenue recognition	4
Differential depreciation provided in IGAAP due to forex fluctuations not considered in US GAAP	76
Deferred Tax expense	120
Less: Differences on account of:	
Amortisation of Goodwill/ Intangibles	67
Minority Interest and loss of Joint Venture	1
License fee amortisation	148
Differences in accounting for finance charges	377
Remeasurement of financial instruments not applicable in IGAAP	2
Net profit/(loss) as per Indian GAAP	**4,705**

For IGAAP financials for the quarter ended June 30, 2005 kindly refer to section B.1.5

B.1 FINANCIAL STATEMENTS AS PER INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

B.1.1 Consolidated Statement of Income (as per IFRS)

Amount in Rs. Million except ratios

Particulars	Quarter Ended		
	June 2005	June 2004	Y-on-Y Growth
Revenues			
Service Revenue	24,921	16,793	48%
Equipment Sales	328	254	29%
Total revenues	25,249	17,047	48%
Other income	(137)	(55)	148%
Access and interconnection charges	4,850	3,924	24%
Equipment Costs	319	270	18%
Employee costs	1,696	1,113	52%
Other costs	6,527	3,996	63%
Licence fee	2,442	1,542	58%
Pre-operating costs	6	79	-92%
Depreciation & amortisation	3,364	2,296	47%
Donations	1	6	-85%
Operating Income	6,182	3,877	59%
Loss of Joint Venture and/ or Associate Company	4	5	-13%
Finance costs (net)	199	794	-75%
Earnings / (Loss) before taxation	5,979	3,078	94%
Income tax expense / (income)	868	115	657%
(Profit) / loss to minority shareholders	69	2	3023%
Net profit/(loss)	5,042	2,961	70%

B.1.2 Consolidated Balance Sheet (as per IFRS)

Amount in Rs. Million

Particulars	As at June 30, 2005
Current Assets	
Cash and cash equivalents	3,180
Accounts receivable (net)	9,428
Marketable securities	5,635
Inventories	483
Derivative financial instruments	507
Other current assets	11,251
Total current assets	**30,483**
Non-current assets	
Investment in associates and joint ventures	40
Property plant and equipment (net)	87,601
Capital work-in-progress	11,700
Goodwill	26,134
License Fees, Net	9,424
Other Intangible Assets	5,369
Other non-current assets	1,312
Total non-current assets	**141,580**
Total assets	**172,063**
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities	
Short-term borrowings	1,741
Equipment Supply Payables	15,898
Unearned revenue	9,867
Current portion of long term debts	4,818
Accrued Employee Costs	721
Derivative financial instruments	1,471
Other current liabilities	23,320
Total current liabilities	**57,836**
Non-current liabilities	
Long term debt, net of current portion	35,280
Provision	94
Deferred Tax Liability	129
Other non-current liabilities	2,721
Total non-current liabilities	**38,224**
Total liabilities	**96,060**
Minority interest	**913**
Commitments & Contingencies	
Stockholders' equity	
Share Capital	18,762
Share Premium	38,857
Additional paid in capital	484
Deferred stock compensation	(68)
Loan to Trust	(244)
Retained earnings (deficit)	17,298
Total stockholders' equity	**75,089**
Total liabilities and stockholders' equity	**172,063**

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

Amount in Rs. Million

Particulars	Quarter ended June 30, 2005
Cash flows from operating activities	
Net profit/(loss)	**5,042**
Add: Non Cash items	
Depreciation and amortisation	3,364
Tax expense / (income)	868
Impact of fair valuation of financial instruments	(440)
Cash generated from operations before working capital changes	**8,834**
(Increase)/decrease in working capital	3,003
(Increase)/decrease in non-current assets	902
Increase/(decrease) in non-current liabilities	(1,063)
Net cash provided/(used) by/in operating activities	**2,842**
Cash flows from investing activities	
Purchase of property, plant and equipment	(9,636)
Investment / loss in associate	0
Licence fee paid	0
Net cash provided/(used) by/in investing activities	**(9,636)**
Cash flows from financing activities	
Increase/(decrease) in borrowings	(4,748)
Shareholders Equity	2,670
Net cash provided/(used) by/in financing activities	**(2,078)**
Marketable Securities & Cash and cash equivalents	
Beginning of the period	8,853
End of the period	8,815

B.1.4 Trend and Ratio Analysis (as per IFRS)

B.1.4.1 Financial Performance (as per IFRS)

The figures as given below are as per the results published by the company for the relevant period.

Amount in Rs. Million

Parameters	For the Quarter Ended				
	Jun-05	Mar-05	Dec-04	Sep-04	Jun-04
Total Revenues	25,249	23,172	21,530	18,598	17,047
Access and interconnection charges	4,850	4,462	4,605	3,791	3,924
Operating Expenses	8,542	7,359	7,105	5,934	5,378
Licence Fee	2,442	2,309	2,017	1,861	1,542
EBITDA	9,416	9,043	7,802	7,011	6,202
Cash profit from operations	9,217	8,183	7,611	6,607	5,407
Earnings / (Loss) before taxation	5,979	4,835	4,545	3,959	3,078
Net profit/(loss)	5,042	2,731	3,726	3,337	2,961

Amount in Rs. Million

Parameters	As at				
	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004
Stockholders Equity	75,089	65,796	63,045	59,278	55,904
Net Debt	33,025	38,175	36,245	38,549	38,320
Capital Employed = Stockholder's equity + Net Debt	108,114	103,971	99,289	97,827	94,224

B.1.4.2 Key Financial Ratios (as per IFRS)

Kindly refer to glossary for detailed definitions of the ratios given below.

Amount in Rs. Million

Parameters	Jun-05	Mar-05	Dec-04	Sep-04	Jun-04
Access and Interconnect charge / Total revenues	19%	19%	21%	20%	23%
Operating Expenses / Total revenues	34%	32%	33%	32%	32%
Licence fee / Total revenues	10%	10%	9%	10%	9%
EBITDA / Total revenues	37%	39%	36%	38%	36%
Cash profit from operation / Total revenues	37%	35%	35%	36%	32%
Earning (loss) before taxation / Total revenues	24%	21%	21%	21%	18%
Net Profit / (Loss) / Total revenues	20%	12%	17%	18%	17%
Return on Stockholder's equity (LTM)	23%	22%	24%	22%	18%
Return on Capital Employed (LTM)	16%	15%	16%	15%	13%
Net Debt to EBITDA (LTM)	0.99	1.27	1.38	1.66	1.91
Assets turnover ratio (LTM)	84%	79%	75%	69%	65%
Interest Coverage ratio (times)	17.92	14.77	12.72	9.77	8.50
Book Value Per Equity Share (in Rs)	40.0	35.5	34.0	32.0	30.2
Net debt to Stockholders' Equity (Times)	0.44	0.58	0.57	0.65	0.69
Per share data (for the period)					
Net profit/(loss) per common share (in Rs)	2.70	2.36	2.01	1.80	1.60
Net profit/(loss) per diluted share (in Rs)	2.66	2.33	2.01	1.75	1.53

B.1.4.3 Bharti's Three Line Graph (as per IFRS)

The company tracks its performance on a three-line graph popularly known as "health check graph" of any telecom operator.

The parameters considered for the three line graph are:

1. Gross revenues i.e. absolute turnover/sales

2. Opex productivity – operating expenses is the sum of (i) equipment costs (ii) employee costs & other costs (inclusive of network, sales and marketing and others costs – general administration costs), while net revenue is the gross revenues less access & interconnection costs.

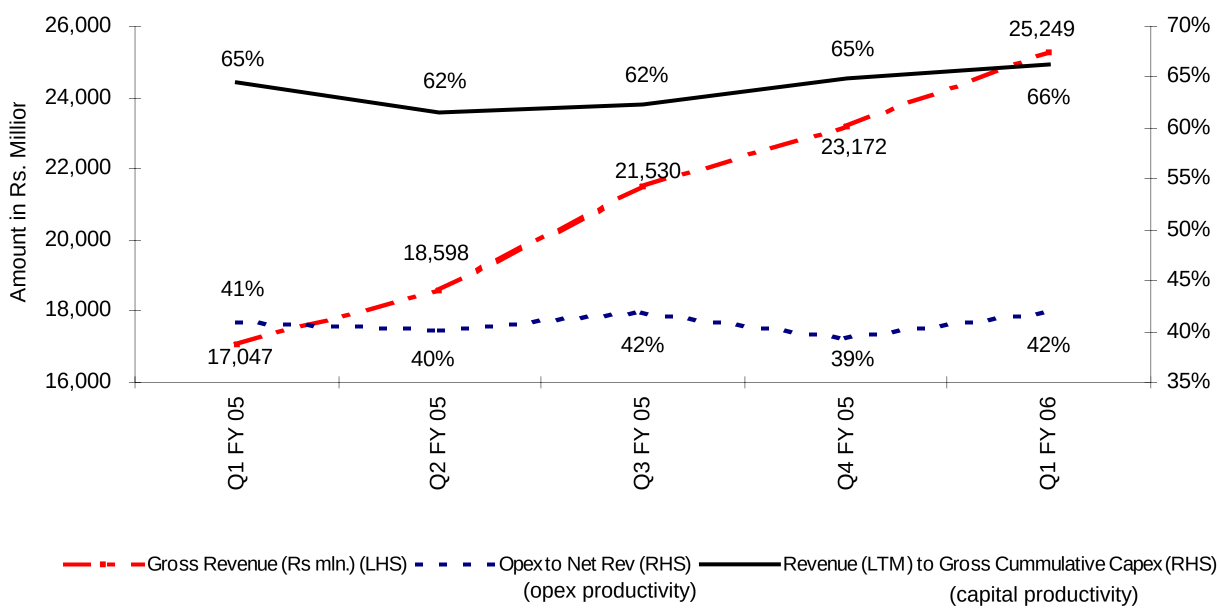
   This ratio depicts the operational efficiencies in a company/how efficiently the operations of the company are run.

3. Capital productivity – this is computed by dividing gross revenues (last twelve months) by 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 far as the absolute revenues keeps increasing periodically, the ratio of operating expenses to net revenues stabilizes or keeps coming down and the revenue (LTM) to gross cumulative capex keeps improving, the company's financial health can be tracked.

Given below is the graph for the last five quarters of the company:



B.1.4.4 Operational Performance

Parameters	Unit	June 30, 2005	March 31, 2005	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004
BTVL Consolidated						
Customers	No.	13,190,787	11,841,542	10,629,815	9,467,127	8,375,946
Employees	No.	8,739	7,827	7,123	7,136	6,472
Mobile services						
Customers	No.	12,256,284	10,984,280	9,826,156	8,702,255	7,672,123
Prepaid customers as a % of total customers	%	75.6%	75.6%	75.0%	77.0%	78.0%
Postpaid customers as a % of total customers	%	24.4%	24.4%	25.0%	23.0%	22.0%
Bharti's GSM subscribers market share	%	27.3%	26.8%	26.3%	25.9%	26.3%
Bharti's wireless subscribers market share	%	21.5%	21.2%	20.7%	20.4%	20.6%
Average Revenue Per User (ARPU)	Rs	493	504	519	509	515
Average Minutes of Use Per User	Minutes	367	357	344	321	309
Post-paid Voluntary Churn	%	1.1%	1.1%	1.3%	1.4%	1.4%
Post-paid Company Initiated Churn	%	2.8%	3.2%	2.5%	2.2%	3.7%
Prepaid Churn	%	6.7%	6.7%	8.5%	8.7%	8.2%
SMS Revenue as a % of total mobile revenues	%	6.8%	6.3%	5.8%	5.8%	4.6%
Total number of employees	No.	5,081	4,823	4,633	4,759	4,258
Non Mobile Services						
Broadband & Telephony Customers	No.	934,503	857,262	803,659	764,872	703,823
Average Revenue Per User (ARPU)	No.	1,262	1,231	1,238	1,256	1,184
Total number of employees	No.	3,450	2,807	2,294	2,186	2,041

The financial figures used for computing ARPU is based on International Financial Reporting Standards (IFRS).

B.1.5 Consolidated Profit & Loss Statement as per Indian GAAP

Amount in Rs million

Particulars	Quarter ended June 30, 2005	Quarter ended June 30, 2004	Year ended March 31, 2005
	Audited	Audited	Audited
Service Revenue	24,808	17,018	80,077
Sales of Goods	328	257	1,046
Other Income	138	56	435
Total Income	**25,274**	17,332	81,558
Operating profit before finance income and expenses, depreciation, amortisation, preoperative expenditure, charity and donation, significantly non recurring items and taxation	9,547	6,350	30,658
Finance expenses (net)	557	1,067	2,439
Depreciation	3,147	2,106	10,442
Amortisation	367	542	1,440
Preoperative Expenditure Written off	6	78	474
Charity & Donation	1	6	31
Profit Before tax	5,469	2,551	15,832
Tax Expenses/ (Income)			
- Current tax	512	(386)	131
- Deferred tax	184	528	3,465
Profit After Tax	4,773	2,409	12,237
Minority Interest	68	18	121
Profit for the period	4,705	2,390	12,116

B.1.6 Summary of differences in Net Profit/(loss) between IFRS (un-audited) and IGAAP (audited)

Amount in Rs million

Particulars	Quarter ended June 30, 2005	Quarter ended June 30, 2004	Year ended March 31, 2005
Net profit / (loss) as per IFRS	5,042	2,961	12,755
Add: Differences on account of:			
Minority Interest and loss of Joint Venture	1	33	103
Deferred Tax expense	172	69	(27)
Less: Differences on account of:			
Amortisation of Goodwill	67	239	231
Being difference in revenue recognition	2	3	(109)
License fee amortisation	148	148	594
Differences in accounting for finance charges	321	213	125
Remeasurement of financial instruments as per IFRS 39 not applicable in per IGAAP	2	48	6
Differential depreciation provided in IGAAP due to forex fluctuations not considered in IFRS.	(31)	22	(130)
Net profit/(loss) as per Indian GAAP	4,705	2,390	12,116

PART III
DISCLOSURES PERTAINING TO FULL YEAR ENDED MARCH 31, 2005 FINANCIAL STATEMENTS

C.1 Summary of differences for the summarised income statement for the year ended March 31, 2005 between US GAAP and IFRS published

Amount in Rs. Million except ratios

Particulars	Year Ended March 2005		
	US GAAP Audited	Differences	IFRS Published
Total revenues	80,028	318	80,346
EBITDA	30,128	(60)	30,068
Cash profit from operations	28,132	(314)	27,819
Earnings/(loss) before taxation	16,604	(183)	16,421
Current tax expense	945	(814)	131
Earnings/(loss) after current tax	15,659	631	16,290
Deferred tax expense / (income)	583	1,175[*3]	1,758
Net profit / (loss)	14,978	(585)	14,393
EBITDA / Total revenues	37.6%		37.4%

C.2 Summary of differences for the summarised income statement for the year ended March 31, 2005 between IGAAP audited and IGAAP un-audited

Amount in Rs million

Particulars	Year ended March 31, 2005 Audited	Differences	Year ended March 31, 2005 Un-audited
Service Revenue	80,077	0	80,077
Sales of Goods	1,046	0	1,046
Other Income	435	(14)	421
Total Income	**81,558**	(14)	81,544
Operating profit before finance income and expenses, depreciation, amortisation, preoperative expenditure, charity and donation, significantly non recurring items and taxation	30,658	5	30,663
Finance expenses (net)	2,439	0	2,439
Depreciation	10,442	0	10,442
Amortisation	1,440	626[*1]	2,066
IT Capex Charge	0	0	0
Preoperative Expenditure Written off	474	0	474
Charity & Donation	31	0	31
Profit Before tax	15,832	(621)	15,211
Tax Expenses/ (Income)			
- Current tax	131	8	139
- Deferred tax	3,465	(1,633)[*2]	1,832
Profit After Tax	12,237	1,004	13,240
Minority Interest	121	36	156
Profit for the period	12,116	968	13,084

Note:

***1** *Pursuant to the Scheme of Amalgamation of Bharti Cellular Limited (the entity for mobile services, except for the Rajasthan & North East circles), and Bharti Infotel Limited (the entity for non-mobile services, except Bharti Broadband Ltd, Bharti Acquanet Limited) with Bharti Tele-Ventures Ltd., as approved by the High Court order dated May 21, 2005, goodwill pertaining to Bharti Cellular Limited and Bharti Infotel Limited has been reversed on account of amalgamation within the group in the balance sheet. This lead to a reduction in amortization expense in the profit & loss account..*

***2** *Reversal of deferred tax asset - subsequent to the year-end, a decision by the Appellate authorities ruled that licence fee (Revenue Share) would be deductible in the year of incurrence, resulting in a reversal of deferred tax asset recognized earlier in these financial statements and in non-recognition of deferred tax asset on licence fee (Revenue Share) from April 1,2004.*

***3** *Primarily due to reversal of deferred tax asset – kindly refer point 2 above and page 24 of the report for further details.*

GLOSSARY

Technical and Industry Terms

Company Related	
ARPU (for Mobile and Broadband & Telephone services)	Average revenue per customer per month is computed by: dividing the total revenues, excluding equipment sales and the connection fees, during the relevant period by the average customers; and dividing the result by the number of months in the relevant period.
Asset Turnover	Asset Turnover is defined as total revenues, for the preceding (last) 12 months from the end of the relevant period, divided by average assets. Asset is defined as the sum of non current assets and net current assets. Net current assets means current assets minus current liabilities. Average assets is calculated by considering average of quarterly average for the preceding (last) four quarters from the end of the relevant period.
Access and Interconnect Charges / Total Revenues	Access and interconnect charges for the relevant period divided by total revenues for the relevant period.
Average Customers	Average customers are derived by computing the average of the monthly average customers for the relevant period.
Book Value Per Equity Share	Total stockholder's equity as at the end of the relevant period divided by issued and outstanding equity shares as at the end of the relevant period.
Capital Employed	Capital Employed is defined as sum of stockholder's equity and net debt.
Cash Profit From Operations	IFRS - It is not a GAAP measure and is defined as operating income adjusted for other income, depreciation & amortization, pre-operating costs, donations and finance cost (net). US GAAP - It is not a US GAAP measure and is defined as operating income adjusted for depreciation & amortization, pre-operating costs, interest expense and interest income.
Cash Profit From Operations / Total revenues	It is computed by dividing cash profit from operations for the relevant period by total revenues for the relevant period.
Churn	Churn is calculated by dividing the total number of disconnections during the relevant period by the average customers; and dividing the result by the number of months in the relevant period. Postpaid churn has been subdivided into: a) Voluntary: indicating the number of subscribers who opt out of the network at their own behest. b) Company initiated churn: indicating the number of subscribers whose churn is initiated by the company due to non-payment.
Earnings (Loss) Before Taxation / Total Revenues	It is computed by dividing earnings/ (loss) before taxation for the relevant period by total revenues for the relevant period.
EBITDA	Earnings/(loss) before interest, taxation, depreciation and amortization. IFRS - It is not a GAAP measure and is defined as operating income adjusted for other income, depreciation & amortization, pre-operating costs, and donations. US GAAP - t is not a US GAAP measure and is defined as operating income adjusted for depreciation & amortization and pre-operating costs.
EBITDA Margin or EBITDA / Total Revenues	It is computed by dividing EBITDA for the relevant period by total revenues for the relevant period.
EBIT	Earnings / (Loss) before interest and taxation for the relevant period.
Earnings/(loss) after current tax expense	IFRS - It is not a GAAP measure and is defined as Earnings/(loss) before taxation adjusted for current tax expense.
Existing Broadband & Telephone Operations	Existing broadband & telephone operations comprises of circles operational as on December 31, 2004. The circles include Delhi, Haryana, Madhya Pradesh & Chattisgarh, Tamil Nadu, Chennai and Karnataka.
Existing Mobile Operations / Circles	Existing mobile operations/circles comprises of 16 mobile circles operational as on June 30, 2004. The circles include Delhi & NCR, Chennai, Kolkata, Andhra Pradesh, Karnataka, Himachal Pradesh, Punjab, Haryana, Uttar Pradesh (West) & Uttranchal, Madhya Pradesh & Chattisgarh, Tamil Nadu & Pondichery, Kerala, Gujarat, Maharashtra & Goa, Mumbai and Rajasthan.
Broadband & Telephony Customers Per Employee	Number of Broadband & Telephony customers on our networks as at end of the relevant period divided by number of employees in the Broadband & Telephone segment as at end of the relevant period.
Income/(loss) after current tax expense	US GAAP - It is not a GAAP measure and is defined as Income/(loss) before taxation adjusted for current tax expense.

Interest Coverage Ratio	EBITDA for the relevant period divided by interest on borrowing for the relevant period.
License Fee / Total Revenues	License fee for the relevant period divided by total revenues for the relevant period.
Market Capitalization	Number of issued and outstanding shares as at end of July 25, 2005 multiplied by closing market price (BSE) as at end of July 25, 2005.
MoU/Sub/Month	Minutes of Usage. Duration in minutes for which a customer uses the network. It is typically expressed over a period of one month. Average minutes of usage per subscriber per month is calculated by: dividing the total minutes of usage (incoming, outgoing and in-roaming) on our network during the relevant period by the average customers; and dividing the result by the number of months in the relevant period.
Mobile Customers Per Employee	Number of mobile customers on our networks as at end of the relevant period divided by number of employees in the mobile segment as at end of the relevant period.
Net Debt	IFRS - It is not a GAAP 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 and marketable securities at the end of the relevant period.
	US GAAP - It is not a GAAP measure and is defined as the long-term debt, net of current portion plus short-term borrowings and current portion of long-term debt minus cash and cash equivalents, restricted cash, restricted cash non-current and short-term investments and investments at the end of the relevant period.
Net Debt to EBITDA	It is computed by dividing net debt as at the end of the relevant period by EBITDA for preceding (last) 12 months from the end of the relevant period.
Net Debt to Stockholder's Equity	It is computed by dividing net debt as at the end of the relevant period by stockholder's equity as at the end of the relevant period.
Net Profit / (Loss) / Total Revenues	It is computed by dividing net profit / (loss) for the relevant period by total revenues for the relevant period.
Net Profit/ (Loss) Per Common Share	It is computed by dividing net profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.
Net Profit/ (Loss) Per Diluted Share	The calculation of Net Profit/ (loss) per diluted share adjusts net profit or loss and the weighted average number of ordinary shares outstanding, to give effect to all dilutive potential ordinary shares that were outstanding during the year Net profit or loss attributable to ordinary shareholders is adjusted for the after-tax effect of the following: (1) dividends on potential ordinary shares (for example, dilutive convertible preferred shares); (2) interest recognised on potential ordinary shares (for example, dilutive convertible debt); and (3) any other changes in income or expense resulting from the conversion of dilutive potential ordinary shares (e.g., an entity's contribution to its non-discretionary employee profit-sharing plan may be revised based on changes in net profit due to the effects of items discussed above).
Net Revenues	IFRS - It is not a GAAP measure and is defined as total revenues adjusted for access and interconnection costs for the relevant period.
	US GAAP - It is not a GAAP measure and is defined as total revenues adjusted for access charges for the relevant period.
Non Voice Revenue as a % of consolidated revenue	It is computed by dividing the total non voice revenue of the company (BTVL consolidated) by the total revenues for the relevant period. Non voice revenues include VAS Revenues for Mobile, VAS and Internet Revenues for Broadband & Telephone Services, Bandwidth Revenue for Long Distance Services, and Bandwidth and Internet Revenues for Enterprise Services.
Non Voice Revenue as a % of Mobile Revenue	It is computed by dividing the total non voice revenue of mobile services by the total revenues of mobile services for the relevant period. Non voice revenue for mobile services includes revenues from value added services (including SMS, GPRS, MMS Ring Back Tones etc.).
New Broadband & Telephone Operations	New mobile operations/circles comprises of circles launched after December 31, 2004.
New Mobile Operations / Circles	New mobile operations/circles comprises of circles launched after June 30, 2004. The circles include Uttar Pradesh (East) circle, West Bengal, Jammu & Kashmir, Bihar, Orissa, Assam and North East.
Post-Paid Services	The provision of mobile services, wherein the subscribers pay for usage including airtime, rental value added services, access and interconnection charges and any other applicable charges at the end of the billing period.
Pre-Paid Services	The provision of mobile services wherein subscribers pay a fixed amount, which is valid for a certain period, for usage including airtime, value added services, access and interconnection charges and any other applicable charges prior to commencement of service.

Return On Capital Employed	It is computed by dividing the sum of net profit / (loss) & finance cost (net) for the preceding (last) 12 months from the end of the relevant period by average Capital employed. Average Capital employed is calculated by considering average of quarterly average for the preceding (last) four quarters from the end of the relevant period.
Return On Stockholder's Equity	It is computed by dividing net profit / (loss) for preceding the (last) 12 months from the end of the relevant period by the average Stockholder's equity for the preceding (last) 12 months. Average Stockholder's equity is calculated by considering average of quarterly average for the preceding (last) four quarters from the end of the relevant period.
Total Operating Expenses / Total Revenues	Total operative expenses for the relevant period divided by total revenues for the relevant period.
Total Operating Expenses	It is defined as sum of equipment costs, employee costs and other costs for the relevant period.

Regulatory

ADC	Access Deficit Charges
AGR	Adjusted Gross Revenues. Used for computing the License Fees and WPC charges payable by an Access Provider and have been provisionally defined as gross revenue of the Access Provider net of access charges actually paid to other telecom service providers, roaming revenues passed on to other telecom service providers and service tax and sales tax actually paid to the Government, if the same had been included in the Gross Income.
AUSPI	Association of Unified Telecom Service Providers of India. It is the representative industry body for private Basic Service Operators which interacts on policy and regulatory issues with various Government bodies such as Department of Telecommunications (DoT), Telecom Regulatory Authority of India (TRAI), apex industry organizations like ASSOCHAM, Confederation of Indian Industry (CII), and Federation of Indian Chambers of Commerce & Industry (FICCI), analysts and other institutions of world repute.
COAI	The Cellular Operators Association of India (COAI) was constituted in 1995 as a registered, non - profit, non - governmental society dedicated to the advancement of communication in India, in particular of modern communication through Cellular Mobile Telephone Services. The main objective of the COAI is to protect, promote and upgrade cellular operations in India and also to look after the common and collective interests of its members.
DoT	Department of Telecommunications. The DoT is a department under the Ministry of Telecommunications, Government of India. The Department of Telecommunications is responsible for the policy formulation, licensing, wireless spectrum management etc. The department allocates frequency and manages radio communications in close coordination with the International bodies and is responsible for enforcing wireless regulatory measures and monitoring the wireless transmission of all users in the country.
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 standards for delivery of service. The subscriber's perception of the Quality of Service (QOS) is determined by a number of performance factors.
TRAI	Telecom Regulatory Authority of India. TRAI is a statutory body established under the Telecom Regulatory Authority of India Act, 1997 in January 1997, as an autonomous body with quasi-judicial powers to regulate telecommunication services in India.

Others (Industry)

BSE	The Stock Exchange, Mumbai
GSM	Global System for Mobile Communications. This is a second generation digital technology originally developed for Europe. Initially developed in the 900 MHz band and subsequently modified for the 850, 1800 and 1900MHz bands. Originally stood for Groupe Speciale Mobile. It is an open and non-proprietary system with one of its great strengths being the international roaming capability.
IFRS	International Financial Reporting Standards
IGAAP	Generally Accepted Accounting Principles in India.
NSE	The National Stock Exchange of India Limited.
Sensex	Sensex is a stock index introduced by The Stock Exchange, Mumbai in 1986. It is a basket of 30 constituent stocks representing a sample of large, liquid and representative companies. The base year of Sensex is 1978-79 and the base value is 100. The index is widely reported in national and international markets through print as well as electronic media.
SMS	Short Messaging Service. It is a text messages service which enables the user to send short messages to other users.
US GAAP	United States Generally Accepted Accounting Principles

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