Bharti Tele-Ventures Limited

(Incorporated as a public limited company on July 7, 1995 under the Companies Act, 1956)
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QUARTERLY REPORT ON RESULTS FOR THE PERIOD OF THIRD QUARTER & NINE MONTHS ENDED DECEMBER 31, 2003

DATED – JANUARY 20, 2004

The financial statements, and the other information included in this quarterly report, fairly presents in all material respects the financial condition, results of operations and cash flows of the company, for the periods presented in this quarterly report. The quarterly report does not contain any untrue statement of a material fact or omit to state a material fact.

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

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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. Investors are advised to read the risk factors in the Companies Prospectus dated February 7, 2002, carefully before taking an investment decision in this Company. For taking an investment decision, investors must rely on their own examination of Bharti Tele-Ventures including the risks involved.

BHARTI TELE-VENTURES – A SNAPSHOT

	UNITS	Full Year Ended March 31,					Quarter Ended		
		1999	2000	2001	2002	2003	June 30. 2003	Sept.30. 2003	Dec.31. 2003
Total Customer Base	**Nos (000's)**	**134**	**350**	**702**	**1,515**	**3,443**	**4,175**	**5,114**	**6,070**
Mobile (GSM)									
Number of circles operational	Nos	2	4	5	7	15	15	15	15
Number of customers	Nos (000's)	122	283	595	1,351	3,071	3,751	4,617	5,501
Total market share of all India customers	%	10.0%	15.0%	17.0%	21.0%	24.2%	24.8%	25.3%	25.0%
Percentage of all India population covered in licensed areas	%	2%	14%	15%	58%	58%	58%	58%	58%
Percentage of all India area covered in licensed areas	%	2%	16%	16%	56%	56%	56%	56%	56%
Percentage of all India mobile customers in licensed areas	%	18%	30%	31%	93%	91%	91%	91%	91%
Fixed line									
Number of circles operational	Nos	1	1	1	3	6 #	6 #	6 #	6 #
Number of customers	Nos (000's)	12	67	107	164	372	424	497	569
Consolidated financials as per IAS									
Revenue	INR Mn.	2,449	4,481	8,481	14,862	30,499	10,360	11,445	12,687
EBITDA	INR Mn.	35	856	1,930	3,993	7,590	2,889	3,765	4,728
Cash profit from operations	INR Mn.	(135)	224	971	3,088	4,927	2,258	3,058	3,999
Earnings before tax	INR Mn.	(562)	(797)	(1,102)	(1,184)	(1,785) *	309	939	1,838 *
Profit after tax	INR Mn.	(322)	(550)	(1,208)	(1,215)	(1,780) *	310	933	1,613 *
Total funded equity	INR Mn.	-	5,344	21,285	51,795	51,734	51,750	51,765	51,797
Consolidated financials as per IAS									
Revenue	US$ Mn.	51	94	177	310	642	227	251	278
EBITDA	US$ Mn.	1	18	40	83	160	63	83	104
Cash profit from operations	US$ Mn.	(3)	5	20	64	104	50	67	88
Earnings before tax	US$ Mn.	(12)	(17)	(23)	(25)	(38)*	7	21	40*
Profit after tax	US$ Mn.	(7)	(11)	(25)	(25)	(37) *	7	20	35 *
Total funded equity	US$ Mn.		112	444	1,081	1,088	1,135	1,135	1,136
Ratio									
EBITDA Margin	%	1%	19%	23%	27%	25%	28%	33%	37%
Net Profit Margin	%	-13%	-12%	-14%	-8%	-6%	3%	8%	13%
Net Debt to funded equity ratio	Times	-	1.00	0.13	0.28	0.61	0.68	0.74	0.73

 # - Madhya Pradesh fixed line circle has been divided into two-fixed line circles namely Madhya Pradesh Circle & Chattisgarh Circle (under the same license)

** - For full year ended March 31, 2003, quarter and nine months ended December 31, 2003,earnings before tax and profit after tax does not include any unusual income.*

1. All annual financial highlights for the year ended March 31, 2000; 2001; 2002; 2003 are consolidated audited results as per International Accounting Standards.
2. Financial highlights for the quarter ended June 30, 2003, September 30, 2003 and December 31, 2003 are un-audited and are based on consolidated results as per International Accounting Standards.
3. Exchange rate for Rupee conversion to US$ is (a) Rs. 47.90 for the financial year ended March 31, 1999, 2000, 2001, 2002 (b) Rs. 47.53 for the financial year ended March 31, 2003,and (c) Rs. 45.59 for the quarter ended December 31, 2003, quarter ended September 30, 2003 and quarter ended June 30, 2003.

New Additions in the Report

It is always our endeavor to add value to the quarterly reporting so as to make it more and more enriching for all its users. We are giving below a summary of new additions we have done in this quarterly report and their references.

Sl. No.	New addition	Page Number(s)	Reference
1	Reconciliation of Profit as per IAS & US GAAP for the nine months period ended December 31, 2003	8	Table 2.1.1.2
2	Audited financials as per IAS for the nine months period ended December 31, 2003	8,9,25,26	Table 2.1 Table A1.1 Table A1.1
3	All India total wireless market & Bharti's share	12	Table 3.1.3.4
4	Wireless market share of customers & net additions in Bharti's market	12	Table 3.1.3.4
5	A brief on Bharti's strong financial management Quarter on Quarter	20	Section IV

SECTION I

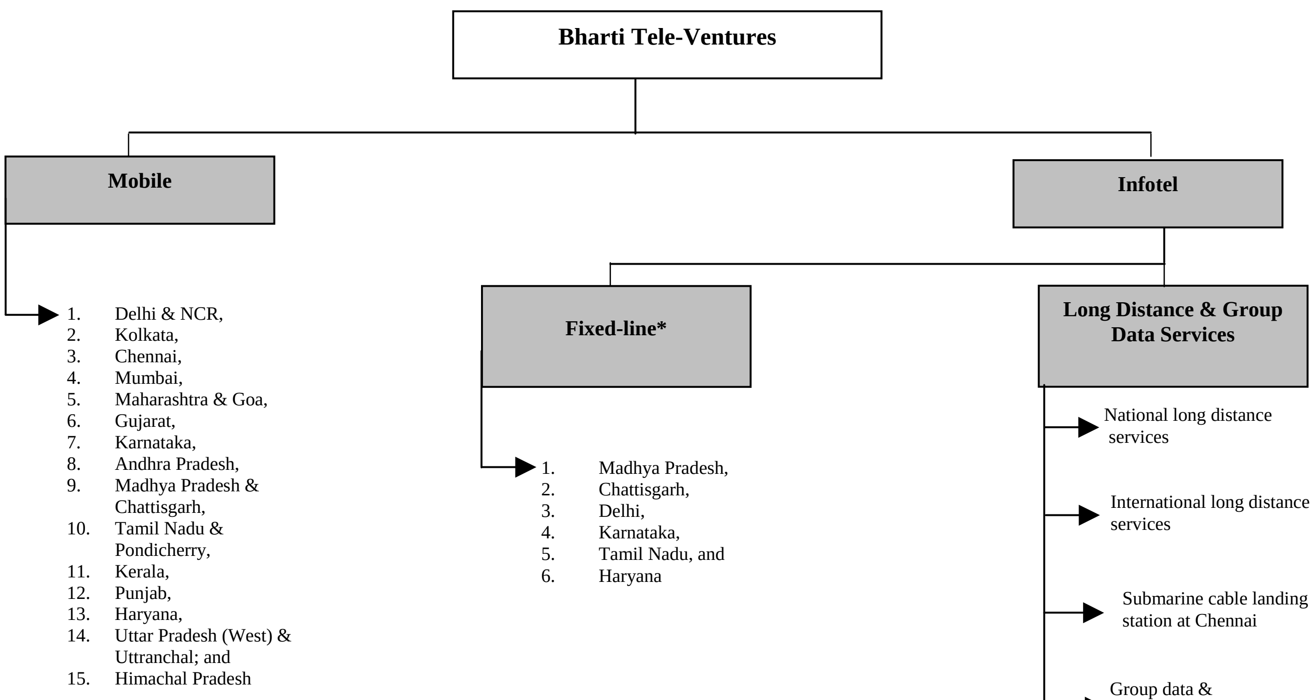
INTRODUCTION

We are India's leading private sector provider of telecommunications services based on an aggregate of 6,069,776 customers as of December 31, 2003, consisting of 5,500,580 mobile and 569,196 fixed line customers. We are currently the largest GSM mobile service provider in the country. Mobile services constitute the largest portion of our business both in terms of total revenues and total customers. We also provide fixed-line, long distance, group data and enterprise services including VSAT and Internet services.

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

For the quarter ended December 31, 2003, our revenue and EBITDA as per un-audited IAS accounts were Rs. 12,687 million (US$ 278 million) and Rs. 4,728 million (US$ 104 million) respectively and for the nine months ended December 31, 2003, our revenue and EBITDA as per audited IAS accounts were Rs.34,492 million (US$ 757 million) and Rs.11,382 million (US$ 250 million) respectively. The net profit before unusual income for the quarter and nine months ended December 31, 2003 was Rs. 1,613 million (US$ 35 million) and Rs.2,857 million (US$ 63 million) respectively. During the quarter ended December 31, 2003, mobile services represented approximately 68% of our total revenues.

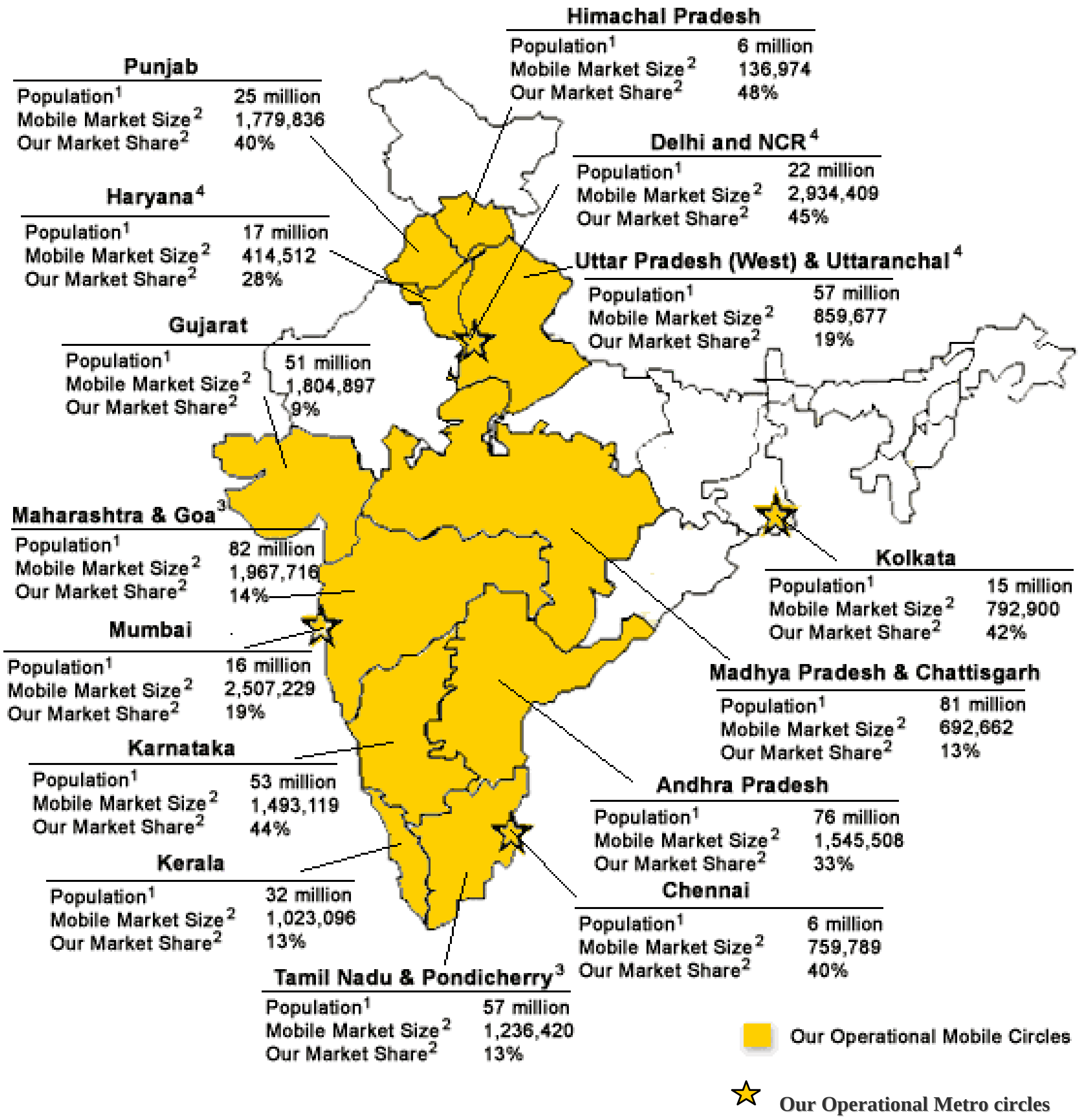
Our businesses have been organized by services into two main 'Strategic Business Groups' – the Mobile and the Infotel service group. The mobile group provides GSM mobile services in fifteen telecom circles, while the Infotel group provides services, which include fixed line, long distance and the data and enterprise solutions.



** Note: Post unified access service licence regime, we can offer fixed line services in our mobile circles also.*

Bharti Tele-Ventures conducts its business through its subsidiaries. It holds 99.7% in Bharti Cellular Limited (operates 12 mobile circles-except the circles of Punjab, Andhra Pradesh and Karnataka), 100% in Bharti Mobile Limited (operates Punjab, Andhra Pradesh & Karnataka mobile circles), 100% in Bharti Infotel Limited (operates fixed line, long distance & group data services) and 51% in Bharti Aquanet limited (owns landing station in Chennai).

1.2 OUR MOBILE FOOTPRINT



Source:

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

(2) Mobile subscriber statistics are as of December 31, 2003 and are based on data released by COAI. Mobile market size comprises the total number of GSM mobile subscribers of all the service providers in a circle.

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

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

1.3 The key demographics of our operations are set forth below.

	Mar-99	Mar-00	Mar-01	Mar-02	Mar-03
Services Offered					
Mobile	✓	✓	✓	✓	✓
Fixed Line	✓	✓	✓	✓	✓
Data & Enterprise Solutions	✓	✓	✓	✓	✓
National Long Distance	-	-	-	✓	✓
International Long Distance	-	-	-	-	✓
Mobile Circles in Operations	2	4	5	7	15
Fixed Line Circles in Operations	1	1	1	3	6
Percentage of All India 'Population Covered in our licensed areas [2,3]	2%	14%	15%	58%	58%
Percentage of All India Area Covered in our licensed areas [1,3]	2%	16%	16%	56%	56%
Percentage of All India GSM Mobile Customers in the licensed areas [3]	18%	30%	31%	93%	91%

1. *Area estimates are from National Census, 2001.*
2. *Population estimates for all circles other than the metropolitan areas are as per National Census, 2001.*
3. *Information given is for the total market and is not representative of our market share or network coverage.*

1.4 Business Divisions

- **Mobile** - We currently offer mobile services in fifteen of the 23 circles in India. As of December 31, 2003, approximately 91% of India’s total number of GSM mobile customers resided in our mobile circles, according to COAI reports. Our mobile customers in the circles accounted for approximately 25% of the total all India GSM mobile customer base, as of December 31, 2003, which make us the largest GSM mobile service provider in the country.

- **Fixed Line -** We were the first private sector operator to provide fixed-line services in India. We currently provide fixed-line services in the Madhya Pradesh, Chattisgarh, Haryana, Delhi, Karnataka and Tamil Nadu circles. We believe that these circles have high telecommunications revenue potential, especially for carrying data traffic.

- **Long Distance, Group data & enterprise services** - We complement our mobile and fixed-line services with national and international long distance services and provide these services across India. We also have a submarine cable landing station at Chennai, which connects the submarine cable connecting Chennai and Singapore. Our long distance and data enterprise services has enormous support from this connectivity and facilitates us in offering best value to our customers. We also provide reliable end-to-end data & enterprise services to our corporate customers by leveraging the bandwidth available in our subsidiaries through our nationwide fiber optic backbone, last mile connectivity in fixed-line and mobile circles, VSATs, ISP and international bandwidth access through our gateways and landing station.

1.5 Vendors

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

1.6 Partners

Our existing foreign shareholders have acquired direct and indirect equity interests in the Company for a total consideration exceeding US$1 billion. The investment made by SingTel is their third largest investment outside Singapore. The financial partner, Warburg Pincus’ investment in our company is one of their largest investments made in the world. Our other partners include international financial investors such as International Finance Corporation - Washington, Asian Infrastructure Fund Group and New York Life Insurance.

SECTION II

FINANCIAL HIGHLIGHTS

Detailed financial statements and analysis for the third quarter and nine month ended December 31, 2003 are attached to this report as Annexures.

The financials for the full year ended March 31,2003 are audited. The financials for the quarter ended December 31, 2003 and 2002, and quarter ended September 30, 2003 are un-audited. **The financials for the nine months ended December 31, 2003 are Audited.**

2.1 BTVL Consolidated - Summary of Consolidated Results of Operations .

2.1.1.1 Profit & Loss Statement– BTVL consolidated results includes the consolidated profit & loss statement net of inter-segment eliminations.

Rs million, except ratios

Particulars	Quarter Ended					Nine months ended		
	Dec. 2003	Dec. 2002	Y-on-Y Growth	Sept. 2003	Q3-on-Q2 Growth	Dec. 2003	Dec. 2002	Y-on-Y Growth
Total revenue	12,687	8,469	50%	11,445	11%	34,492	20,432	69%
EBITDA	4,728	2,400	97%	3,765	26%	11,382	4,993	128%
Cash profit from operations	3,999	1,644	143%	3,058	31%	9,314	2,848	227%
Earnings before tax (before unusual item)	1,838	(80)	-	939	96%	3,087	(2,061)	-
Profit after tax (before unusual items)	1,613	(71)	-	933	73%	2,857	(2,037)	-
EBITDA / Revenue	37%	28%		33%		33%	24%	

Note; For inter-segment eliminations please refer to table 2.2.4.The EBT & profit after tax does not include Rs. 300 million of unusual income. Please refer to Management Discussion & Analysis for further details.

2.1.1.2 Reconciliation of Profit & Loss between IAS and US GAAP

Rs million

	Nine months ended December 31, 2003
Net profit / (loss) as per IAS	**3,157**
Add: Goodwill amortisation	1,119
Less: Deferred taxation	(62)
Net profit / (loss) as per US GAAP	**4,214**

Note: The net profit as per IAS includes unusual income of Rs. 300 million. Please refer to Management Discussion & Analysis for further details

2.1.2.1 Balance Sheet as per IAS

Rs millions, except ratios

Particulars	As at December 31, 2003	As at September30, 2003	As at March 31, 2003
LIABILITIES & EQUITY			
Funded Equity	51,797	51,765	51,734
Reserves & Surplus	(3,284)	(5,130)	(6,992)
Shareholder's equity	**48,513**	**46,635**	**44,742**
Total borrowings	43,745	40,780	35,932
Other non-current liabilities	3,686	3,738	2,386
Total liabilities & equity	**95,944**	**91,153**	**83,061**
ASSETS			
Net fixed assets & other project investments	96,000	93,215	83,696
Other non-current assets	3,466	3,231	3,165
Net current assets	(3,521)	(5,293)	(3,800)
Total Assets	**95,944**	**91,153**	**83,061**
Net debt	37,598	38,305	31,740
Net debt to funded equity	0.73	0.74	0.61
Book Value Per Equity Share (Rs.)	26.2	25.2	24.1

2.2 Segment-wise Summarized Profit and Loss Statements as per IAS

2.2.1 MOBILE OPERATIONS

Rs.million except ratios

Particulars	Quarter Ended					Nine months ended		
	Dec. 2003	Dec. 2002	Y-on-Y Growth	Sept. 2003	Q3-on-Q2 Growth	Dec. 2003	Dec. 2002	Y-on-Y Growth
Total revenue	8,580	5,731	50%	7,566	13%	22,712	14,700	55%
EBITDA	3,164	1,597	98%	2,384	33%	7,294	4,125	77%
Earnings before interest & tax #	1,986	714	178%	1,230	62%	3,936	1,572	150%
EBITDA / Revenue	37%	28%		32%		32%	28%	

Note: # EBIT does not include Rs. 300 million of unusual income for the quarter and nine months ended December 31, 2003. Please refer Management Discussion and Analysis section for further details.

2.2.2 INFOTEL OPERATIONS – comprises fixed line, long distance and group data and enterprise services.

Rs.million except ratios

Particulars	Quarter Ended					Nine months ended		
	Dec. 2003	Dec. 2002	Y-on-Y Growth	Sept. 2003	Q3-on-Q2 Growth	Dec. 2003	Dec. 2002	Y-on-Y Growth
Total revenue	5,522	3,394	63%	5,198	6%	15,288	7,073	116%
EBITDA #	1,630	773	111%	1,375	19%	4,162	998	317%
Earnings before interest & tax #	1,028	300	242%	765	34%	2,366	(276)	-
EBITDA / Revenue	30%	23%		26%		27%	14%	

Note: # EBITDA & EBIT does not include provision of Rs. 48 million of WPC fees pertaining to prior period. Please refer Management Discussion and Analysis section for further details.

2.2.2.1 Fixed Line Operations

Rs.million except ratios

Particulars	Quarter Ended					Nine months ended		
	Dec. 2003	Dec. 2002	Y-on-Y Growth	Sept. 2003	Q3-on-Q2 Growth	Dec. 2003	Dec. 2002	Y-on-Y Growth
Total revenue	2,058	1,012	103%	1,921	7%	5,523	2,345	136%
EBITDA #	446	189	136%	448	0%	1,199	137	776%
Earnings before interest & tax #	135	(100)	-	137	-2%	252	(686)	-
EBITDA / Revenue	22%	19%		23%		22%	6%	

Note: # EBITDA & EBIT does not include provision of Rs. 48 million of WPC fees pertaining to prior period. Please refer Management Discussion and Analysis section for further details.

2.2.2.2 Long Distance, Group Data and Enterprise Services - comprises the national, international long distance operations, group data and enterprise services and landing station operations at Chennai.

Rs.million except ratios

Particulars	Quarter Ended					Nine months ended		
	Dec. 2003	Dec. 2002	Y-on-Y Growth	Sept. 2003	Q3-on-Q2 Growth	Dec. 2003	Dec. 2002	Y-on-Y Growth
Total revenue	3,464	2,382	45%	3,277	6%	9,764	4,728	107%
EBITDA	1,184	585	103%	927	28%	2,963	861	244%
Earnings before interest & tax	893	400	123%	628	42%	2,115	410	415%
EBITDA / Revenue	34%	25%		28%		30%	18%	

2.2.3 OTHERS - comprises the expenses of BTVL corporate office.

Rs.million except ratios

Particulars	Quarter Ended					Nine months ended		
	Dec. 2003	Dec. 2002	Y-on-Y Growth	Sept. 2003	Q3-on-Q2 Growth	Dec. 2003	Dec. 2002	Y-on-Y Growth
Total revenue	-	-	n/a	-	n/a	-	-	-
EBITDA	(79)	(96)	18%	(83)	5%	(258)	(256)	-1%
Goodwill Amortisation	390	337	16%	386	1%	1,119	1,010	11%
Depreciation & Others	(74)	(100)	26%	(122)	39%	(283)	(59)	-380%
Earnings before interest & tax	(395)	(333)		(347)		(1,094)	(1,207)	

2.2.4 Inter unit Elimination

Rs.million except ratios

Particulars	Quarter Ended					Nine months ended		
	Dec. 2003	Dec. 2002	Y-on-Y Growth	Sept. 2003	Q3-on-Q2 Growth	Dec. 2003	Dec. 2002	Y-on-Y Growth
Revenue	(1,415)	(656)		(1,318)		(3,508)	(1,340)	
EBITDA	61	126		89		233	126	

2.3 Segment-wise Investments and Contribution

2.3.1 Investments in projects

Rs.million except ratios

Segment	As At December 31, 2003		As At September 30, 2003		As At March 31, 2003	
Mobility	82,743	71%	79,239	71%	68,468	69%
Fixed Line	16,733	14%	15,839	14%	15,431	16%
Long Distance & Group Data Services	17,674	15%	16,857	15%	14,679	15%
Corporate	351	0%	349	0%	344	0%
Total	**117,501**	**100%**	**112,284**	**100%**	**98,922**	**100%**
Accumulated Depreciation & Amortisation	21,501		19,069		15,226	
Net Fixed Assets & Other Project Investment	**96,000**		**93,215**		**83,696**	

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

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

Rs.million except ratios

	Quarter ended December 2003						Nine months ended December 2003					
	Revenue		EBITDA		Capex		Revenue		EBITDA		Capex	
	Rs. Million	% of total	Rs. Million	% of total	Rs. Million	% of total	Rs. Million	% of total	Rs. Million	% of total	Rs. Million	% of total
Mobility	8,580	68%	3,164	67%	3,912	69%	22,712	66%	7,294	64%	11,522	73%
Fixed Line	2,058	16%	398	8%	894	16%	5,523	16%	1,150	10%	2,262	14%
Long Distance & Group Data Services	3,464	27%	1,184	25%	816	15%	9,764	28%	2,963	26%	2,994	19%
Corporate	-	-	(79)	-1%	3	0%	-	-	(258)	-2%	8	-
	14,102		**4,667**		**5,625**		**38,000**		**11,149**		**16,786**	
Eliminations	(1,415)	-11%	61	1%	-	0%	(3,508)	-10%	233	2%	(960)	-6%
Total	**12,687**	**100%**	**4,728**	**100%**	**5,625**	**100%**	**34,492**	**100%**	**11,382**	**100%**	**15,826**	**100%**

Note: Elimination of Rs. 960 million in capex represents the transfer of network backbone of Madhya Pradesh fixed line services to Long distance services. Also, the EBITDA of fixed line is after provision of Rs. 48 million of WPC fees pertaining to prior period.

SECTION III

OPERATING HIGHLIGHTS

3.1 Customer Analysis

3.1.1 Overall Customers – Customers on Bharti's network across segments

Figures in Nos, except ratios

	As on				
	Dec 31, 2003	Sept 30, 2003	Q3 -on-Q2 Growth	Dec. 31, 2002	Y-o-Y Growth
Mobile	5,500,580	4,617,018	19%	2,774,558	98%
Fixed-line	569,196	496,701	15%	317,220	79%
Total	**6,069,776**	**5,113,719**	**19%**	**3,091,778**	**96%**

3.1.2 Net Additions for the Quarter

3.1.2.1 Net Additions – Annual growth – New customers added on our network across segments during the period as compared to the corresponding period during previous year

Nos, except ratios

	Quarter ended		
	Dec 31, 2003	Dec. 31, 2002	Y-o-Y Growth
Mobile	883,562	481,360	84%
Fixed-line	72,495	56,246	29%

3.1.2.2 Net Additions – Quarter growth – New customers added on our network across segments during the quarter as compared to the previous quarter

Figures in Nos, except ratios

	Quarter Ended		
	Dec 31, 2003	Sept 30, 2003	Q3 -on-Q2 Growth
Mobile	883,562	866,029	2%
Fixed-line	72,495	72,943	-1%

3.1.3 Mobile Market Share

3.1.3.1 All India – GSM mobile Net additions – New customers added on Bharti's mobile networks compared to all India GSM mobile net additions.

Figures in Nos, except ratios

	Quarter Ended		
	Dec 31, 2003	Sept 30, 2003	Dec. 31, 2002
All India GSM Net Additions	3,691,186	3,151,761	1,948,020
All Bharti Net Additions	883,562	866,029	481,360
Bharti Market Share of All India Net Additions	**23.9%**	**27.5%**	**24.7%**

3.1.3.2 All India – Wireless Net additions – New customers added on Bharti's mobile networks compared to all India wireless net additions.

Figures in Nos, except ratios

	Quarter Ended	
	Dec 31, 2003	Sept 30, 2003
All India Wireless Net Additions	5,262,467	5,689,146
All Bharti Net Additions	883,562	866,029
Bharti Market Share of All India Net Additions	**16.8%**	**15.2%**

3.1.3.3 All India – Total GSM Customers – Customers on Bharti's mobile networks as a percentage of All India GSM mobile customers, during the quarter compared to that in previous quarter.

Figures in Nos, except ratios

	As on				
	Dec 31, 2003	Sept 30, 2003	Q3 -on-Q2 Growth	Dec. 31, 2002	Y-o-Y Growth
All India Mobile Subscribers	21,991,743	18,300,557	20%	10,480,430	110%
Bharti's Mobile Subscribers	5,500,580	4,617,018	19%	2,774,558	98%
Bharti Subscribers as percentage of All India Subscribers	**25.0%**	**25.2%**	**-**	**26.5%**	**-**

3.1.3.4 All India – Total wireless Customers – Customers on Bharti's mobile networks as a percentage of All India wireless customers, during the quarter compared to that in previous quarter.

Figures in Nos, except ratios

	Quarter Ended		
	Dec 31, 2003	Sept 30, 2003	Q3 -on-Q2 Growth
All India Wireless Subscribers	28,181,686	22,919,219	23%
All Bharti GSM Subscribers	5,500,580	4,617,018	19%
Bharti Subscribers as percentage of All India Subscribers	**19.5%**	**20.1%**	

3.1.3.3 GSM Market Share in Bharti Markets –Bharti's share of GSM customers and net additions as a percentage of GSM customers and net additions in its own market.

Figures in Nos, except ratios

	Quarter Ended		
	Dec. 31, 2003	Sept. 30, 2003	Dec. 31, 2002
Customers	27.6%	27.7%	27.2%
Net Additions	27.0%	29.7%	28.8%

3.1.3.4 Wireless Market Share in Bharti Markets –Bharti's share of wireless customers and net additions as a percentage of wireless customers and net additions in its own market.

Figures in Nos, except ratios

	Quarter Ended	
	Dec. 31, 2003	Sept. 30, 2003
Customers	21.6%	22.2%
Net Additions	19.0%	16.8%

3.1.4 Mobile Customer Mix – Bharti customers – Percentage of prepaid customers to total customers

Figures in Nos, except ratios

	As on		
	Dec. 31, 2003	Sept. 30, 2003	Dec. 31, 2002
Percentage of Prepaid Subscribers to Total Subscriber Base	82%	83%	70%
Percentage of Prepaid Net Additions to Total Net Additions	74%	93%	93%

3.2 Revenue & Usage

3.2.1 Mobile Business

	Quarter Ended		
	Dec. 31, 2003	Sept. 30, 2003	Q3 -on-Q2 Growth
AVERAGE MONTHLY REVENUE PER USER (ARPU) (in Rs)			
Postpaid	1,326	1,428	-7%
Prepaid	349	355	-2%
Blended	519	546	-5%
AVERAGE MONTHLY MINUTES OF USE PER CUSTOMER (Minutes)			
Postpaid	670	689	-3%
Prepaid	217	216	1%
Blended	296	300	-1%
SMS			
SMS Revenue as a percentage of Total Mobile Revenue	3.4%	3.1%	
CHURN - MONTHLY			
Postpaid Voluntary Churn	1.1%	1.5%	
Postpaid Company Initiated Churn	3.3%	4.2%	
Prepaid	5.7%	4.5%	

3.2.2 Fixed Line Business

	Quarter Ended		
	Dec. 31, 2003	Sept. 30, 2003	Q3 -on-Q2 Growth
Average Monthly Revenue Per User (ARPU) (in Rs)	1,285	1,360	-6%

3.3 Human Resource Analysis

	Quarter Ended		
	Dec. 31, 2003	Sept. 30, 2003	Q3 -on-Q2 Growth
EMPLOYEE PRODUCTIVITY			
Mobile Consolidated			
Customers per employee (Nos)	1,863	1,598	17%
Gross Revenue per employee per month (Rs)	968,558	872,811	11%
Fixed LineConsolidated			
Customers per employee (Nos)	438	406	8%
Gross Revenue per employee per month (Rs)	528,131	523,057	1%
Long Distance & Group Data Services			
Gross Revenue per employee per month (Rs)	1,663,757	1,647,337	1%

SECTION IV

MANAGEMENT DISCUSSION & ANALYSIS

KEY INDUSTRY DEVELOPMENTS

INDUSTRY

Interconnect Usage Charge (IUC) Regulations

On October 29, 2003, through a public consultation process, TRAI amended the earlier IUC Regulation released on January 24, 2003 and its subsequent amendments issued on March 27, 2003 and June 16, 2003. Under the said Regulation, the total Access Deficit Charge (ADC) to be funded by the industry was lowered from Rs. 130 billion as stated in the earlier Regulation to Rs.53.4 billion.

As per the previous regulations, the ADC was recoverable only from long distance calls involving wireline networks. Now, as per revised IUC, the revised ADC will be borne by (i) all local calls & intra circle calls of less than 50 kms involving fixed line network except for fixed to fixed call; (ii) all intra-circle calls of more than 50 kms involving fixed line network; and, (iii) inter-circle calls on all networks.

The amount of ADC payable on such calls ranges from Rs. 0.30 to Rs. 0.80 for local, intra- and inter-circle calls and Rs. 4.25 for international long distance calls.

The Regulation also provided that the ADC would be reviewed annually with more detailed and audited data, with a perspective of phasing out the ADC for private BSOs. Even the ADC regime that remains for BSNL would be phased out in general and be merged with USO regime in 3-5 years.

The Regulations also prescribe a uniform call termination charge at Rs.0.30 per minute for all networks. The New IUC Regulations have also increased the Carriage Charges in the distance slabs of 50-200 kms and 200-500 kms from Rs. 0.45 to Rs. 0.65 and Rs. 0.75 to Rs. 0.90 respectively. Further, no origination charge is specified. Thus, origination amount will be residual from tariff after payment of carriage and termination charge, plus the ADC amount.

Under this regime, the Authority has forborne with respect to tariffs for all services except tariff for Basic Services in rural areas.

The revised IUC Regulations were initially expected to be implemented with effect from December 01, 2003. However, due to certain operational issues, the implementation of these Regulations has been delayed to February 01, 2004.

Recommendations On the Unified Licensing Regime

On October 27, 2003, TRAI provided its recommendations on Unified Licensing Regime to the Government. The main recommendation stated that the ultimate objective to the Unified Licensing/ Authorisation Regime would be achieved in a two-stage process with the Unified Access Regime for Basic and Cellular Services in the first phase, to be followed up with a process to implement a fully Unified License/Authorisation Regime.

Based on the aforesaid Recommendation, DoT issued an Addendum to NTP '99 on November 11, 2003 wherein it held that along-with the existing licenses, there shall also be the following categories of licences for telecommunication services:

(i) Unified Licence for Telecommunication Services permitting Licensee to provide all telecommunication/ telegraph services covering various geographical areas using any technology;

(ii) Licence for Unified Access (Basic and Cellular) Services permitting Licensee to provide Basic and /or Cellular Services using any technology in a defined service area.

As a first phase of the recommendation by TRAI, with the introduction of Unified Access Services License (UASL), significant changes have been made in the Licensing regime in the country. The UASL permits the Licensee to provide Basic and/ or Cellular Services using any technology in a defined service area. Existing operators have been provided an option to continue under the present Licensing Regime (with present terms & conditions) or migrate to the new UASL regime in the existing service area, with existing allocated spectrum.

The License Fee, Service Area, Roll Out obligation and Performance Bank Guarantee under UASL are identical to that of the fourth cellular mobile service providers. As a result, the VPT obligations for Basic Service Operators also stood waived. No additional entry fee is to be paid by a Cellular Operator for migrating to UASL. However for Basic Service Operator's(BSOs), Entry Fee is equivalent to the difference between the Entry Fees paid by the fourth Cellular Operator and the Entry Fees paid by the concerned BSO. In the event, the Entry Fee paid by the BSO is higher, then it need not pay any further amount towards entry fee. Further, no additional Entry Fee is payable in those service areas where no Fourth Cellular Operator has bid despite repeated attempts.

Additionally, any BSO not desirous of shifting to UASL is required to pay only additional fee for providing WLL (M) services as prescribed separately.

The Service Providers who have migrated their existing Service-Specific Access License to a Unified Access License are:

(i) Reliance Infocomm Limited operates Basic Services in 16 telecom service areas and Reliance Telecom Limited operates in 1 telecom service area. Together, they have converted their basic services license to a Unified Access Services License in all 17 circles upon payment of a total Entry fee of approx. Rs.15.4 billion which included a penalty of Rs. 5.26 billion for violating the basic services license norms
(ii) Tata Teleservices Limited operates Basic Services in 5 telecom service areas and Tata Teleservices (Maharashtra) Limited operates Basic Services in 1 telecom service area. Together, they have converted their basic services license to a Unified Access Services License in all 6 circles upon payment of a total Entry fee of approx Rs. 5.45 billion.
(iii) Bharti Infotel Limited, operates Basic Services in 5 telecom service areas. It has acquired UASL only in one of its circles namely, Madhya Pradesh, for no additional consideration at all, as the entry fees paid by Bharti Infotel Limited for this License is higher than the entry fees paid by the 4th cellular operator. Further, since the VPT obligation have been waived, Bharti Infotel Limited has filed for a refund of Performance Bank Guarantees of Rs. 500 million along with the refund of performance bank guarantee of Rs. 500 million furnished towards other roll-out obligations in circle of Madhya Pradesh.
(iv) Further, Shyam and Himachal Futuristic Communications Limited (HFCL) have also converted their basic licenses to unified licenses.

In its recommendations, TRAI had also held that Reliance Infocomm was liable to pay a penalty of Rs. 5.26 billion as it had been providing full mobility under its basic service license, to its subscribers, by using multiple registration/ call forwarding facility, from the date of launch of its services. The Regulator accordingly stated that Reliance is liable to pay the penalty with effect from the date of signing its License Agreement till the date of migrating to the Unified Access License Regime in addition to the entry fees paid by the fourth cellular operators in respective circles.

Pursuant to implementation of Unified Access Licensing, TRAI issued a preliminary consultation paper for formulating the guidelines for a Unified License to facilitate migration to a fully Unified Licensing regime, which is the second phase of the recommendations by TRAI. The preliminary consultation paper stated that based on comments received thereon, a detailed consultation paper would be released and guidelines of new licensing regime to be recommended within six months after the consultative process. The consultation paper also stated that TRAI is in the process of formulating policies on two more issues namely:

- **Spectrum policy -** TRAI is in the process of formulating a detailed policy through public consultation on spectrum which would inter alia include spectrum allocation, procedure, efficient utilisation of spectrum and spectrum pricing.

- **Intra-circle Mergers & Acquisitions -** Similarly, Intra- Circle Merger & Acquisition guidelines would be recommended separately by the Regulator, which would devise the policy on consolidation within the telecom industry.

Recommendations of Telecom Ministry

As per press reports dated December 24, 2003, the Government announced fresh concessions of over Rs 9.6 billion annually for the telecom industry with a focus on cellular operators to compensate them for high license fee, a move coinciding with the decision of COAI to withdraw the case against WLL mobile services in the Supreme Court. The license fee has been reduced by two percentage points, from 12, 10 and 8 percent, across the board for all service providers (excluding national and international long distance operators) and an additional benefit of 2 percentage points reduction in revenue share has been granted to first and second circle (and not metro) cellular licensees for a period of four years. The minimum license fee, however, has been specified at five percent of the gross adjusted revenue that would go towards universal obligation fund. The package comes into effect from April 1, 2004.

The ministry had also revived its earlier proposal to hike foreign investment in telecom to 74 percent from the existing 49 percent. While the FDI by foreign telecom companies will remain capped at 49 per cent, an additional 25 per cent investment by foreign institutional investors (FIIs) may be permitted. This issue is subject to cabinet approval.

Wireless in Local Loop (WLL)

On October 28, 2003 the Cellular Operators Association of India (COAI) filed an appeal in the Supreme Court against the Telecom Dispute Settlement and Appellate Tribunal's (TDSAT) majority judgement, which had allowed limited mobility (WLL) services to basic operators. On November 10, 2003 the Supreme Court admitted the appeals filed by the COAI against the order of the Telecom Disputes Settlement Appellate Tribunal (TDSAT) upholding the Government's decision to permit basic operators to offer WLL mobile services.

COAI has withdrawn the said Appeals in light of the concessions extended to the cellular operators by the Government in the form of reduced license fees.

Changes in tariff setting

On January 16, 2003, TRAI has allowed telecom service providers to announce tariffs without the regulator’s permission. TRAI has asked operators to do a self check so that they are non-predatory, competitive and compliant with the interconnect norms.

TRAI has also directed cellular operators to continue offering incoming call and SMS services within the validity period of the talk time purchased by a prepaid mobile users.

Numbering Plan

On December 23, 2003, TRAI issued a recommendation to DoT stating that the Numbering scheme for full mobility services provided by Basic Service Providers who have migrated to a UASL should be brought at par with GSM operators. Pursuant to the above, vide a letter dated December 31, 2003, a new numbering level was allocated to Tata Teleservices Limited (series 97-### #####) and Reliance Infocomm Limited (series 93-### #####,) for their subscribers availing full mobility services. All existing subscribers availing full mobility service are required to be migrated to this numbering scheme w.e.f. February 01, 2004.

Direct Connectivity between networks of Service Providers

TRAI has issued a Directive under Section 13 of TRAI Amendment Act on Direct Connectivity between networks of Service Providers dated July 22, 2003 to all the service providers. The said Directive acknowledged that transiting traffic between service providers in the same service area entails avoidable transit charges, which have to be eventually borne by the customers in the form of higher tariffs. Accordingly, TRAI has mandated Direct Connectivity, in the same service areas between all service providers within three months from the date of its Directive.

In view of the above Directive, Bharti has also already approached BSNL and MTNL requesting them to initiate the process of establishing direct interconnection between the cellular operations of BSNL and MTNL and Bharti’s fixed, mobile and long distance networks. However, we are yet to receive any response from them.

BSNL has filed an appeal against the above Directive on the grounds that TRAI is not empowered to change the license conditions and it can only make recommendations in respect of the same. The appeal is pending before TDSAT.

Custom Duty Changes

On January 08, 2003, Government announced certain changes to various indirect taxes. In case of overall custom duty structure, special additional duty of customs (SAD) of four percent is abolished. They have also abolished basic customs duty on specified infrastructure equipment used by basic, cellular, internet, V-SAT, radio paging and public mobile radio trunked services and parts of such equipments. Customs duty on specified raw materials/inputs used for manufacture of electronic components or optical fibres/cables is reduced from 15 percent/five percent to five percent/nil. Also, custom duty on cell phones is reduced from 10 percent to five percent.

These changes have been effective from January 09, 2003, and are likely to have positive impact on telecom sector.

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Tata Teleservices seeks license for New Circles

As per Press Reports, Tata Teleservices Limited has got the letter of intents for under providing unified access services in the circles of Rajasthan, U.P. (East), U.P. (West), Himachal Pradesh, Haryana, Punjab, Kerala, West Bengal, Kolkatta, Orissa and Bihar.

Essar gets LoI for ILD Service

On November 11, 2003, the Government has issued a Letter of Intent to Essar Spacetel, a wholly owned subsidiary of Essar Teleholdings, for International Long Distance services.

Hutch acquires Escotel's Punjab Cellular License; applies for License in U.P. (west)

As per press reports, Hutchison Essar has bought out the Punjab cellular license from the Escorts promoted Escotel. The necessary legal approvals from the Department of Telecommunications have been given for the said acquisition.

It has also been reported that Hutchison Essar has applied for a unified access license to operate cellular services in U.P. (West).

Idea acquires Escotel's circles

As per press reports dated January 16, 2003, Idea has acquired Escotel's six telecom circles, which includes the existing three circles of Kerala, Haryana & UP(West), and three licenses obtained by Escorts during the fourth operator licenses, which includes Rajasthan, UP(East) & Himachal Pradesh.

COMPANY

Applies for new licenses

On November 18, 2003, Bharti Tele-Ventures Limited (BTVL) applied to the Government for grant of licenses to provide unified access services in six new telecom circles, viz. Uttar Pradesh (East), Bihar, Orissa, West Bengal (including Andaman & Nicobar), Jammu & Kashmir and Rajasthan. Against the above applications, the Company has already received Letters of Intent from the Licensing Authority.

AirTel announced its introduction to EDGE technology

On November 20, 2003, Airtel conducted the country's first `EDGE' (enhanced data rate for global evolution) trials as a mobile operator, using Ericsson's solution and announced that it would soon introduce `EDGE' (enhanced data rate for global evolution) technology as a move towards providing improved data services on mobile phones. The company also announced the introduction of international GPRS roaming with Singapore's SingTel and the Philippines' Globe.

Offer to acquire shareholders stake in mobile operations of Hexacom, Rajasthan

On December 12, 2003, Bharti had announced its offer to acquire Telesystem (Mauritius) Pvt. Limited, Mauritius,(a subsidiary of Telesystem International Wireless Inc., Canada) (TIW) 27.5% equity interest in Hexacom India Limited which operates the cellular license in Rajasthan, for a consideration of US$ 22.5 million (approximately Rs. 10.2billion). The Agreement was subject to certain conditions, including regulatory & other approvals, and a right of first refusal with the other existing shareholders of Hexacom.

Subsequently, one of the two major shareholders have exercised the right of first refusal and offered to acquire the aforesaid stake. In the light of this development, Bharti's offer to the TIW for its 27.5% equity stake stands terminated.

Bharti's Infotel Group announced the launch of WiFi service over DSL

On December 12, 2003, Bharti Infotel Limited, provider of the access, long distance, data & corporate solutions announced the launch of WiFi service over DSL, in its Delhi, Haryana, Tamil Nadu and Karnataka fixed line circles. With this launch Touchtel, has become country's first fixed line service provider of 'Wireless Broadband' services for residential and SME (Small and Medium Enterprises) customers.

The salient feature of this 'Wireless Broadband' service is dedicated bandwidth to enable speeds upto 8 Mbps on WiFi over Broadband DSL

AirTel crossed six hundred thousand customers in Punjab & turned market leaders

On October 16, 2003, AirTel, India's leading cellular service created history in Punjab by becoming the first service provider in the Country to cross 6,00,000 customer mark in just 19 months of operation.

Bharti Mobile - Punjab Litigation

The arbitration proceedings for a claim for refund of license fee and interest paid to the DoT were decided against Bharti Mobile limited, licensee of the Punjab Mobile circle. The company had already paid the license fees and interest thereon in an ESCROW account before the commencement of arbitration proceedings. The company challenged the award before the Delhi High Court and the Court has been pleased to admit the objections filed by Bharti Mobile Ltd. and issued notice to the DoT. The implementation of the award passed by the arbitrator remains stayed till the time the objection filed by the company are finally decided by the Hon'ble High Court. The objections are now fixed for the final hearing on February 05, 2004.

Awards & Recognitions

Based on Euromoney's eighth Asian company ranking on a survey of market analysts at major banks and research institutes in Asia, Bharti Tele-Ventures has done well on the following parameters:

- Best Companies by Country – Rank 5 in India
- Best Asian Company by sector – Rank 2 in Telecom – Cellular
- Best Asian Company by sector – Rank 2 in Telecom – Fixed

Inclusion of Bharti in S&P CNX Nifty

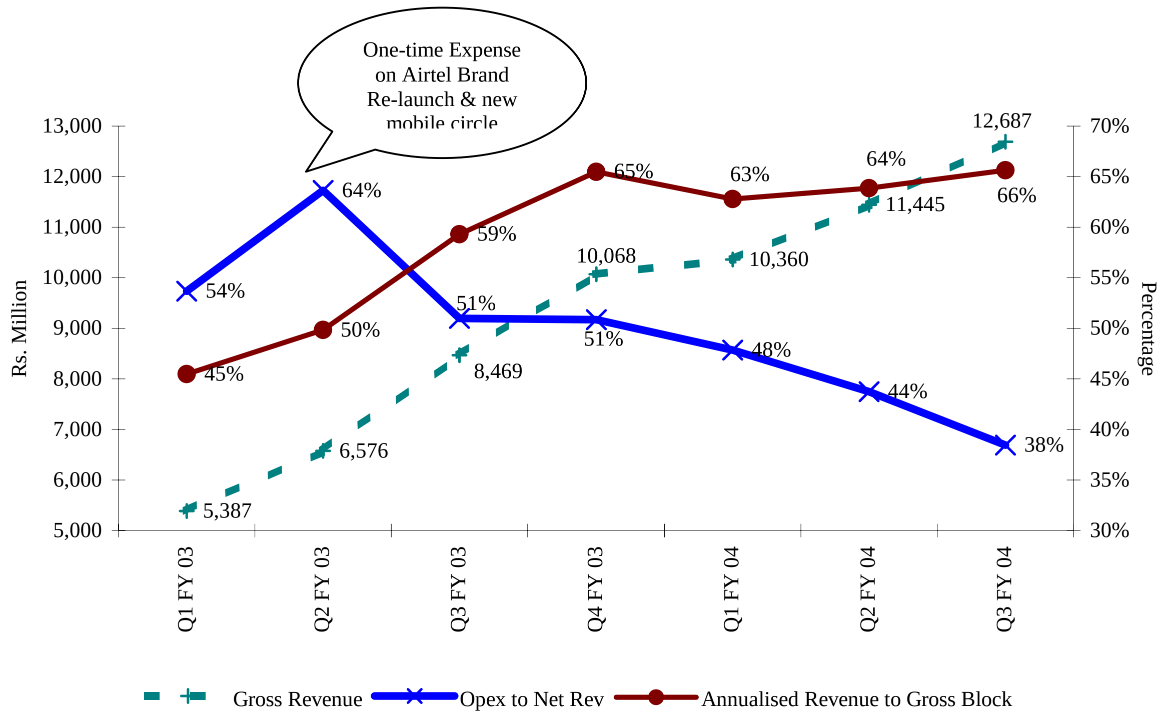
On January 16, 2004, the National Stock Exchange (NSE) included BTVL in the S&P CNX Nifty. This change will be with effect from March 01, 2004.

4.2 Bharti demonstrates sound financial management quarter-on-quarter.

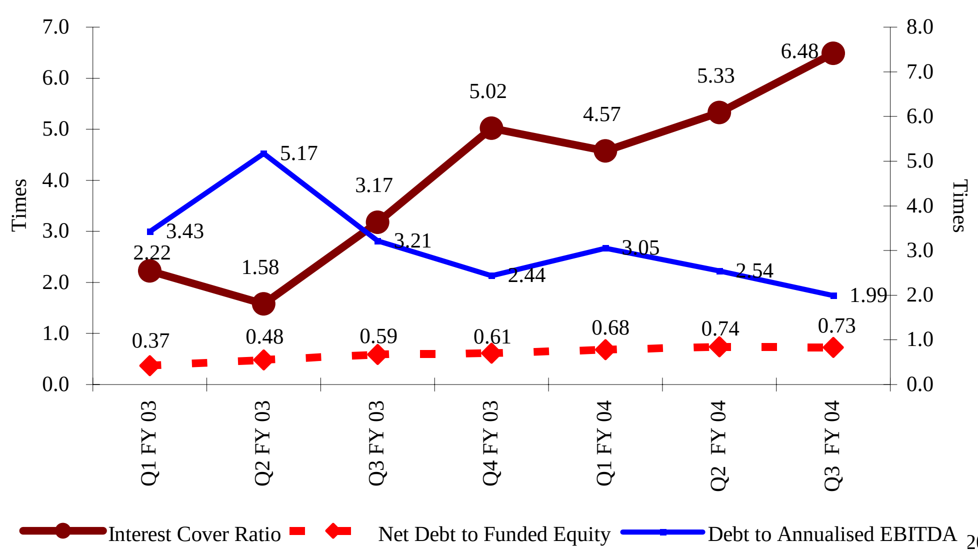
Bharti has displayed sound operational performance quarter-on-quarter, this has been complimented by a very strong and consistent performance on almost all financial parameters. It is mainly due to the strong financial management capability, the company has been able to achieve profitability.

We have recorded a robust growth in our consolidated revenues. Simultaneously, we have demonstrated operational efficiencies due to economies of scale and being ahead of competition in the learning curve of the Indian wireless market. Our operating expenses to net revenue ratio has, therefore reduced on a sequential basis.

The investments in our network are generating healthy returns. Our capital productivity has enhanced quarter on quarter, as we have consistently improved our annualized revenue to gross block.



The past few quarters have witnessed significant growth in the customer base along-with the usage by the customers. This has resulted in significantly higher capex resulting in higher funding requirements. Bharti has, even in such strong growth scenario, been extremely conservative in raising debt. Our net debt to funded equity ratio as on December 31, 2003 was only 0.73.



Our EBITDA (operating profit) currently covers the net finance cost by approximately 6.5 times. An increasing interest cover ratio coupled with a decreasing debt to annualized EBITDA shows that we are at a very comfortable debt and interest payout levels. This provides us further leverage to raise additional debts as and when required for the business.

These indicators, coupled with the fact that Bharti is operating in a high growth market display the fact that our attention is as much on financial management as it is in capturing the growth. It is through this strong financial management, that Bharti is committed to enhance shareholder value.

4.3 Results of Operations

As on December 31, 2003, we had an aggregate of 6,069,776 customers, consisting of 5,500,580 mobile and 596,196 fixed line customers. We have added nearly a million customers during the quarter, and our customer base has increased by 96% year on year.

During the quarter ended December 31, 2003, the company had revenues of Rs 12,687 million and an EBITDA of Rs 4,728 million, exhibiting a sequential growth of 11% and 26% respectively. The growth in the revenue was due to the strong customer addition during the quarter, and the improvement in the EBITDA was due to operating expenses maintained at the same level as in the last quarter. The EBITDA margin improved to 37% from 33% in the quarter ended September 30, 2003.

The consolidated net profit (before adjustment of unusual income) has improved to Rs. 1,613 million from Rs. 933 million in quarter ended September 30, 2003. The net profit margin improved to 12.7% from 8.1%.

However, there are certain one -time adjustments which have been made during the quarter:

(1) **Unusual income** – Bharti Mobile Limited, licensee of our Karnataka, Andhra Pradesh and Punjab circle had made an investment of Rs. 300 million in its wholly owned subsidiary, Evergrowth Telecom Limited (ETL). The company had written off the investments under International Accounting Standards in earlier years. However, during the quarter, the investment was sold at its face value of Rs. 300 million due to which the company had an unusual income of the same amount.

(2) **Network operating expenses** - the company had made a provision of approx Rs. 100 million in the quarter ended September 30, 2003 based on certain demands raised by DoT pertaining to the prior period. However, based on the assessment completed during the quarter, the actual liability amounted to only Rs. 46.5 million. In effect, the balance of Rs. 53.5 million has been reversed during this quarter.

The consolidated revenues for the quarter ended December 31, 2003 at Rs 12,687 million, grew by 50% over the corresponding quarter last year. During the same period, the operating expenses increased only by 13% from Rs. 3,475 million to Rs. 3,919 million. However, there was a reduction in other operating expenses which was primarily on account of reduction in bad debts This resulted in EBITDA nearly doubling from Rs. 2,400 million to Rs. 4,728 million. This is a clear demonstration of operating efficiencies achieved by the company and, also indicates benefits of scale in telecom.

As compared to the nine months ended December 31, 2002, when we had net losses of Rs 2,037 million, we have achieved profits (before unusual income) of Rs 2,857 million (US$ 63 million) for the nine months ended December 2003.

In addition, for the first time, we have presented audited results as per IAS and are provided profit reconciliation to US GAAP for the nine month ended December 31, 2003. The net profit as per US GAAP is Rs. 4,214 million.(US$ 92 million)

During the quarter ended December 31, 2003, we incurred a capital expenditure of Rs 5.63 billion (US$123 million) for the company. Thus, till date, we have invested Rs. 117.50 billion (US$ 2.6 billion) in building telecom in India.

The funded equity of Bharti Tele-Ventures as on December 31, 2003 was Rs.52 billion. As on that date, the net debt of the company was approximately Rs.38 billion resulting in a net debt to funded equity ratio of 0.73.

Mobile Business

During the quarter, we became the first GSM mobile operator to cross the 5-million subscriber mark. Our share of All India GSM market was 25% and of overall wireless market (GSM+CDMA) was 19.5%. During the quarter, net additions by GSM operators accounted for 70% of the overall wireless net additions of 5,262,467 customers.

The percentage of postpaid net additions of our total net additions during the quarter improved to 26% from 7% in the last quarter. This was primarily due to introduction of a new tariff plan*, which resulted in higher net additions in postpaid segment as compared to the last quarter. This plan also helped us reduce postpaid churn, during the quarter. The company initiated postpaid churn reduced from 4.2% to 3.3% and the voluntary churn reduced from 1.5% to 1.1% respectively. Prepaid subscriber base formed 82% of our overall subscriber base as on December 31, 2003.

The consolidated revenues from our mobile business for the quarter ended December 31, 2003 was Rs.8,580 million, contributing to 68% of our overall revenue and exhibiting a sequential growth of 13%. The EBITDA during the quarter was Rs 3,164 million. The EBITDA margin of 37% improved substantially from 32% during the quarter ended September 30, 2003.

During the quarter, our postpaid ARPU was Rs.1,326 (US$ 29) per month and our prepaid ARPU was Rs.349 (US$ 8) per month, resulting in a blended ARPU of Rs 519 (US$11). The reduction in the ARPU was primarily due to a majority of net additions during the quarter on the new postpaid tariff plan. This had a further impact on the blended usage per customer. The blended usage per customer reduced from 300 minutes to 296 minutes.

Fixed line Business

During the quarter ended December 31, 2003, we added 72,577 on our fixed line networks, a customer growth of 29% over the same quarter last year, thus taking our subscriber base to 569,278.

The consolidated revenues from our fixed line operations at Rs 2,058 million, registered a sequential growth of 7% in this business. The EBITDA (before the one time adjustment of Rs. 48 million pertaining to prior period WPC fees) during the quarter was Rs. 446 million. The EBITDA margin reduced to 22% from 23% last quarter.

The ARPU for the quarter was Rs. 1,285 (US$ 28) per month, a reduction of 6% from the previous quarter. This reduction was primarily attributable to the reduction in the revenues due to the international calling tariff cuts.

Long Distance, Group Data and Enterprise Services

During the quarter, the consolidated revenues at Rs.3,464 million from our long distance business and group data business had an increase of 6% over the last quarter. The EBITDA from these businesses during the quarter was Rs 1,184 million exhibiting an improvement in the margin to 34% from 28% in the last quarter.

Our long distance operations have experienced a substantial growth in traffic carried by us due to new international long distance tariff offered to our fixed line subscribers, coupled with increased captive subscriber base and superior network quality. The improvement in revenues is also due to an increase in data revenues on sale of lease line in our long distance segment.

Further, the contribution of revenues from our group data and enterprise services to this segment has also been increasing quarter on quarter.

* *Note : The company had introduced Sachin Invitation Plan (our brand ambassador), which has a rental of Rs. 150 per month and composite tariff of Rs. 1.99 per minute for all local & national long distance outgoing calls to GSM mobile. Please refer to our website www.airtelworld.com for further details.*

SECTION V

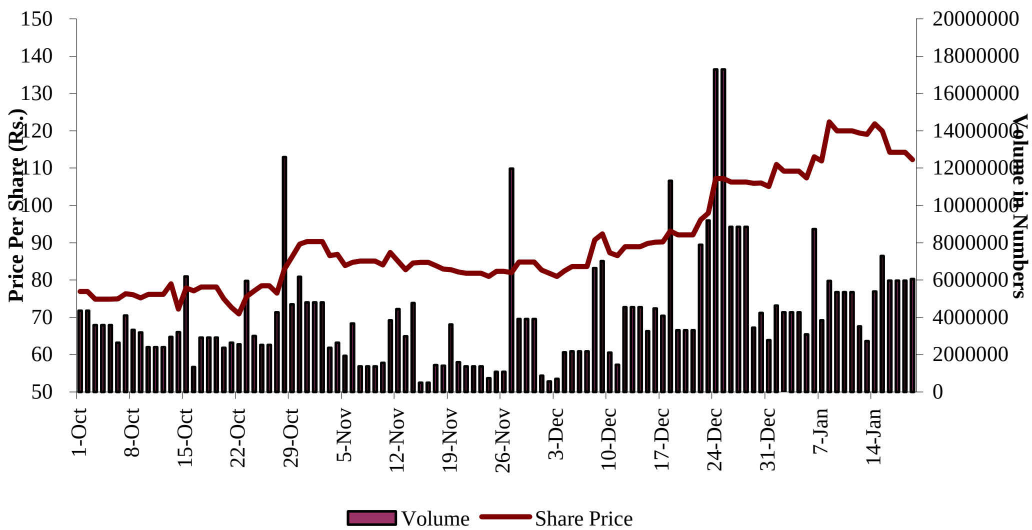
5.1 STOCK MARKET HIGHLIGHTS

5.1.1 General Information

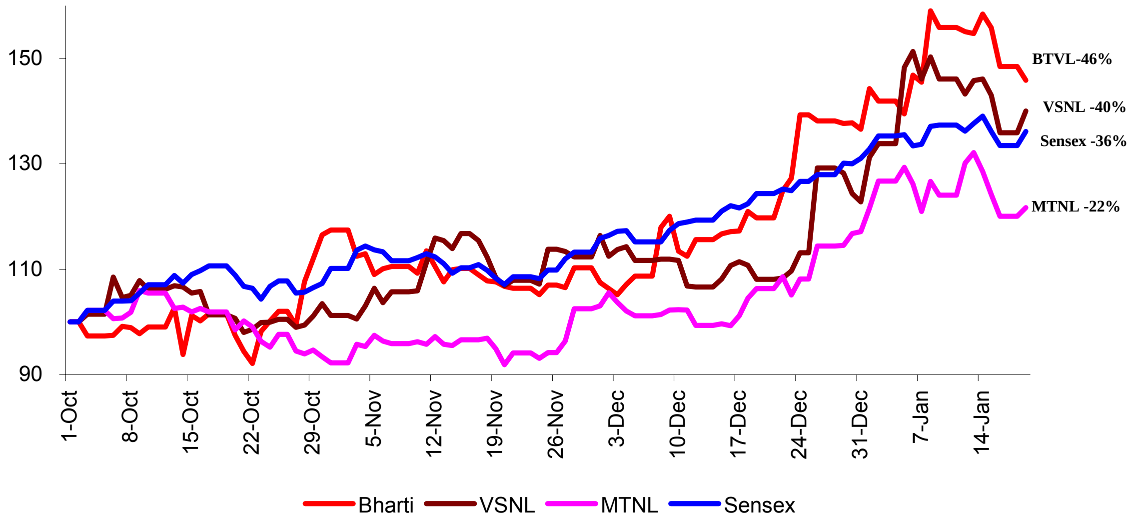
Opinion & Financial Data			Stock Data	
No. of Shares Oustanding	Million Nos.	1,853	Symbol/Exchange	BHTIF/Bombay
Closing Market Price (January 19, 2004)	Rs./Share	112.45	Bloomberg/Reuters	BHARTI IN/BRTI.BO
Market Capitalisation	Rs. Million	208,411	***Shareholding Pattern***	**As on December 31, 2003**
Book Value Per Share	Rs.	26.18	Promoters Holding	46.60%
Market Price/Book Value	Times	4.30	Singtel (Pastel Ltd)	15.95%
Net Debt/Funded Equity	Times	0.73	Free Float*	37.45%
Enterprise Value	Rs. Million	246,009		
Enterprise Value/Annualised Q3 Revenue	Times	4.85	Foreign Holding	47.61%
Enterprise Value/Annualised Q3 EBITDA	Times	13.01	Combined Volume (Oct 01, 2003- Jan 19, 2004)	4.2 million per trading day

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

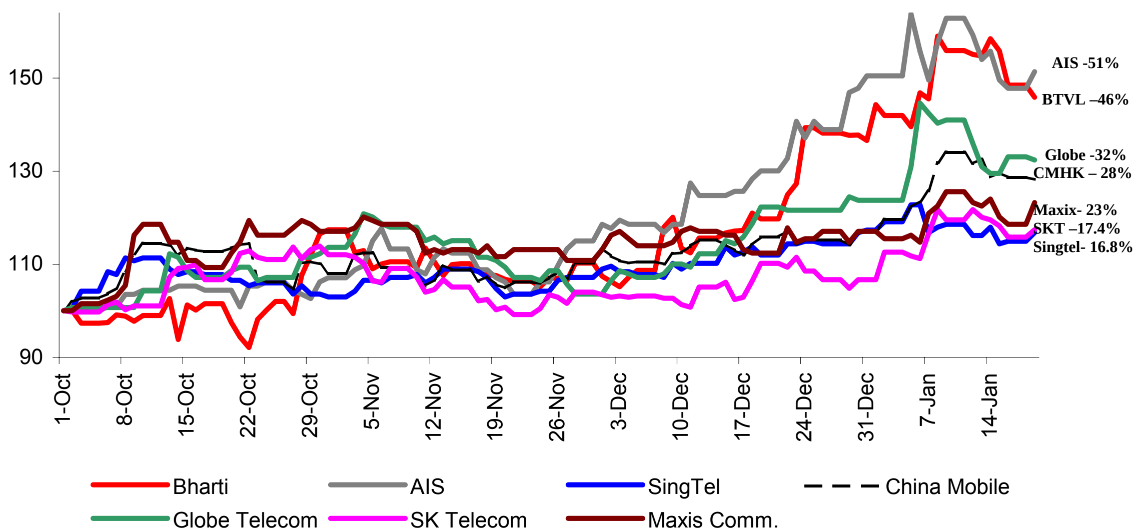
5.1.2 **Bharti Tele-Ventures Daily Stock Price` (BSE) & Volume (combined of BSE and NSE) Movement**



5.1.3 Comparison of Domestic Telecom Stock Movement with Sensex



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



ANNEXURES

A1 Financial Statements

A1.1 Consolidated Profit & Loss Statement as per International Accounting Standards

Rs.million except ratios

Particulars	Quarter Ended					Nine months ended		
	Dec. 2003	Dec. 2002	Y-on-Y Growth	Sept. 2003	Q3-on-Q2 Growth	Dec. 2003	Dec. 2002	Y-on-Y Growth
Total revenue	**12,687**	**8,469**	**50%**	**11,445**	**11%**	**34,492**	**20,432**	**69%**
Access & interconnect charges	2,497	1,655	51%	2,463	1%	7,692	3,859	99%
Net revenue	**10,190**	**6,814**	**50%**	**8,982**	**13%**	**26,800**	**16,573**	**62%**
Network operating expenses	1,103	996	11%	1,190	-7%	3,283	2,283	44%
Sales & marketing expenses	986	706	40%	863	14%	2,557	2,440	5%
Personnel expenses	944	676	40%	921	3%	2,704	1,924	41%
Other operation expenses	885	1,097	-19%	955	-7%	2,954	2,612	13%
Total operating expenses	**3,919**	**3,475**	**13%**	**3,929**	**0%**	**11,499**	**9,258**	**24%**
License fees	1,544	939	64%	1,288	20%	3,919	2,322	69%
EBITDA	**4,728**	**2,400**	**97%**	**3,765**	**26%**	**11,382**	**4,993**	**128%**
Net finance costs	729	756	-4%	707	3%	2,067	2,145	-4%
Cash profit from operations	**3,999**	**1,644**	**143%**	**3,058**	**31%**	**9,314**	**2,848**	**227%**
Non-operating income	79	1		18	334%	105	36	189%
Loss of associate / Joint-venture	-	-		-		-	-	
Pre-operating costs	-	(0)		-		-	378	
Depreciation & Amortisation	**2,240**	**1,725**	**30%**	**2,137**	**5%**	**6,332**	**4,567**	**39%**
Depreciation	1,713	1,276	34%	1,614	6%	4,796	3,203	50%
Amortisation - License fee	126	88	43%	126	0%	377	261	44%
Amortisation - Goodwill	390	336	16%	386	1%	1,119	1,010	11%
Amortisation - Others	11	25	-56%	11	-3%	41	93	-55%
Earnings before tax & Unusual items	**1,838**	**(80)**		**939**	**96%**	**3,087**	**(2,061)**	
Income tax income/(expense)	(219)	0		(0)		(220)	0	
(Profit) / loss to minority shareholders	(6)	9		(6)		(10)	23	
Net profit / (loss) before unusual items	**1,613**	**(71)**		**933**	**73%**	**2,857**	**(2,037)**	

Note: The financials for the quarter & nine months ended December 31, 2003 does not include Rs. 300 million of unusual income. Please refer to Management Discussion and Analysis section for further details.

Ratios:								
Opex to Net Revenue	38.5%	51.0%		43.7%		42.9%	55.9%	
EBITDA Margin	37.3%	28.3%		32.9%		33.0%	24.4%	
Net Profit Margin	12.7%	-0.8%		8.1%		8.3%	-10.0%	
Interest Coverage ratio	6.48	3.18		5.33		5.51	2.33	

A1.2 Consolidated Balance Sheet as per International Accounting Standards

Rs Millions, except ratios

Particulars	As at December 31, 2003	As at September30, 2003	As at March 31, 2003
LIABILITIES & EQUITY			
Funded Equity	51,797	51,765	51,734
Reserves & Surplus	(3,284)	(5,130)	(6,992)
Shareholder's equity	**48,513**	**46,635**	**44,742**
Minority interest	104	98	93
Total borrowings	43,745	40,780	35,932
Other non-current liabilities	3,582	3,640	2,293
Total liabilities & equity	**95,944**	**91,153**	**83,061**
ASSETS			
Gross fixed assets, including capital-work-in-progress	77,320	71,695	61,494
Accumulated depreciation	16,596	14,891	11,817
Net fixed assets	**60,724**	**56,804**	**49,678**
Goodwill	26,379	27,388	24,744
Entry Fee not written off	8,897	9,023	9,274
Net fixed assets & other project investments	**96,000**	**93,215**	**83,696**
Other non-current assets	3,466	3,231	3,165
Net current assets	(3,521)	(5,293)	(3,800)
Total Assets	**95,944**	**91,153**	**83,061**

Ratios			
Net debt	37,598	38,305	31,740
Net debt to funded equity	0.73	0.74	0.61
Number of Shares Outstanding (Million Nos.)	1,853	1,853	1,853
Book Value Per Share (in Rs)	26.18	25.2	24.1
Debt to EBITDA (Net Debt/Annualised EBITDA)	1.99	2.54	2.44
Net Debt to market capitalisation	0.18	0.29	0.51

A 1.3 BTVL – Cash Flow

Rs Millions, except ratios

Particulars	Qtr ended December 31, 2003	Nine months ended December 31, 2003
Opening cash & marketable securities	**2,475**	**4,192**
Add: Sources		
EBITDA	4,728	11,382
Increase in Funded Equity	32	63
Increase in borrowing	2,964	7,813
Minority Interest	6	10
Increase in Net Current Assets	1,957	286
Increase in Other Non Current Liabilities	495	1,841
	10,182	**21,395**
Less: Applications		
Payment on Acquisition of Telia Stake	-	1,352
Increase in Non Current Assets	235	301
Finance Cost net of Non-Operating Income	650	1,962
Period capital expenditure	5,625	15,826
	6,510	**19,441**
Closing cash & marketable securities	**6,147**	**6,147**

A1.4 Key Accounting Policies

1. **Revenue recognitions**:

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

2. **Goodwill**
   Goodwill is stated as an excess of the purchase consideration over BTVL's interest in the fair value of the net identifiable assets acquired. Goodwill is carried at cost less accumulated amortization and is amortized on a straight-line basis over a period upto 20 years from the month of acquisition.

3. **License Fees**
   Licenses signed under the old license fee regime

   The license fee costs incurred under the old license fee regime until the date of migration to the NTP i.e. July 31, 1999 and the revenue share fee from the date of migration are expensed as incurred. The revenue share is computed on the basis of AGR.

   Licenses signed under NTP 1999

   License entry fee is recognized as an intangible asset and is measured at cost. License entry fee is amortised on a straight-line basis over the life of the license post commercial launch and the revenue share is computed on the basis of AGR.

4. **Provision for bad debts:**
   Provision for doubtful debts is made for all dues outstanding for more than 90 days in case of active subscribers and dues from subscriber who have been deactivated, other than those covered by security deposit. All dues from other telecom operator on account of IUC, which are outstanding more than 120 days from the date of billing, are provided for in the books. However, the amount to be provided will be netted off against any amount payable to that operator pertaining to the same period.

5. **Pre-operative costs:**
   Pre-operative costs incurred before launch of service by any operation are capitalized only to the extent they are directly attributable to network creation. All other indirect costs including expenses of non-technical, manpower, administrative costs, pre-launch sales and marketing expenses, interest expenses and other start-up costs are expensed below EBITDA in the year in which they are incurred.

6. **Depreciation**:
   The fixed assets have been depreciated based on the estimated life of the usage of the asset, which is as follows:

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

7. **Deferred tax:**
   Although the management recognizes profit potential of each operation, this income has been recognized only for operations where early signs of profitability have been noted.

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

Rs million except ratios

Particulars	Quarter Ended		Q3-on-Q2 Growth	Nine Month ended December 31, 2003
	Dec. 2003	Sept. 2003		
	Un-audited			Audited
Total revenue	12,687	11,445	11%	34,492
EBITDA	4,728	3,765	26%	11,382
Cash profit from operations	4,077	3,008	36%	9,245
Depreciation & Amortisation	2,240	2,148	4%	6,353
Pre-Operative & Others	(79)	(18)		(105)
Earnings before tax	1,915	879	118%	2,998
Provision for Tax	220	0		221
Deffered Tax Expense / (Income)	149	-		149
Minority Interest	6	6		10
Net profit / (loss)	1,540	872		2,617

Note: Pre-operative & Others includes other non-operative income

A1.6 **Reconciliation of Indian GAAP and International Accounting Standards – P&L**

Rs million

Particulars	Qtr ended December 31, 2003	Nine months ended December 31, 2003
	Un-audited	**Audited**
Net profit / (loss) as per IAS	**1,913**	**3,157**
Add: Differences on account of:		
Goodwill amortisation	185	539
Differences in accounting for finance charges	71	(67)
Remeasurement of financial instruments as per IAS 39 not applicable as per IGAAP	8	(2)
Less: Differences on account of:		
License fee amortisation not applicable in IAS	149	446
Differential depreciation provided in Indian accounts due to forex fluctuations not considered in IAS	38	114
Profit on sale of EGTL investment since earlier written off in IAS	300	300
Deferred tax expense in IGAAP not required in IAS	150	150
Net profit/(loss) as per Indian GAAP	**1,540**	**2,617**

sNote: The net profit as per IAS is after unusual income of Rs. 300 million. Please refer to Management Discussion & Analysis for further details.

G1 GLOSSARY

Technical and Industry Terms

Financial and Operational (Company Related)	
AGR	Adjusted Gross Revenues. Used for computing the license fees and WPC charges payable by a mobile services provider and have been provisionally defined as total income of a mobile services provider net of access and interconnection charges actually paid to other telecom service providers, roaming revenues passed on to other telecom service providers and service tax and sales tax, if included in the total income.
ARPU (for mobile services)	Average Revenue per customer per month is calculated by dividing the total revenue billed to our customers and termination charges received for incoming calls from operators by the average number of customers during the period. The result so obtained is divided by the number of months in that period.
ARPU (for fixed-line services)	Average Revenue per customer per month. It is calculated by dividing the total fixed-line revenues (including termination revenue) by the average number of customers during the period. The result so obtained is divided by the number of months in that period.
Average Customers	Average customers are calculated by considering the average of the monthly average customers.
Billed Revenue (for mobile services)	Billed Revenue comprises of the total airtime revenues, the rentals, the value added services, other fees and charges, surcharge on out roamer’s roaming revenue and the interconnect revenue other than interconnect revenue from in-roamers.
Cash Profit from Operations	Cash Profit from Operations is defined as EBITDA less net finance cost.
Churn	Churn is computed as the total disconnections during the period divided by the sum of opening customer base and the gross additions during the period divided by the number of months in the period. The Company initiated churn is involuntary contract churn.
EBITDA	EBITDA represents earnings (loss) before depreciation, pre-operating costs, amortization, interest and taxation.
EBIT	EBIT represents earnings (loss) before interest and taxation.
Funded Equity	Funded Equity includes the paid-up and issued Share Capital and the Share Premium net of loans given to ESOP trust.
MoU	Minutes of Usage. Duration for which a customer uses mobile services. It is typically expressed over a period of one month. MOU per customer per month is the weighted average minutes of usage per customer per month is calculated by: (i) Dividing the total minutes of usage (including incoming & outgoing minutes) for the quarter in our mobile networks less total roaming minutes by 3; and (ii) Dividing the result by the average customers.
Net Debt	Total borrowings less cash and marketable securities.
Post-paid services	Provision of mobile services to customers, in which the customers pay for usage of mobile services at the end of the billing period for services, including airtime, value added services, access and interconnection charges and other charges.
Pre-paid services	Provision of mobile services to customers, in which the customers pay a fixed amount, which is valid for a certain period, for usage of mobile services, including airtime, value added services, access and interconnection charges and other charges.
Roaming	Occurs when mobile customers use the mobile service outside their home network. Roaming facility is made available by an arrangement between two mobile services providers to allow their respective customers to roam on each other's networks.

Others (Industry)	
ACMA	Automotive Component Manufacturers Association of India
BSE	Bombay Stock Exchange
BSE SENSEX	The BSE `Sensex' is a widely used market index for the BSE and is a value-weighted index composed of 30 companies. The set of companies in the index is essentially fixed and these companies account for around one-fifth of the market capitalization of the BSE.
BSNL	Bharat Sanchar Nigam Limited. On October 1, 2000 the Department of Telecom Operations, Government of India became a corporation and was christened as Bharat Sanchar Nigam Limited (BSNL), and is one of the largest Public Sector Undertaking of India. As an integrated telecom player it offers a wide range of services such as basic telephony, Internet, ISDN, Cellular, WLL etc.
CMSPs	Cellular Mobile Service Providers
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 particular of modern communication through Cellular Mobile Telephone Services. The main objective of the COAI is to protect, promote and upgrade mobile cellular operations in India and also to look after the common and collective interests of its members.
DoT	Department of Telecommunications. It is within the purview of Ministry of Communications, Government of India.
FSPs	Fixed Service Providers. They primarily provide fixed line services and carry long distance traffic within their service area without seeking any additional license.
Interconnection	Connection of telecommunications devices of service providers to the PSTN. It refers to joining of two or more networks to enable traffic to be transmitted to and from calling destinations.
Limited mobility	Provision of last mile access to customers by fixed-line service providers, within a SDCA, using WLL application.
IUC	Interconnect Usage Charge means the charge payable by one service provider to one or more service providers for the usage of the network elements for origination, transit and termination of calls.
Local Loop	Communications lines/ services between the customer and the switching center for the telecommunications services provider.
MSC	Mobile Switching Center. In an automatic mobile communications system, the interface between the radio system and the public switched telephone network (PSTN). The MSC performs all signaling functions that are necessary to establish calls to and from mobile stations.
MTNL	Mahanagar Telephone Nigam Limited. A Government owned company, providing telecommunications services in Delhi and Mumbai.
New Circles	Our new mobile circles constitute the Punjab, Haryana, Mumbai, Maharashtra, Gujarat, Uttar Pradesh (W), Tamil Nadu, Kerala, and the Madhya Pradesh circles. Of these only the Punjab circle was operational as of March 31, 2002. Our new fixed line circles constitute the Delhi, Haryana, Tamil Nadu and the Karnataka circles. Of these only the Delhi and the Haryana circles were operational as of March 31, 2002. Group data and broadband services have been regrouped into new operations post the announcement of merger of fixed line, long distance and data and broadband into Bharti Infotel Limited.
NSE	National Stock Exchange

SMS	Short Messaging Services, by which text messages of up to 160 characters can be exchanged between two or more mobile customers.
SDCA	Short Distance Charging Area
TDSAT	Telecom Dispute Settlement Appellate Tribunal- A separate disputes settlement body known as “Telecom Dispute Settlement and Appellate Tribunal” to adjudicate any dispute between a licensor and licensee, between two or more service providers, between a service provider and a group of consumers, and to hear and dispose of appeals against any decision or order of TRAI, has been formally constituted.
TRAI	Telecom Regulatory Authority of India. An autonomous body set up by the Government which operates under the TRAI Act and has been conferred certain regulatory and ad judicatory powers.
TTO	Telecommunications Tariff Order, 1999 as amended from time to time.
US GAAP	United States Generally Accepted Accounting Principles.
VSAT	Very Small Aperture Terminal. A satellite communications technology that employs frequencies in the Ku band or C band and very small receiving dishes. VSAT systems employ satellite transponders; the receiving dishes may be leased or owned by the VSAT user.
VPTs	Village public telephones
VSNL	Videsh Sanchar Nigam Limited
WLL	Wireless in Local Loop. It denotes the use of wireless technology for the last mile access by fixed-line service providers. Code Division Multiple Access (CDMA) and Time Division Multiple Access (TDMA) are among the commonly used technologies for providing wireless in the local loop.
WPC	Wireless Planning & Coordination Wing. WPC Wing of the Ministry of Communications is the Radio Regulatory agency responsible for radio frequency spectrum management including licensing and caters for the needs of all wireless users in the country, government or private, security or non-security.