



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 OF UNAUDITED RESULTS

FOURTH QUARTER AND YEAR ENDED MARCH 31, 2002

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.

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BHARTI TELE-VENTURES – A SNAPSHOT

	UNITS	March 1999	March 2000	March 2001	March 2002 ¹
Total Customer Base	Nos (000's)	134	380	843	1,636
<u>Cellular</u>					
Number of licensed cellular circles	Nos	2	4	5	15
Number of customers	Nos (000's)	122	283	595	1,351
Total market share of all India customers	%	10%	15%	17%	21%
Percentage of all India population covered in licensed areas	%	2%	14%	15%	58%
Percentage of all India area covered in licensed areas	%	2%	16%	16%	56%
Percentage of all India cellular customers in licensed areas	%	18%	30%	31%	93%
<u>Access</u>					
Number of licensed access circles	Nos	1	1	1	5
Number of customers	Nos (000's)	12	67	107	164
<u>Consolidated financials as per IAS (Rs million)</u>					
Revenue	Rs Million	2,449	4,481	8,481	15,005
EBITDA	Rs Million	35	856	1,930	4,066
Cash profit from operations	Rs Million	(135)	224	971	2,948
Total shareholder's equity	Rs Million	N/A	4,222	18,955	48,792
Net Debt to equity ratio		-	1.26	0.14	0.29

1. All financials are on a consolidated basis as per International Accounting Standards
2. Financials for March 31, 2002 are unaudited financials, while financials for all periods prior to this are as per audited results.

PART I

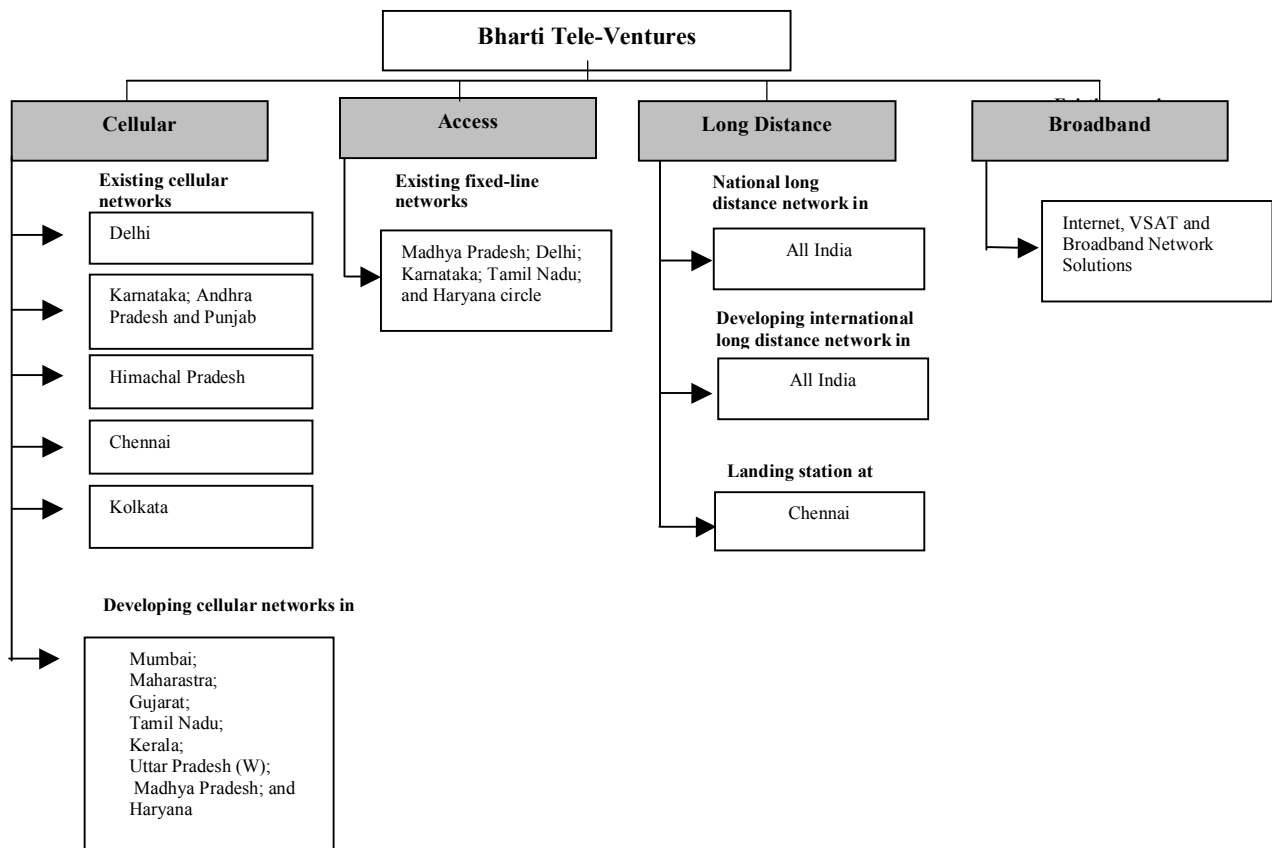
INTRODUCTION

1.1 INTRODUCTION

We are India's leading private sector provider of telecommunications services based on an aggregate of approximately 1,636,000 customers as of March 31, 2002, consisting of approximately 1,351,000 cellular, 164,000 access and 121,000 Internet customers. We are currently the largest cellular service provider in the country. Cellular services currently constitute the largest portion of our business in terms of total revenues and we expect that this will remain the case for the foreseeable future. We also provide fixed-line, VSAT, Internet and broadband network solutions. We have also commenced offering national long distance services. We intend to widen our range of telecommunications services to provide international voice services for which we have entered into a license agreement with the DoT. 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 cellular services.

For the year ended March 31, 2002, our revenues were approximately Rs 15,005 million and the EBITDA was approximately Rs. 4,066 million. In this period, cellular services represented over 80% of our total revenues.

Our operations are organised into the following four principal business areas:

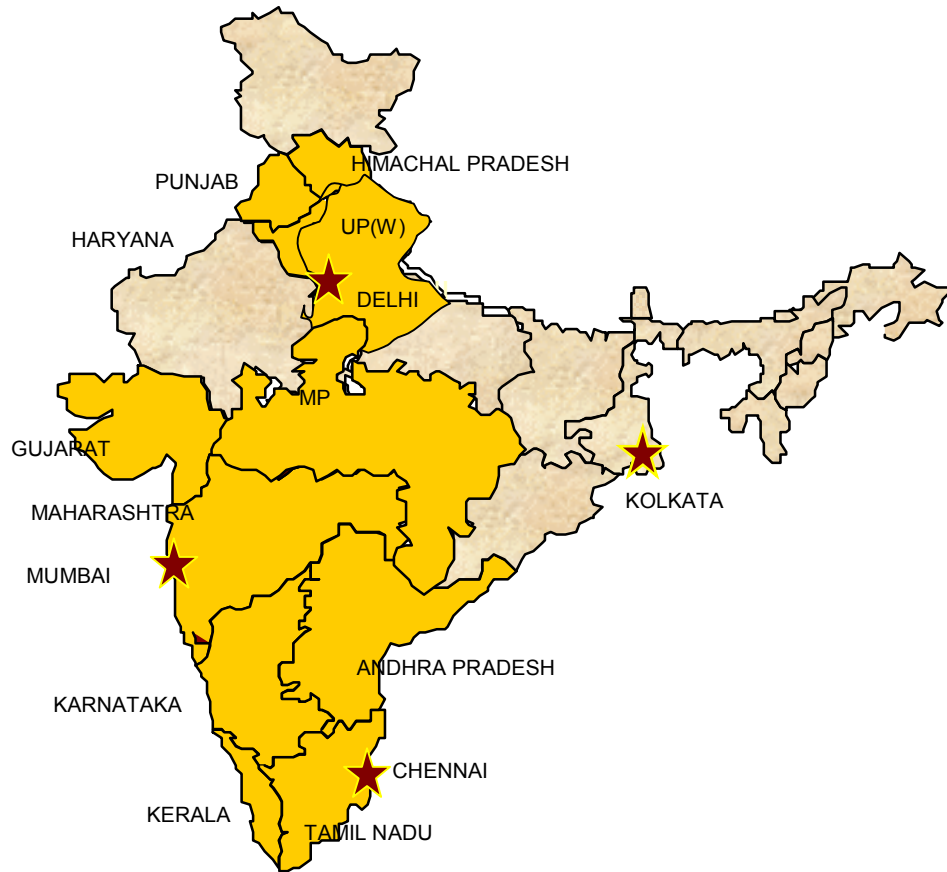


We have recently entered into an arrangement with Telia to buy 26 % equity stake in Bharti Mobile Limited, which operates Karnataka, Andhra Pradesh and Punjab cellular projects. We would thus have a 100% equity stake in all our cellular, access, long distance and broadband projects except in the case of the Chennai cellular operation (95.3%) and the landing station venture (51%).

1.2 Our Cellular Footprint

We currently provide cellular services in seven of the 22 license areas in India (referred to as “circles”) and intend to expand our cellular services to cover eight additional circles by the middle of this year. As of March 31, 2002, approximately 93% of India’s total number of cellular subscribers resided in our existing and proposed cellular circles.

Our cellular coverage in India is depicted below:



1.3 Key Demographics

The key demographics of our existing and new cellular circles are set forth below.

		Existing		New ¹	
	ALL INDIA	BHARTI			
Number of circles	22	6	27%	15	68%
Area of the circles (in square kilometers, in thousands) ²	3,278	525	16%	1,848	56%
Population in the licensed areas (in millions) ³	1,027	167	16%	593	58%
Market Cellular subscribers in the licensed areas (in millions) ⁴	6.4	2.9	39%	6.0	93%
Market DELs in the licensed area (in millions) ⁵	32.4	9.6	30%	26.8	82%
Number of vehicles in the licensed areas (in thousands) ⁶	36,132	9,779	27%	29,025	80%

- (1) Comprise seven circles where Bharti Tele-Ventures has existing operations, and eight proposed cellular circles where we intend to provide cellular services by the middle of this year.
- (2) Area estimates are from National Census, 2001.
- (3) Population estimates for all the circles other than the metropolitan areas are as per National Census, 2001 and are as of March 1, 2001. Population estimates for the Uttar Pradesh (West) circle is 37% of the total population of the state of Uttar Pradesh.
- (4) Based on data released by the COAI on the total number of cellular subscribers in the circles as of March 31, 2002.
- (5) DELs are defined as direct exchange lines representing the number of fixed-line subscribers and are based on data available from BSNL's annual report for 2000-2001 on the number of DELs in the circles as of March 31, 2001.
- (6) Vehicles comprise four-wheeler and two wheeler non-commercial vehicles and are derived from data released by the Motor Transport Statistics of India as of March 31, 1997 in its most recent report.

1.4 Business Divisions

- We presently offer cellular services in seven of the 22 circles in India and intend to provide cellular services in eight additional circles, for which we have entered into licenses with the DoT. As of March 31, 2002, approximately 93% of India's total number of cellular subscribers resided in our existing and proposed cellular circles, according to COAI reports. The cellular customers in our existing seven circles accounted for approximately 21% of the total all India cellular subscriber base, as of March 31, 2002, which made us the largest cellular service provider in the country.
- We were the first private sector operator to provide fixed-line services in India. We currently provide fixed-line services in the Madhya Pradesh, Haryana, Delhi, Karnataka and Tamil Nadu circles. We believe that these circles have high telecommunications revenue potential, especially for carrying data traffic.
- We complement our cellular and fixed-line services with national and international long distance services. We have commenced providing national long distance services across India. We have also constructed a submarine cable landing station in Chennai, which connects a submarine cable system between Chennai and Singapore (not owned by us). We have recently entered into a license to provide International long distance services in India, which we intend to launch shortly.
- We presently provide VSAT based data transmission services to national and multinational corporate customers. We also provide Internet services to residential and corporate customers and offer secure and reliable end-to-end broadband network solutions 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 cellular circles, VSATs 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 cellular networks equipment suppliers include Siemens, Ericsson and Motorola. In the case of the fixed-line and national long distance networks equipment is purchased from vendors like Siemens, Nortel and Corning.

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 second largest investment outside Singapore. The financial partner, Warburg Pincus' investment is one of their largest investments made in the world. Our other partners include international financial investors such as International Finance Corporation, Asian Infrastructure Fund Group and New York Life Insurance.

SECTION II

FINANCIAL HIGHLIGHTS

Detailed financial statements and analysis for our fourth quarter and the year ended March 31, 2002 are attached to this Report as Annexure 1.

2.1 Summary of Consolidated Results of Operations as per International Accounting Standards

2.1.1 Profit & Loss Statement

	Rs Million					
	Qtr ended March 31, 2002	Qtr ended December 31, 2001	Qtr-on-Qtr Growth	Year ended March 31, 2002	Year ended March 31, 2001	Y-o-Y Growth
Total Revenue	4,583	4,174	10%	15,005	8,481	77%
EBITDA ¹	1,147	1,242	-8%	4,066	1,930	111%
Cash profit from operations	548	783	-30%	2,948	971	204%
Earnings before tax (EBT)	(892)	(383)	-133%	(1,094)	(1,102)	1%
Net profit/(Loss)	(551)	(418)	-32%	(1,127)	(1,208)	7%
RATIO: EBITDA / Revenue	25%	30%		27%	23%	

1. EBITDA represents earnings before depreciation, pre-operating costs, amortization, interest and taxation.
2. Deferred Tax was not computed for the quarter ended December 31, 2001.

2.1.2 Balance Sheet

	Rs Million	
	Year ended March 31, 2002	Year ended March 31, 2001
LIABILITIES & EQUITY		
Shareholder's Equity	48,792	18,955
Total Borrowings	20,060	8,715
Other Non-Current Liabilities	1,783	2,218
Total Liabilities and Shareholders Equity	70,635	29,888
ASSETS		
Net Fixed Assets, including Capital work-in-progress	32,179	13,493
Other Non-Current Assets	40,582	14,182
Net Current Assets	(2,126)	2,213
Total Assets	70,635	29,888
Net Debt	14,020	2,716
Net Debt to Funded Equity	0.27	0.13
Net Debt to Networth	0.29	0.14

2.2 Segment-wise Summarized Profit and Loss Statement, for the year ended March 31,2002 and 2001

2.2.1 BTVL CONSOLIDATED

BTVL consolidated includes the consolidated profit & loss statement bifurcated between existing and new operations.

- Existing operations include the Delhi, Chennai, Kolkata, Andhra Pradesh, Karnataka and Himachal Pradesh cellular circles, the Madhya Pradesh fixed line circle and broadband and other businesses.
- The new operations include the Punjab cellular project, the Delhi and Haryana fixed line project, the national long distance project and projects in the preoperative phase.

2.2.1.1 EXISTING CONSOLIDATED OPERATIONS

Rs Million

PARTICULARS	Qtr ended	Qtr ended	Qtr-on-Qtr	Year	Year	Y-o-Y
	March 31,	December 31,	Growth	Ended	Ended	Growth
	2002	2001	(%)	March 31,	March 31,	(%)
				2002	2001	
Total Revenue	4,194	4,174	0.5%	14,615	8,481	72%
EBITDA	1,259	1,242	1%	4,177	1,930	116%
Earnings before tax	(239)	(115)	-107%	48	(1,072)	104%
RATIOS:						
EBITDA / Revenue	30%	30%	-	29%	23%	-

2.2.1.2 NEW CONSOLIDATED OPERATIONS

Rs Million

PARTICULARS	Qtr ended	Qtr ended	Qtr-on-Qtr	Year	Year	Y-o-Y
	March 31,	December 31,	Growth	Ended	Ended	Growth
	2002	2001	(%)	March 31,	March 31,	(%)
				2002	2001	
Gross Revenue	390	-	-	390	-	-
EBITDA	(111)	0	-	(111)	-	-
Earnings before tax	(653)	(268)	-	(1,142)	(30)	-
RATIOS:						
EBITDA / Revenue	-28%	-	-	-28%	-	-

2.2.2 CELLULAR

2.2.2.1 EXISTING CELLULAR OPERATIONS

PARTICULARS	Qtr ended	Qtr ended	Qtr-on-Qtr	Year	Year	Y-o-Y
	March 31,	December 31,	Growth	Ended	Ended	Growth
	2002	2001	(%)	March 31,	March 31,	(%)
	2002	2001	(%)	2002	2001	(%)
Gross Revenue	3,601	3,528	2%	12,450	7,389	68%
EBITDA	1,228	1,277	-4%	4,414	1,984	122%
Earnings before interest and tax	485	910	-47%	2,781	895	211%
RATIOS:						
EBITDA / Revenue	34%	36%	-	35%	27%	-

- Existing cellular projects include operations Delhi, Chennai, Kolkata, Andhra Pradesh, Karnataka and Himachal Pradesh circles and include the President's office along with centralized services.
- EBITDA represents earnings (loss) before depreciation, pre-operating costs, amortization, interest and taxation.

2.2.2.2 NEW CELLULAR OPERATIONS¹

PARTICULARS	Qtr ended	Qtr ended	Qtr-on-Qtr	Year	Year	Y-o-Y
	March 31,	December 31,	Growth	Ended	Ended	Growth
	2002	2001	(%)	March 31,	March 31,	(%)
	2002	2001	(%)	2002	2001	(%)
Gross Revenue	51	-	-	51	-	-
EBITDA	(67)	-	-	(67)	-	-
Earnings before interest and tax	(380)	(78)	-	(459)	-	-
RATIOS:						
EBITDA / Revenue	-132%	-	-	-132%	-	-

- New cellular projects include the Punjab circle and the pre-operative expenses relating to eight new circles where services are going to be launched shortly.

2.2.3 ACCESS

2.2.3.1 EXISTING ACCESS OPERATIONS¹

PARTICULARS	Qtr ended	Qtr ended	Qtr-on-Qtr	Year	Year	Y-o-Y
	March 31,	December 31,	Growth	Ended	Ended	Growth
	2002	2001	(%)	March 31,	March 31,	(%)
				2002	2001	
Gross Revenue	413	437	-5%	1,605	1,092	47%
EBITDA	21	98	-79%	300	180	66%
Earnings before interest and tax	(133)	(80)	-66%	(339)	(442)	23%
RATIOS:						
EBITDA / Revenue	5%	23%	-	19%	16%	-

1. Existing fixed line projects include the Madhya Pradesh Circle and include the President's office along with centralized services.

2.2.3.2 NEW ACCESS OPERATIONS¹

PARTICULARS	Qtr ended	Qtr ended	Qtr-on-Qtr	Year	Year	Y-o-Y
	March 31,	December 31,	Growth	Ended	Ended	Growth
	2002	2001	(%)	March 31,	March 31,	(%)
				2002	2001	
Gross Revenue	15	-	-	15	-	-
EBITDA	(54)	-	-	(54)	-	-
Earnings before interest and tax	(312)	(147)	-	(608)	-	-
RATIOS:						
EBITDA / Revenue	-366%	-	-	-366%	-	-

1. New access operations include the Delhi and Haryana fixed line circles, where we launched our services during the quarter and the Tamil Nadu and the Karnataka fixed line projects, which were in a pre-operating phase as on March 31, 2002.

2.2.4 LONG DISTANCE

2.2.4.1 NEW OPERATIONS

PARTICULARS	Qtr ended March 31, 2002	Qtr ended December 31, 2001	Qtr-on-Qtr Growth (%)	Year Ended March 31, 2002	Year Ended March 31, 2001	Y-o-Y Growth (%)
Gross Revenue	324	-	-	324	-	-
EBITDA	10	0	-	10	-	-
Earnings before interest and tax	39	(43)	192%	(75)	(30)	-148%
RATIOS:						
EBITDA / Revenue	3%	-	-	3%	-	-

2.2.5 BROADBAND & OTHERS

2.2.5.1 EXISTING OPERATIONS

PARTICULARS	Qtr ended March 31, 2002	Qtr ended December 31, 2001	Qtr-on-Qtr Growth (%)	Year Ended March 31, 2002	Year Ended March 31, 2001	Y-o-Y Growth (%)
Gross Revenue	288	209	38%	669	-	-
EBITDA	11	(133)	108%	(555)	(250)	-122%
Earnings before interest and tax	(11)	(503)	98%	(1,311)	(301)	-335%
RATIOS:						
EBITDA / Revenue	4%	-64%	288%	-83%	-	-

SECTION III

OPERATING HIGHLIGHTS

3.1 CUSTOMER ANALYSIS

3.1.1 OVERALL CUSTOMERS

	As on March 31, 2002	As on December 31, 2001	As on March 31, 2001	Qtr-on-Qtr Growth	Y-o-Y Growth
Cellular	1,350,960	1,109,481	595,128	22%	127%
Fixed-line	163,975	139,327	107,086	18%	53%
Internet - Dial-up	120,791	156,666	141,198	-23%	-14%
Total	1,635,726	1,405,474	843,412	16%	94%

3.1.2 NET ADDITIONS

3.1.2.1 NET ADDITIONS - QUARTER

	Qtr ended March 31, 2002	Qtr ended December 31, 2001	Qtr-on-Qtr Growth	Qtr ended March 31, 2002	Qtr ended March 31, 2001	Y-o-Y Growth
Cellular	241,479	126,000	92%	241,479	130,113	86%
Fixed-line	24,619	11,560	113%	24,619	3,977	519%
Internet - Dial-up	(35,875)	(7,272)	-	(35,875)	19,400	-

3.1.2.2 NET ADDITIONS - ANNUAL

	Year ended March 31, 2002	Year ended March 31, 2001	Y-o-Y Growth
Cellular	675,955	312,210	117%
Fixed-line	56,860	40,425	41%
Internet - Dial-up	(20,407)	111,292	-

1 Net Additions during the year ended March 2002 excludes 79,877 existing customers at the time of acquisition of our Kolkata cellular project in July 2001.

3.1.3 CELLULAR MARKET SHARE

3.1.3.1 ALL INDIA

	As on March 31, 2002	As on December 31, 2001	As on March 31, 2001
Bharti's Cellular Customers	1,350,960	1,109,481	595,128
All India Cellular Customers	6,430,814	5,478,932	3,577,095
Bharti Customers as percentage of All India Customers	21%	20%	17%

3.1.3.2 IN BHARTI MARKETS

	As on March 31, 2002	As on December 31, 2001	As on March 31, 2001
Existing Cellular Operations	52%	51%	53%
New Cellular Operations	12%	-	-

3.1.4 CELLULAR CUSTOMERS MIX

	Qtr ended March 31, 2002	Qtr ended December 31, 2001	Qtr ended March 31, 2001
Percentage of Prepaid Customers to Total Customer Base	63	59	42
Percentage of Prepaid Net Additions to Total Net Additions	81	89	65

3.2 REVENUE & USAGE ANALYSIS

3.2.1 CELLULAR BUSINESS

	Qtr ended March 31, 2002	Qtr ended December 31, 2001	Change
AVERAGE MONTHLY REVENUE PER USER (ARPU) (in Rs) ¹			
Postpaid	1,653	1,662	-1%
Prepaid	440	499	-12%
Blended	910	998	-9%
AVERAGE MONTHLY MINUTES OF USE PER CUSTOMER			
Postpaid	378	351	8%
Prepaid	76	70	8%
Blended	193	191	1%
SMS			
SMS Revenue as a percentage of Total Cellular Revenue	2.3%	1.7%	
CHURN			
Postpaid Voluntary Churn	0.9%	0.9%	
Postpaid Company Initiated Churn	3.4%	3.5%	
Prepaid	4.7%	6.2%	

1. ARPU is defined as airtime revenue, rentals, revenue from value added services and interconnect revenue divided by the average number of customers in the period divided by the number of months in the period.
2. Any due from a customer, which is over and above 90 days, is provided for at the end of the relevant period.
3. 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.

3.2.2 OTHER BUSINESSES

	Qtr ended March 31, 2002	Qtr ended December 31, 2001	Change
FIXED-LINE BUSINESS			
ARPU	941	1,091	-14%
NATIONAL LONG DISTANCE			
Revenue (in Rs Million)	324	-	-

3.3 HUMAN RESOURCE ANALYSIS

	Qtr ended March 31, 2002	Qtr ended December 31, 2001
EMPLOYEE PRODUCTIVITY		
Cellular		
Pre January 2002 operations		
Customers per employee	832	688
Gross Revenue per employee per month (Rs)	752,837	730,791
Post January 2002 operations		
Customers per employee	200	-
Gross Revenue per employee per month (Rs)	84,294	
Fixed-Line		
Customer per Employee	229	254
Gross Revenue per Employee per month (Rs)	184,240	276,824
National Long Distance		
Gross Revenue per employee per month (Rs)	309,111	-
Broadband		
Gross Revenue per employee per month (Rs)	462,651	-

1. Customers per employee are based on customers and employees at the end of the respective quarters.

SECTION IV

MANAGEMENT DISCUSSION & ANALYSIS

4.1 KEY INDUSTRY DEVELOPMENTS

A EXTERNAL DEVELOPMENTS:-

(a) INDUSTRY-REGULATORY

- **ROAMING:** The Telecommunication Tariff Order (TTO) (18th Amendment) notified on January 31, 2002, specified tariffs applicable for Regional and National Roaming. The tariffs were to be effective from March 01, 2002. The 18th Amendment inter alia provided that surcharge of 15% (ceiling) can be levied on airtime component only. This was contrary to the existing practice of levying surcharge on both airtime and PSTN charges. Based on the representation received from the cellular operators, TRAI in TTO- 19th Amendment notified on February 28, 2002, clarified that a surcharge of 8% (ceiling) on both airtime and PSTN charge will be levied till December 31, 2002 and 15% (ceiling) on airtime component with effect from January 1, 2003. The domestic roaming charges were also reduced from Rs 10 per minute to Rs 3 per minute. All the tariffs were effective from March 01, 2002, except otherwise stated above and were made applicable to both postpaid and prepaid customers.
- **TARIFF REBALANCING- FIXED LINE:** In March, 2002, TRAI came out with an amendment on tariff rebalancing, for monthly rentals and free calls with respect to the commercial phone users in rural and urban areas whereby the users will have to pay higher monthly rentals ranging from Rs. 40 to Rs. 60 more than the current rates, from April 1, 2002. The free calls have been reduced from the levels of 75 calls per month to 45 calls per month in rural areas; and levels of 60 calls per month to 30 calls per month in urban areas for commercial phone users. Also, for Urban Non-commercial, free calls were also brought down from the levels of 75 calls per month to 60 calls per month.
- **WIRELESS-IN-LOCAL-LOOP:** In March, 2002, TDSAT gave its decision that limited mobility services be permitted through Wireless-in-local-loop (WLL) application in respect of basic telephone services. This decision has been made by TDSAT based on plea of increasing tele-density and march of technology. Also, TDSAT has directed a status quo on a petition filed by the Cellular Operators Association of India (COAI), seeking to prohibit basic telecom service providers from use of mobile switching center (MSC) for WLL services, till disposal of latter's petition. Cellular operators have contented that it is necessary to stop use of equipment not based on prescribed V5.2 standard to ensure limited mobility and to comply with TRAI's stipulation in this regard..
- **INTERNET TELEPHONY:** As per the reports in the press, the Government on March 15, 2002 decided to accept the Internet telephony recommendations submitted by TRAI on February 20, 2002. Based on the recommendations, the customers of Internet service providers (ISPs) will be able to avail the service from their personal computers (PCs) capable of processing voice signals or other Internet Protocol (IP)- based customer premises equipment (CPE). This includes PC to PC, PC to telephone abroad, and IP-based H323/SIP terminals in India to similar terminals both in India and abroad.
- **SPECTRUM ALLOCATION:** The DoT in its order dated February 1, 2002, has decided to assign additional spectrum up to 1.8 Mhz + 1.8 Mhz to cellular operators to meet the growth of subscribers. Operators, who reach a customer base of 500,000 or more under a license in a service area, would be assigned the additional spectrum. The additional spectrum of 1.8 Mhz + 1.8 Mhz would be assigned in the 1800 Mhz band. For this additional spectrum, beyond 6.2 Mhz + 6.2 Mhz, an additional charge of 1% of AGR will be levied.

(b) INDUSTRY-COMPETITION

- **VSNL DIVESTMENT:** In February, 2002, the government divested a strategic stake in Videsh Sanchar Nigam Limited (VSNL) to the TATA group. TATAs acquired a 25% equity stake in VSNL for a consideration of Rs. 14.39 billion (approximately USD 294 million).
- **RELIANCE – ILD LICENSE:** In February, 2002, Reliance Communications Limited signed license agreement with DoT to provide international long distance services.

- **NLD RATES:** With Bharti's entry into long distance segments, the Company initiated a rebalancing of the long distance tariffs. It announced a reduction in the national long distance tariffs by nearly 50%. Subsequently, DoT announced a further reduction in the STD rates. Accordingly for a call to Mumbai from Delhi that would have originally cost Rs 24 per minute, Bharti bought down the rate to Rs 12 and subsequently BSNL further bought it down to Rs 9 per minute.
- **ILD RATES:** With effect from April 1, 2002, BSNL has proposed a reduction of approximately 20% in its existing tariffs for international long distance services. Subsequently, Bharti has announced a further cut in the ILD rates, which would further bring the peak rates down for the various international tariff slabs by approximately 40%. The new rates will be effective after the launch of Bharti ILD services. Accordingly a call to USA which cost Rs 48 per minute to the customer prior to April 1,2002, would cost Rs 24 per minute.
- **MTNL RATE CUT:** In January 2002, MTNL launched its prepaid services in Delhi under the brand name "Trump". With this entry MTNL offered almost double the airtime available on cards of various denominations, thus resulting in an effective tariff cut of 40%.

(c) OTHER DEVELOPMENTS:

FOREIGN HOLDING: Foreign equity cap in the telecom sector in India is currently 49% of the overall equity. The Finance Minister in his budget speech in February 2002 announced that henceforth the investments by foreign institutional investors (FIIs) under the Portfolio Investment Scheme would no longer be counted towards the foreign cap, except in the case of specified industries. This has already become applicable for the banking sector companies but the list for other industries is yet to be specified.

4.2 RESULTS OF OPERATIONS

Over the last three years Bharti Tele-Ventures has emerged as India's leading private sector provider of telecommunication services. The rapid growth between the year 1999 to now has resulted in an increase in our cellular footprint from being in just two cellular license areas to now, when we have a presence in 15 cellular license areas which cover 93% of the current cellular customers in all India.

Today we have an aggregate customer base of approximately 1,636,000 customers, consisting of approximately 1,351,000 cellular, 164,000 fixed-line and 121,000 Internet customers. Our cellular customer base has increased from approximately 595,000 as of March 31, 2001, exhibiting a phenomenal growth of 127%. We are currently the largest cellular operator in the country. Our all India market share has increased from 10% as of March 31, 1999 to 21% as on March 31, 2002.

The growth in our customer base has been in step with the growth in our financial results. Our revenues have grown over five-times from Rs 2,449 million during the year ended March 31, 1999 to Rs 15,005 million for the year ended March 31, 2002. During the same period the EBITDA has grown from Rs 35 million in the financial year 1999 to Rs 4,066 million in the financial year 2002.

During the financial year 2002 our revenues grew by nearly 77% compared to the financial year ended March 2001. During the same period our consolidated EBITDA doubled and our Cash Profits increased by nearly three times to Rs 2,948 million compared to Rs 971 million in the previous financial year ended March 2001.

The financial statements exclude results of the Chennai and Kolkata cellular projects, the VSAT and the Internet operations for the pre-acquisition period. If taken into account, on a full year basis, the Total Revenue and the EBITDA would have been approximately Rs 15,890 million and Rs 4,220 million respectively.

The networth of Bharti Tele-Ventures as on March 31, 2002 was Rs 48.8 billion. During this period the net debt of the Company was approximately Rs 14 billion resulting in a low debt equity ratio of 0.29.

The fiscal year ended March 31, 2002 has been particularly momentous as during this period we obtained nine new cellular licenses, four new fixed-line licenses, the national long distance license and the international long distance license. During the financial year, we launched cellular services in the Punjab circle, national long distance services across India and fixed-line services in the Delhi and Haryana circles. Subsequently in April 2002, we also launched fixed-line services in the Tamil Nadu and Karnataka circles.

During the year, Bharti Tele-Ventures also completed its maiden public issue by way of a fully book build issue of 185.34 million shares. The shares are listed on the NSE, BSE and the DSE.

Other significant events that took place during this year are as follows:

- Acquisition of the minority stake of British Telecom in the Delhi cellular, VSAT and Internet projects.
- Acquisition of 100% equity stake in Bharti Mobitel, the cellular operator in Kolkata.
- Entered into an agreement with Telia to buy a 26% equity stake in the Andhra Pradesh, Karnataka and Punjab projects.
- Acquisition of an additional equity interest in Bharti Mobinet, the Chennai cellular operations from Millicom and BellSouth which increased BTVL's equity interest in the project to 95.3%
- Restoration of the Punjab License
- Entered into a collaboration with Singapore Telecommunication for establishing a submarine cable landing station at Chennai

With these acquisitions, Bharti Tele-Ventures shall have a 100% equity stake in all its cellular, fixed-line, long distance and broadband projects except in the Chennai cellular project (95.3%) and the landing station ventures (51%).

The consolidated net loss during the financial year ended March 31, 2002 was Rs 1.13 billion after providing for non-recurring items like preoperative expenses amounting to Rs 936 million incurred on new projects and minority interests amounting to Rs 220 million, relating to the 44% equity stake in Bharti Cellular, which has been already been acquired by us.

Cellular Business

Revenue from our cellular business for the financial year ended March 2002 was approximately Rs 12,501 million. These constitute nearly 83% of our total revenues for the year. During the quarter the Company maintained its revenue in existing operations at Rs 3,601 million despite substantial reduction in roaming, prepaid and national long distance tariffs.

Our existing cellular operations, which include the Delhi, Karnataka, Andhra Pradesh, Kolkata, Chennai and Himachal Pradesh cellular projects, have an EBITDA margin of 34% for the quarter ended March 31, 2002.

With 1,350,960 cellular customers on all our cellular networks, we are the largest cellular service provider in the country. Our all India market share has increased from 17% as on March 31, 2001 to 21% as on March 31, 2002, this with only seven cellular operations. Further in Punjab, where we launched our commercial services on February 8, 2002, we already have market share of approximately 12%.

During the quarter we have witnessed a robust growth in our net additions. On an average we have added approximately 80,000 customers per month on our networks in this quarter as compared to approximately 42,000 net additions per month in the previous quarter ended December 31, 2001.

Prepaid customers comprise 63% of our total cellular customer base. Going forward we expect this ratio to increase as on an average 81% of the total net additions during the quarter ended March 31, 2002 belonged to the prepaid category.

During the quarter our postpaid ARPU remained stable at over Rs 1,650 per month. However due to the strong growth in the prepaid segment coupled with a drop of nearly 40% in the prepaid tariffs in our Delhi circle, the prepaid ARPU has decreased from Rs 499 per month during the quarter ended December 31, 2001 to Rs 440 per month during the quarter ended March 31, 2002. The fall in the tariff in our largest cellular network, Delhi, also initiated an 8% increase in the usage of our prepaid services, which was in step with the increase in usage in the postpaid category.

The contribution of SMS revenue to the total revenue has been showing a consistent improvement. The contribution has increased from 1.7% in the quarter ended December 31, 2001 to 2.3% in the quarter ended March 31, 2002.

During the quarter the churn was lower than the churn in the previous quarter. We continued to practice a stringent credit policy with 79% of the postpaid disconnects being company initiated disconnects.

The number of customers per employee ratio for our existing cellular networks has increased from 688 customers per employee for the quarter ended December 2001 to 832 customers per employee for the quarter ended March 2002.

Access Business

During the financial year March 2002, we received licenses to provide fixed line services in four new circles. As on March 31, 2002 we had 163,975 customers in our Madhya Pradesh, Haryana and Delhi fixed line networks. These customers generated revenue of Rs 428 million during the quarter ended March 2002. Revenues from our access business grew by 49% from Rs 1,077 million during the financial year March 31, 2001 to Rs 1,605 million during the financial year ended March 31, 2002.

During the fourth quarter the peak national long distance tariffs dropped by nearly 60%. Despite this fall we were able to maintain the quarterly revenue in our fixed-line business to nearly the same level as the fixed line revenue of the quarter ended December 31, 2001. This is essentially because the increase in STD usage more than made up for the fall in the tariff, particularly by the residential customers.

The net additions on our fixed line networks have significantly improved on a quarter on quarter basis from approximately 4,000 net additions per month during the quarter ended December 31, 2001 to over 8,000 net additions per month during the quarter ended March 31, 2002. A majority of these net additions are attributable to improvement in our performance in the Madhya Pradesh circle.

Long Distance Business

During the financial year ending March 2002 we received licenses for offering national long distance services and international long distance services.

With our entry into long distance segments we initiated a rebalancing of the long distance tariffs, as tariffs were too high due to cross subsidization of local calls by the incumbent. We effected a reduction in the national long distance tariffs by nearly 60% and announced a reduction of approximately 40% in the international long distance tariffs.

We have commenced offering national long distance services since January 26, 2002 and have earned revenues of Rs 324 million during the quarter ended March 31, 2002. We have entered into arrangements with most of the cellular operators in the country and are exclusively carrying their national long distance traffic on our network. We have also entered into arrangements with some private fixed line service providers for carrying their national long distance traffic. We expect to enter into interconnect arrangements with other fixed line service providers as well.

We have also completed the construction of our landing station at Chennai. This landing station will connect our telecommunications networks in India to the submarine cable systems developed by other infrastructure providers to facilitate transmission of international communications. We expect to derive benefits from this cable in our international long distance and broadband divisions.

Broadband Business

As part of the corporate restructuring, Bharti Telespatial, Bharti BT and Bharti Broadband amalgamated with Bharti BT Internet, a 100% subsidiary of Bharti Tele-Ventures. The merged entity was named Bharti Broadband Networks and it became the operating company for the group's Internet, VSAT and broadband businesses.

The broadband divisions strategic objective of becoming a leading provider of secure, reliable and customized end-to-end network solutions was further strengthened this quarter, when we launched India's first broadband internet service product via satellite – Skyantra.

The annual revenue of our broadband business during the financial year ending March 31, 2002 was Rs 669 million. The business exhibited a healthy growth of 38% on a quarterly basis. Revenues increased from Rs 209 in the previous quarter ended December 31, 2001 to Rs 288 million in the quarter ended March 31, 2002. The EBITDA loss during the fiscal year ended March 31, 2002 was Rs 165 million.

ANNEXURES

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

Rs Million

Particulars	Qtr ended March 31, 2002	Qtr ended December 31, 2001	Qtr-on-Qtr Growth	Year ended March 31, 2002	Year ended March 31, 2001	Y-o-Y Growth
Gross Revenue	4,583	4,174	10%	15,005	8,481	77%
Operating Expenses	2,971	2,511	18%	9,373	5,634	66%
Operating profit before license fees	1,612	1,663	-3%	5,632	2,848	98%
License fees	465	420	10%	1,566	917	71%
EBITDA	1,147	1,242	-8%	4,066	1,930	111%
Net Finance Cost	600	459	31%	1,118	959	17%
Cash profit	548	783	-30%	2,948	971	204%
Non-Operating Income	21	16	27%	59	25	139%
Loss of Associate / Joint Venture	-	0	-100%	43	305	-86%
Pre-operating cost	449	267	68%	936	103	811%
Depreciation and Amortisation	1,011	915	10%	3,122	1,690	85%
Earnings before tax (EBT)	(892)	(383)	-133%	(1,094)	(1,102)	1%
Income tax income/(expense)	341	(34)	-	150	46	229%
(Profit)/loss to minority shareholders	0	(0)	-	183	151	21%
Net profit	(551)	(418)	32%	(1,127)	(1,208)	7%
RATIOS:						
EBITDA / Gross Revenue	25%	30%	-	27%	23%	-

1. Net Revenue represents Gross Revenue reduced by access and interconnection costs.
2. EBITDA represents earnings (loss) before depreciation, pre-operating costs, amortization, interest and taxation.
3. Deferred Tax has not been computed for the fourth and the third quarter.

A1.2 Consolidated Balance Sheet as per International Accounting Standards

Rs Million

PARTICULARS	Year ended March 31, 2002	Year ended March 31, 2001
LIABILITIES & EQUITY		
Shareholder's Equity	48,792	18,955
Minority Interest	98	957
Total Borrowings	20,060	8,715
Other Non-Current Liabilities	1,685	7,015
Total Liabilities and Shareholders Equity	70,635	35,642
ASSETS		
Net Fixed Assets, including Capital work-in-progress	32,179	14,783
Other Non-Current Assets	40,582	12,892
Net Current Assets	(2,126)	7,967
Total Assets	70,635	35,642
Net Debt	14,020	2,716
RATIO:		
Net Debt to Funded Equity	0.27	0.13
Net Debt to Networth	0.29	0.14

A1.3 Key Accounting Policies

1. Revenue recognitions:

- a) **Pre-paid cards and Internet dial up cards:** Revenue is recognized as and when the customer uses the available minutes and hours. Until such time the unutilized value of the card is treated as “revenue received in advance”.
- b) **Activation fee:** Activation fee received from new pre-paid customers is recognized upon activation of Sim card rather than at the time of sale of the card.

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 until the commercial launch of operations is held as “other non-current assets”, post the commercial launch, it 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:

Any due from the customer, which is over and above 90 days is written off or provided for at the end of the 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 in the year in which they are incurred.

6. Depreciation:

Fixed assets have been depreciated at a rate much faster than recommended under the Companies Act 1956. This depreciation is based on the estimated life of the usage of the asset, which is as follows:

Assets	Years
Building	20
Plant & Machinery	5-10
Billing and other software	3
Computer equipment	3
Office, furniture and equipment	5
Vehicles	5
Leasehold improvements	Period of Lease

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.

A1.4 Consolidated Profit & Loss Statement as per Indian GAAP

In Rs. Million

	Year ended March 31, 2002
	Unaudited
Total revenue	15,003
Operating profit before interest, depreciation, tax, amortization and pre-operating expenses (EBITDA)	3,862
Cash profit from operations	2,754
Profit/ (Loss) before tax	(1,903)
Net profit/(loss)	(1,827)

A1.5 Reconciliation of Indian GAAP and International Accounting Standards – P&L

Rs Million

	Year ended March 31, 2002
	Unaudited
Net profit / (loss) as per IAS	(1,127)
Add: Differences on account of:	
Goodwill amortisation	224
Minority interest and loss of joint venture	122
Others	27
Less: Differences on account of:	
Network expenses relating to WPC charged in IAS last year	(224)
License fee amortisation not applicable in IAS	(465)
Differential depreciation provided in Indian accounts due to forex fluctuations not considered in IAS	(205)
Differences in accounting for finance charges	(56)
Prior period pre-operatives charged off earlier in IAS	(122)
Net profit/(loss) as per Indian GAAP	(1,827)

GLOSSARY

Technical and Industry Terms

AGR	Adjusted Gross Revenues. Used for computing the license fees and WPC charges payable by a cellular services provider and have been provisionally defined as total income of a cellular services provider less 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 cellular services)	Average Revenue per customer per month. It is calculated by taking the total airtime revenues, the rentals, the value added services and the interconnect revenue and dividing it by the average number of customers during the period (calculated as the average of the sum of the customers at the beginning of the period and at the end of 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 by the average number of customers during the period (calculated as the average of the sum of the customers at the beginning of the period and at the end of the period). The result so obtained is divided by the number of months in that period.
EBITDA	EBITDA represents earnings (loss) before depreciation, pre-operating costs, amortization, interest and taxation.
Existing Circles	Our existing cellular circles constitute the Delhi, Chennai, Kolkata, Andhra Pradesh, Karnataka and Himachal Pradesh circles. Our existing fixed line circles constitute the Madhya Pradesh circle.
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.
COAI	Cellular Operators Association of India.
DoT	Department of Telecommunications. It is within the purview of Ministry of Communications, Government of India.
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.
ISP	Internet Service Provider.
Limited mobility	Provision of last mile access to subscribers by fixed-line service providers, within a SDCA, using WLL application.
Local Loop	Communications lines/ services between the subscriber and the switching center for the telecommunications services provider.
MoU	Minutes of Usage . Duration for which cellular services are used by a customer. 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 for the year in our cellular networks less total roaming minutes by 12; and (ii) dividing the result by the average number of our customers in our cellular networks at the beginning and at the end of the year.
MTNL	Mahanagar Telephone Nigam Limited. A Government owned company, providing telecommunications services in Delhi and Mumbai.
New Circles	Our new cellular 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.
Post-paid services	Provision of cellular services to customers, in which the customers pay for usage of cellular 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 cellular services to customers, in which the customers pay a fixed amount, which is valid for a certain period, for usage of cellular services, including airtime, value added services, access and interconnection charges and other charges.
Roaming	Occurs when cellular customers use the cellular service outside their home network. Roaming facility is made available by an arrangement between two cellular services providers to allow their respective subscribers to roam on each other's networks.
SIM	Subscriber Identity Module. SIM card is the enabling device inside a handset for providing cellular services.
SMS	Short Messaging Services, by which text messages of upto 160 characters can be exchanged between two or more cellular subscribers.
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 adjudicatory powers.
VSAT	Very Small Aperture Terminal. A satellite communications technology that employs frequencies in the Ku band or C band and very small receiving dishes. VSAT systems employ satellite transponders; the receiving dishes may be leased or owned by the VSAT user.
VSNL	Videsh Sanchar Nigam Limited. A Government owned Company, providing international long distance calling services and Internet services in India.
WLL	Wireless in Local Loop. It denotes the use of wireless technology for the last mile access by fixed-line service providers. CDMA, Time Division Multiple Access (TDMA) are among the commonly used technologies for providing wireless in the local loop.