Quarterly report on the results for the period of the second quarter and half year ended September 30, 2005

Bharti Tele-Ventures Limited
(Incorporated as a public limited company on July 7, 1995 under the Companies Act, 1956)
Qutab Ambience, H-5/12, Mehrauli Road, New Delhi 110030, India
Phone: (91-11) 51666000 Fax: (91-11) 51666011

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October 27, 2005

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

Sunil B Mittal
Chief Executive Officer
Chairman & Group Managing Director

Akhil Gupta
Joint Managing Director

Supplemental Disclosures

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

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

General Risk: - Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Company unless they can afford to take the risk of losing their investment. For taking an investment decision, investors must rely on their own examination of Bharti Tele-Ventures including the risks involved.

Convenience translation: - We publish our financial statements in Indian Rupees. All references herein to "Indian Rupees" and "Rs." are to Indian Rupees and all references herein to "US dollars" and "US$" are to United States dollars.

All translations from Indian Rupees to United States dollars were made (unless otherwise indicated) using the rate of Rs.43.940 = US $1.00, the noon buying rate as announced by the Federal Reserve Bank of New York on September 30, 2005. All amounts translated into United States dollars as described above are provided solely for the convenience of the reader, and no representation is made that the Indian Rupees or United States dollar amounts referred to herein could have been or could be converted into United States dollars or Indian Rupees respectively, as the case may be, at any particular rate, the above rates or at all. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding off. Information contained on our website, www.bhartiteleventures.com and www.airtelworld.com is not part of this Quarterly Report.

Use of the Certain Non-GAAP measures: - This result announcement contains certain information on the Company's results of operations and cash flows that have been derived from amounts calculated in accordance with United States Generally Accepted Accounting Principles (US GAAP), but are not in themselves US GAAP measures. They should not be viewed in isolation as alternatives to the equivalent US GAAP measures and should be read in conjunction with the equivalent US GAAP measures. **Further, disclosures are also provided under "Use of Non - GAAP financial information" on page 18.**

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

Disclaimer: - This communication does not constitute an offer of securities for sale in the United States. Securities may not be sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended. Any public offering of securities to be made in the United States will be made by means of a prospectus and will contain detailed information about the Company and its management, as well as financial statements.

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SECTION 1

BHARTI TELE-VENTURES – PERFORMANCE AT A GLANCE

Particulars	UNITS	Full Year Ended March 31,			Quarter Ended	
		2003	2004	2005	June 30, 2005	Sept. 30, 2005
Total Customer Base	**Nos (000's)**	**3,443**	**7,141**	**11,842**	**13,191**	**15,129**
Mobile						
Number of circles operational	Nos	15	15	23	23	23
Number of customers	Nos (000's)	3,071	6,504	10,984	12,256	14,068
Total market share of all India wireless subscribers	%	24.2%	19.5%	21.2%	21.5%	21.8%
Fixed line						
Number of circles operational	Nos	6	6	6	14	15
Number of customers	Nos (000's)	372	637	857	935	1,061
Consolidated financials as per US GAAP						
Revenue	INR Mn.	24,170	48,320	80,028	25,173	27,091
EBITDA	INR Mn.	5,056	15,968	30,128	9,407	10,211
Cash profit from operations	INR Mn.	3,041	13,588	28,132	9,258	9,367
Earnings before tax	INR Mn.	(1,873)	5,976	16,604	5,980	5,796
Profit after tax	INR Mn.	(2,018)	5,076	14,978	5,099	5,209
Total stockholders equity	INR Mn.	40,678	45,916	61,065	69,975	76,993
Consolidated financials as per US GAAP						
Revenue	US$ Mn.	509	1,113	1,835	579	617
EBITDA	US$ Mn.	106	368	691	216	232
Cash profit from operations	US$ Mn.	64	313	645	213	213
Earnings before tax	US$ Mn.	(39)	138	381	137	132
Profit after tax	US$ Mn.	(42)	117	343	117	119
Total stockholders equity	US$ Mn.	856	1,058	1,400	1,608	1,752
Key Ratios						
EBITDA Margin	%	20.9%	33.0%	37.6%	37.4%	37.7%
Net Profit Margin	%	-8.3%	10.5%	18.7%	20.3%	19.2%
Net Debt to Total Stockholders Equity	Times	0.63	0.89	0.66	0.50	0.44

1. *All annual financial highlights for the year ended March 31, 2003, 2004 and 2005 are consolidated audited results as per United States Generally Accepted Accounting Principles (US GAAP).*
2. *Financial highlights for the quarter ended June 30, 2005 and September 30, 2005 are un-audited and are based on the consolidated results as per United States Generally Accepted Accounting Principles (US GAAP).*
3. *Exchange rate for Rupee conversion to US$ is (a) Rs. 47.53 for financial year ended March 31, 2003 (b) Rs. 43.40 for the financial year ended 2004 (c) Rs. 43.62 for the financial year ended March 31, 2005 (d) Rs. 43.51 for the quarter ended June 30, 2005 (e) Rs. 43.94 for the quarter ended September 30, 2005.*

SECTION 2

AN OVERVIEW

2.1 Introduction

We are one of India's leading private sector providers of telecommunications services with an aggregate of 15,128,586 customers as of September 30, 2005, consisting of 14,067,916 GSM mobile and 1,060,670 broadband & telephone customers. We are the first telecom company in the country to have an all India footprint with mobile operations in all the 23-telecom circles of India. We are the largest mobile service provider in the country, based on number of customers. Mobile services contribute the largest portion, both in terms of total revenues and total customers, to our overall business. We also provide broadband & telephone services, long distance services and enterprise services.

As per un-audited US GAAP financial statements, for the quarter ended September 30, 2005, our Total Revenues and EBITDA were Rs. 27,091 million (US$ 617 million) and Rs. 10,211 million (US$ 232 million) respectively and for the half year ended September 30, 2005, our Total Revenues and EBITDA were Rs. 52,264 million (US$ 1,189 million) and Rs. 19,618 million (US$ 446 million) respectively. The net profit for the quarter and half year ended September 30, 2005 was Rs. 5,209 million (US$ 119 million) and Rs. 10,309 million (US$ 235 million) respectively. During the quarter ended September 30, 2005, mobile services contributed to 70% of our total revenue.

2.2 Business Divisions

- **Mobile Services** - We offer GSM mobile services in all the 23-telecom circles of India, thus being the only telecom operator having an all India presence. Our 14,067,916 GSM mobile customers in the circles accounted for a market share of 27.7% of All India GSM market and 21.8% of overall wireless (GSM + Digital Mobile) respectively, as on September 30, 2005.

- **Broadband & Telephone Services** - We currently provide broadband (DSL) & telephone services (fixed line) in 15 telecom circles covering 75 towns. We had 1,060,670 customers as on September 30, 2005 of which 17% (~182,250) were subscribing to broadband (DSL) services.

- **Long Distance Services** – We compliment our mobile and broadband & telephone services with national and international long distance services. We have over 30,000 route kilometers of fibre on our national long distance network. We also have a submarine cable landing station at Chennai to connect to the submarine cable (owned by an associate company) between Chennai and Singapore. We have entered into an agreement to join the South East Asia-Middle East-Western Europe – 4 (SEA-ME-WE-4) consortium along with 15 other global telecom operators to jointly develop and own the next generation cable system.

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

2.3 Vendors

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

2.4 Partners

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

SECTION 3

FINANCIAL HIGHLIGHTS

Un-audited financial results for the second quarter and half year ended September 30, 2005 as per United States Generally Accepted Accounting Principles (US GAAP).
Detailed financial statements, analysis and other related information is attached to this report as Annexures (page 24). Also, kindly refer to Section 7 (use of Non - GAAP financial information on page 18) and Glossary (page 35) for detailed definitions.

3.1 BTVL Consolidated - Summary of Consolidated Financial Statements

3.1.1 Consolidated Summarised Statement of Operations (net of inter segment eliminations)

Amount in Rs. Million except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2005	Sept. 2004	Y-on-Y Growth	Sept. 2005	Sept. 2004	Y-on-Y Growth
Total revenues	27,091	18,513	46%	52,264	35,453	47%
EBITDA	10,211	6,926	47%	19,618	13,134	49%
Cash profit from operations	9,367	6,646	41%	18,625	11,904	56%
Income / (Loss) before Income taxes	5,796	3,891	49%	11,776	6,727	75%
Current tax expense	410	114		921	340	
Income / (Loss) after current tax expense	5,385	3,777	43%	10,854	6,387	70%
Deferred tax expense / (income)	104	135		408	363	
Net income / (loss)	5,209	3,642	43%	10,309	6,024	71%
EBITDA / Total revenues	37.7%	37.4%		37.5%	37.0%	

3.1.2 Consolidated Summarised Balance Sheet

Amount in Rs. Million

Particulars	As at September 30, 2005
ASSETS	
Total current assets	33,713
Total non-current assets	151,559
Total assets	**185,271**
LIABILITIES AND STOCKHOLDERS' EQUITY	
Total current liabilities	61,377
Total non-current liabilities	46,066
Total liabilities	**107,443**
Minority Interests	**835**
Total stockholders' equity	**76,993**
Total liabilities and stockholders' equity	**185,271**

3.2 Segment - wise Summarised Statement of Operations

3.2.1 Mobile Services - comprises of consolidated statement of operations of mobile operations.

Amount in Rs. Million except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2005	Sept. 2004	Y-on-Y Growth	Sept. 2005	Sept. 2004	Y-on-Y Growth
Total revenues	19,052	12,263	55%	36,516	23,153	58%
EBITDA	6,949	4,076	70%	13,034	7,929	64%
Income/(Loss) before interest income, interest expense & taxes	4,341	2,165	100%	8,231	4,354	89%
EBITDA / Total Revenues	36.5%	33.2%		35.7%	34.2%	

3.2.2 Infotel Services – comprises of the Broadband & Telephone Services, Long Distance Services and Enterprise Services

Amount in Rs. Million except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2005	Sept. 2004	Y-on-Y Growth	Sept. 2005	Sept. 2004	Y-on-Y Growth
Total revenues	10,927	8,460	29%	21,150	16,311	30%
EBITDA	3,526	2,886	22%	7,041	5,259	34%
Income/(Loss) before interest income, interest expense & taxes	2,456	2,060	19%	4,991	3,683	36%
EBITDA / Total Revenues	32.3%	34.1%		33.3%	32.2%	

3.2.3 Broadband & Telephone Services

3.2.3.1 Broadband & Telephone Services Consolidated - comprises of consolidated statement of operations of broadband & telephone operations

Amount in Rs. Million except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2005	Sept. 2004	Y-on-Y Growth	Sept. 2005	Sept. 2004	Y-on-Y Growth
Total revenues	3,656	2,800	31%	7,059	5,185	36%
EBITDA	811	731	11%	1,795	1,207	49%
Income/(Loss) before interest income, interest expense & taxes	262	271	-3%	739	320	131%
EBITDA / Total Revenues	22.2%	26.1%		25.4%	23.3%	

3.2.3.2 Existing Broadband & Telephone Operations – *(Refer glossary for definition)*

Amount in Rs. Million except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2005	Sept. 2004	Y-on-Y Growth	Sept. 2005	Sept. 2004	Y-on-Y Growth
Total revenues	3,535	2,800	26%	6,876	5,185	33%
EBITDA	1,070	731	46%	2,140	1,207	77%
Income/(Loss) before interest income, interest expense & taxes	605	285	112%	1,191	340	251%
EBITDA / Total Revenues	30.3%	26.1%		31.1%	23.3%	

3.2.3.3 New Broadband & Telephone Operations - *(Refer glossary for definition)*

Amount in Rs. Million except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2005	Sept. 2004	Y-on-Y Growth	Sept. 2005	Sept. 2004	Y-on-Y Growth
Total revenues	120	-	-	184	-	-
EBITDA	(259)	-	-	(345)	-	-
Income/(Loss) before interest income, interest expense & taxes	(343)	(15)	-	(453)	(20)	-
EBITDA / Total Revenues	-			-		

3.2.4 Long Distance Services – comprises of the domestic, international long distance operations and landing station

Amount in Rs. Million except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2005	Sept. 2004	Y-on-Y Growth	Sept. 2005	Sept. 2004	Y-on-Y Growth
Total revenues	5,563	4,371	27%	10,771	8,659	24%
EBITDA	2,021	1,505	34%	3,890	2,786	40%
Income/(Loss) before interest income, interest expense & taxes	1,565	1,174	33%	3,032	2,162	40%
EBITDA / Total Revenues	36.3%	34.4%		36.1%	32.2%	

3.2.5 Enterprise Services

Amount in Rs. Million except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2005	Sept. 2004	Y-on-Y Growth	Sept. 2005	Sept. 2004	Y-on-Y Growth
Total revenues	1,708	1,290	32%	3,319	2,468	34%
EBITDA	694	650	7%	1,356	1,267	7%
Income/(Loss) before interest income, interest expense & taxes	630	616	2%	1,220	1,201	2%
EBITDA / Total Revenues	40.6%	50.4%		40.9%	51.3%	

3.2.6 Others – comprises of the expenses of the BTVL corporate office

Amount in Rs. Million

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2005	Sept. 2004	Y-on-Y Growth	Sept. 2005	Sept. 2004	Y-on-Y Growth
Total revenues	0	0		0	0	
EBITDA	(259)	(126)	-	(453)	(234)	-
Depreciation & Others	(102)	(71)	-	(1)	(154)	-
Income/(Loss) before interest income, interest expense & taxes	(157)	(55)	-	(453)	(80)	-

3.3 Segment-wise Investments and Contribution

3.3.1 Investments in projects

Amount in Rs. Million except ratios

Segment	As at September 30, 2005	
	Rs. Million	% of Total
Mobile Services	133,258	71%
Broadband & Telephone Services	27,634	15%
Long Distance Services	22,945	12%
Enterprise Services	4,519	2%
Others	397	0%
Total	**188,752**	**100%**
Accumulated Depreciation & Amortisation	40,436	
Net Fixed Assets & Other Project Investment	**148,316**	

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

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

Segment	Quarter Ended September 2005					
	Revenue		EBITDA		Capex	
	Rs. Million	% of total	Rs. Million	% of total	Rs. Million	% of total
Mobile Services	19,052	70%	6,949	68%	8,615	63%
Broadband & Telephone Services						
Existing Circles	3,535	13%	1,070	10%	1,552	11%
New Circles	120	0%	(259)	-3%	1,130	8%
	3,656	**13%**	**811**	**8%**	**2,683**	**20%**
Long Distance Services	5,563	21%	2,021	20%	1,100	8%
Enterprise Services	1,708	6%	694	7%	1,175	9%
Others	0	0%	(259)	-3%	(5)	0%
Sub Total	**29,979**	**111%**	**10,216**	**100%**	**13,568**	**100%**
Eliminations	(2,888)	-11%	(4)	0%	(0)	0%
Total	**27,091**	**100%**	**10,211**	**100%**	**13,568**	**100%**

Segment	Half Year Ended September 2005					
	Revenue		EBITDA		Capex	
	Rs. Million	% of total	Rs. Million	% of total	Rs. Million	% of total
Mobile Services	36,516	70%	13,034	66%	15,623	67%
Broadband & Telephone Services						
Existing Circles	6,876	13%	2,140	11%	2,544	11%
New Circles	184	0%	(345)	-2%	2,028	9%
	7,059	**14%**	**1,795**	**9%**	**4,572**	**20%**
Long Distance Services	10,771	21%	3,890	20%	1,693	7%
Enterprise Services	3,319	6%	1,356	7%	1,374	6%
Others	0	0%	(453)	-2%	8	0%
Sub Total	**57,666**	**110%**	**19,622**	**100%**	**23,270**	**100%**
Eliminations	(5,402)	-10%	(4)	0%	0	0%
Total	**52,264**	**100%**	**19,618**	**100%**	**23,270**	**100%**

SECTION 4

OPERATING HIGHLIGHTS

The financial figures used for computing ARPU, Non Voice revenue, SMS revenue, gross revenue per employee per month are based on United States Generally Accepted Accounting Principles (US GAAP).

4.1 BTVL Consolidated

Parameters	Unit	Sept. 30, 2005	June 30, 2005	Q-on-Q Growth	Sept. 30, 2004	Y-on-Y Growth
Customers on our Network						
Mobile Services	000's.	14,068	12,256	15%	8,702	62%
Broadband & Telephone Services	000's.	1,061	935	14%	765	39%
Total	000's.	15,129	13,191	15%	9,467	60%
Non Voice Revenue as a % of Total Revenue	%	17.1%	16.3%		15.0%	

4.2 Mobile Services

Parameters	Unit	Sept. 30, 2005	June 30, 2005	Q-on-Q Growth	Sept. 30, 2004	Y-on-Y Growth
Subscriber Base						
All India Wireless Subscribers	000's.	64,587	56,906	13%	42,568	52%
All India GSM Mobile Subscribers	000's.	50,874	44,920	13%	33,573	52%
Mobile Customers on Bharti's Networks	000's.	14,068	12,256	15%	8,702	62%
Net Additions						
All India Wireless Subscribers	000's.	7,681	5,183	48%	5,296	45%
All India GSM Mobile Subscribers	000's.	5,954	3,894	53%	4,369	36%
Mobile Customers on Bharti's Networks	000's.	1,812	1,272	42%	1,030	76%
Bharti's Market Share						
as a % of All India GSM Mobile Subscribers	%	27.7%	27.3%		25.9%	
as a % of All India Wireless Subscribers	%	21.8%	21.5%		20.4%	
Bharti's Share of Net Additions						
as a % of All India GSM Mobile Subscribers	%	30.4%	32.7%		23.6%	
as a % of All India Wireless Subscribers	%	23.6%	24.5%		19.4%	
Pre-Paid Customers						
Total Customer Base	%	77%	76%		77%	
Total Net Additions	%	90%	76%		69%	
Other Operating Information						
Average Revenue Per User (ARPU)	Rs	476	491	-3%	506	-6%
Average Revenue Per User (ARPU)	US$	10.8	11.2	-3%	11.5	-6%
Average Minutes of Use Per User[1]	Minutes	388	383	1%	325	19%
Total Minutes of Use	Mn Min	15,281	13,321	15%	7,669	99%
Monthly Churn						
Post-paid Voluntary Churn	%	1.4%	1.1%		1.4%	
Post-paid Company Initiated Churn	%	2.8%	2.8%		2.2%	
Prepaid	%	5.7%	6.7%		8.7%	
Non Voice Revenue						
SMS Revenue as a % of mobile revenues	%	7.1%	6.8%		5.9%	
Non Voice Revenue as a % of mobile revenues	%	10.9%	10.2%		7.4%	

Average Minutes of Use Per User[1] – Minutes of use reporting has been standardized on a single technology platform. Hence restated for prior quarters

4.3 Broadband & Telephone Services

Parameters	Unit	Sept. 30, 2005	June 30, 2005	Q-on-Q Growth	Sept. 30, 2004	Y-on-Y Growth
Broadband & Telephony Customers	000's.	1,061	935	14%	765	39%
Net additions	000's.	126	77	63%	61	107%
Average Revenue Per User (ARPU)	Rs	1,203	1,256	-4%	1,249	-4%
Average Revenue Per User (ARPU)	US$	27.4	28.6	-4%	28.4	-4%

4.4 Human Resource Analysis

Parameters	Unit	Sept. 30, 2005	June 30, 2005	Q-on-Q Growth	Sept. 30, 2004	Y-on-Y Growth
Mobile Services						
Number of Customers per Employee	No.	2,606	2,412	8%	1,829	42%
Gross Revenue per employee per month	Rs	1,176,480	1,145,727	3%	902,184	30%
Broadband & Telephone Services						
Number of Customers per Employee	No.	417	413	1%	550	-24%
Existing Circles	No.	555	548	1%	550	1%
New Circles	No.	71	35		-	
Gross Revenue per employee per month	Rs	478,823	501,790	-5%	671,333	-29%
Existing Circles	Rs	648,220	667,355	-3%	671,333	-3%
New Circles	Rs	55,214	35,553	55%	-	
Long Distance Services						
Gross Revenue per employee per month	Rs	3,511,837	3,282,098	7%	2,896,341	21%
Enterprise Services						
Gross Revenue per employee per month	Rs	772,619	813,330	-5%	1,467,501	-47%

SECTION 5

MANAGEMENT DISCUSSION & ANALYSIS

5.1 Key Industry and Company Developments

5.1.1 Industry

Treatment of Fixed Wireless Services

In March 2005 the Telecom Regulatory Authority of India (TRAI) had directed all operators providing fixed wireless services to ensure that the terminal used for such services is strictly confined to the premises of the subscriber. In addition to the above, the Department of Telecommunication (DoT) had directed access providers to identify a separate level within the allocated fixed line numbering, to be used for fixed wireless services. DoT had also clarified that wherever such restriction cannot be imposed, the service shall be treated as limited mobility for all purposes including numbering plan, Interconnection Usage Charges (IUC), interconnection arrangements etc.

BSNL raised invoices on Tata for Access Deficit Charges (ADC) by treating the fixed wireless service of Tata (sold under the brand name 'Walky') as limited mobility. Tata filed a petition in Telecom Disputes Settlement Appellate Tribunal (TDSAT) challenging these ADC claims. On September 09, 2005, TDSAT dismissed the petition of Tata holding that Walky is a limited mobility service. Pursuant to the order, BSNL resumed recovery of past ADC dues from Tata and Reliance.

Subsequently, on the request of these operators, the DoT has granted three months time to Tata and Reliance to declare a distinctive numbering scheme for fixed wireless services, opening of the new levels, communicating them to subscribers and creation of separate trunk groups for the same. However, no extension has been granted for payment of ADC on fixed wireless traffic.

In the meanwhile, Tata has filed an appeal in Supreme Court challenging the TDSAT judgement. The hearing on the interim application for stay of the TDSAT order is scheduled for this week. In the interim, Supreme Court has restrained BSNL from taking any precipitative action against these operators. We are awaiting the court's order before raising our ADC claims on these operators.

Allocation of revised Numbering Levels for Bharti's & Tata's Fixed Line services

On August 19, 2005, the DoT revised the existing allocation of fixed line numbering levels of Bharti & Tata by allocating level '4' to Bharti and level '6' to Tata in place of the existing allocation of level '5'. On Bharti's request, DoT has granted six month's extension for implementation of the new level and vacation of the existing level. For this transitional period, both existing and new levels can operate simultaneously.

Access Deficit Charges on Roamers' calls

On April 11, 2005, TRAI had issued IUC (Fifth Amendment) Regulation, 2005 that introduced ADC @ Rs.0.30 per minute on calls originated by national roaming subscribers and ADC @ Rs.3.25 per minute on calls originated by international roaming subscribers. This ADC was payable to BSNL with effect from April 11, 2005. Cellular Operators Association of India (COAI) filed an appeal in TDSAT challenging the said regulation. On September 21, 2005, TDSAT ordered the setting aside of the said regulation.

TRAI's recommendations on Virtual Private Network (VPN) services

In December 2004, DoT directed Internet Service Providers (ISPs) to discontinue providing VPN services under their existing ISP licenses on the ground that VPN services were not included therein and it issued guidelines to enable provision of VPN service under specific terms and conditions.

The Internet Service Providers Association of India (ISPAI) challenged the said guidelines before the TDSAT. On May 03, 2005, the Tribunal upheld DoT's view that VPN service is not included in the existing ISP license. However, it directed that a proper consultation process be followed for finalizing terms on which VPN services may be allowed to ISPs. In the interim, the guidelines were allowed to remain in operation as ad-hoc and ISPs who were desirous of providing VPN services could do so only in terms of the guidelines.

On June 24, 2005 TRAI initiated a consultation process to finalise the terms and conditions on which VPN service can be offered and on August 16, 2005 TRAI submitted the following recommendations to the DoT:

- Layer-2 & Layer-3 VPN services need to be regulated.
- Layer-1 VPN service is akin to internet services and need not be regulated differently from internet services.
- One-time entry fee of Rs.30 lacs may be imposed for Layer-2 VPN but no entry fee for Layer-3 VPN service.
- No annual license fee needs to be charged for Layer-2 and Layer-3 VPN services.

These recommendations are not binding on DoT and it is yet to finalise its policy on VPN services.

TRAI recommendations on growth of telecom services in rural India

Concerned about the widening gap between rural and urban tele-density, TRAI had initiated a public consultation process in October 2004 for measures to promote growth of telecom services in rural areas. On October 03, 2005, TRAI issued its recommendations to the DoT to achieve rural tele-density targets fixed in the NTP'99. The salient features are:

- Government to provide subsidy in the short-run to incentivise infrastructure creation.
- Only operators who contribute to Universal Service Obligation Fund (USOF) to be eligible for subsidies.
- USO support for operator who installs Base Transceiver Stations (BTS) in rural areas provided that such BTS will be shared with atleast 2 other operators.
- Mandatory sharing of rural bandwidth. Operators using rural bandwidth to be given 30% discount on TRAI ceiling rates and operators providing such bandwidth to be compensated for this discount from USOF. In addition, they are to be given 10% incentive over TRAI

ceiling rates from USOF, in consideration of this mandatory infrastructure sharing.

- Discount in annual license fee and spectrum charges linked with roll-out of infrastructure in rural/remote areas.
- Private operators to encourage development of local language software.
- Reduction of rural VSAT license fees & spectrum charges & provision of transponders at affordable rates.
- No Right of Way charges for networks in rural areas.
- Niche Operators to be supported from USOF and exempted from spectrum charges.
- No spectrum fee for usage of CorDECT and similar technologies in rural areas and for usage of 450 MHz.
- No prior SACFA clearance for deployment of towers upto 40 meters in rural areas.
- Funds collected as Universal Access levy should be made available to USOF.

These recommendations can only be implemented once these are accepted by DoT.

Merger of Tamil Nadu and Chennai service areas

On September 15, 2005, the DoT announced merger of Tamil Nadu and Chennai service areas, which were earlier treated as two separate and distinct service areas for cellular mobile service and unified access service licenses. The highlights of the said order are:

- The merged service area shall be referred to as 'Tamil Nadu Service Area'.
- All new unified access licenses shall be for the merged service area.
- The entry fee for the merged service area would be Rs.233 crores.
- Licensees who have licenses for both Tamil Nadu and Chennai service areas, may apply for issue of a license for the merged service area, in lieu of the existing licenses, without paying any additional entry fee. The term of this new license shall be reckoned from the effective date of the later of the two licenses.
- Group companies having separate licenses, may first apply for transferring their existing licenses to any one company and thereafter request for issue of fresh license for the merged service area under that company.
- License fee for merged service area shall be @ 10% of Adjusted Gross revenue (AGR). However, licensees who are currently paying license fee @ 8% in Tamil Nadu circle, shall pay license fee @ 9% for the merged service area of Tamil Nadu for the period Oct 01, 2005 to March 31, 2008. After March 31, 2008, license shall be @ 10% of AGR for all licensees in Tamil Nadu service area.
- In all other cases, existing licensees shall continue to operate in their existing territory till expiry of their current license period.

Ceiling Tariffs for International Private Leased Circuits (IPLCs)

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

VSNL challenged these ceiling tariffs in TDSAT on grounds of non-transparency. TDSAT remanded the matter to TRAI to give a fresh look after sharing with VSNL the relevant material on the basis of which the ceiling tariff was fixed. As per the TDSAT order, TRAI proceeded to share the information on details of cost calculations with VSNL. Upon completion of the same, on September 08, 2005 TRAI issued the 39th Amendment to the TTO'99 reiterating the ceiling tariffs fixed by it vide the 34th Amendment. VSNL once again challenged the said ceilings in TDSAT. On September 14, 2005, TDSAT ordered the tariffs to be put in abeyance till final decision on the matter.

TRAI Directive on tariff plans with misleading titles

On September 14, 2005 TRAI issued a direction to all telecom service providers to ensure that:

- No tariff plan is offered / presented / marketed / advertised in a manner that is likely to mislead subscribers.
- All monthly fixed recurring charges that are compulsory for a subscriber under any given plan shall be shown under one head.
- All tariff plans reported to TRAI or launched in the market shall comply with the above direction. Operators shall restructure titles and the content of existing tariff plans so as to make them consistent with the above directions within 15 days of issue of this direction.

Consultation paper on Interconnection Usage Charge (IUC) Review

During the May 2005, TRAI completed the public consultation process for reviewing the prevailing IUC regime. The revised IUC regime is yet to be announced.

TRAI's Recommendations on Spectrum

On May 13, 2005, TRAI had given its recommendations to the DoT on spectrum related matters. The DoT is currently in the process of firming up the nation's policy on spectrum in consultation with stakeholders.

Consultation Papers

The following Consultation Papers were issued during the quarter:

- Issues relating to transition from IPv4 to IPv6 dated August 26, 2005. Stakeholders have submitted comments and TRAI has scheduled open house discussions for October 24, 2005 and October 28, 2005.
- Mobile Number Portability dated July 22, 2005. Few stakeholders submitted comments on the same and open house discussions were held. COAI has sought extension from TRAI for carrying out detailed study on the feasibility of introducing mobile number portability in India. TRAI has not yet made any recommendations on the same.

5.1.2 COMPANY

Key developments

- Airtel, ICICI Bank & VISA joined hands to launch **mChq – a credit card on the mobile phone** on September 19, 2005. This is the **first mobile-to-mobile payment option**, which enables Airtel customers and ICICI Bank Visa cardholders to pay for their purchases with their Airtel mobile phones.

- Bharti Tele-Ventures Limited and IBM launched **Managed Services under their joint go-to-market program** on September 8, 2005. The initial offering portfolio includes managed hosting services & business resiliency and continuity services to enterprise customers in India.

- Bharti Tele-Ventures Limited **entered into a contract with Nokia to expand its managed GSM/GPRS/EDGE networks in eight circles for a contract worth USD 125 million** on August 23, 2005. As per the contract, Nokia will provide managed services and expand Bharti's Airtel networks in the circles of Mumbai, Maharashtra (including Goa), Gujarat, Bihar (including Jharkhand) and Orissa over a three-year period. Additionally, Nokia will provide managed services and expand Airtel networks in the three other circles of Kolkata, West Bengal and Madhya Pradesh.

- Bharti Tele-Ventures Limited **launched 'Future Factory' - Centres of Innovation** to incubate pioneering mobile applications on August 22, 2005. The Future Factory has been conceptualized with the purpose of developing applications to cater to the needs of customer segments across the entire spectrum.

- Bharti Tele-Ventures Limited **entered into strategic partnership outsourcing its call center operations to four international BPOs - Hinduja TMT (HTMT), IBM Daksh, Mphasis and TeleTech Services** on August 9, 2005, with an aim to significantly enhance quality of customer service delivery to Airtel customers across the country.

- ICRA assigned **Issuer Rating of "Ir AAA"** to Bharti Tele-Ventures Limited on August 26, 2005. This rating is the highest credit quality rating assigned by ICRA.

- Standard & Poors **upgraded its corporate credit rating on Bharti Tele-Ventures Limited to "BB+" from "BB"** on September 21, 2005 with stable outlook.

- Bharti Tele-Ventures was awarded with **"MIS Asia IT Excellence Award 2005" in the 'Best Change Management Category'** for its IT COP (Community of Practice) transformation over 3 years culminating in a strategic "on demand" outsourcing partnership with IBM on September 22, 2005.

<u>Bharti Mobile - Punjab Litigation</u>

The arbitration proceedings for a claim for the refund of license fee and interest paid to the DoT were decided against Bharti Mobile, the licensee of the Punjab mobile circle. The company has already paid the license fees and interest thereon before the commencement of arbitration proceedings. The company challenged the award before the Hon'ble Delhi High Court and the matter is now listed for hearing before the Hon'ble Delhi High Court on November 11, 2005.

5.2 Results of Operations

The company has reported its un-audited financial statements and operational results for the quarter and half year ended September 30, 2005. The financial statements have been prepared in accordance with United States Generally Accepted Accounting Principles US GAAP).

Key Highlights - *For the quarter ended September 30, 2005*

- **Total Revenues of Rs. 27.1 billion (up 46% Y-o-Y)**
- **EBITDA of Rs. 10.2 billion (up 47% Y-o-Y)**
- **Cash profit from operations of Rs. 9.4 billion (up 41% Y-o-Y)**
- **Net Profit of Rs. 5.2 billion (up 43% Y-o-Y).**
- **Highest ever net additions of 1.94 million of total customers on its networks.**
- **Market leader with a market share of all India wireless subscribers at 21.8%.**
- **Broadband & Telephone customer base crosses 1 million mark.**

BTVL Consolidated

Customer Base
As on September 30, 2005, the company had an aggregate of 15,128,586 customers, consisting of 14,067,916 GSM mobile and 1,060,670 broadband & telephone customers. Its total customer base as on September 30, 2005 increased by approximately 60% compared to the customer base as on September 30, 2004.

Revenues/Turnover
During the quarter ended September 30, 2005, the company had revenues of Rs. 27,091 million; a growth of 46% compared to the quarter ended September 30, 2004. Revenues from Bharti's mobile services represented 70% of the total revenues for the quarter ended September 30, 2005.
Non-voice revenue contributed to approximately 17.1% of the total revenues for the quarter.

Operating Expenses (ex-license and spectrum fee)
During the quarter ended September 30, 2005, the company incurred an opex of Rs. 9,236 million representing 34% of the total revenues. The operating expense comprises of

- Rs. 2,786 million towards network operations costs (~ 10.3% of turnover)
- Rs. 2,013 million towards employee costs, (~ 7.4% of turnover)
- Rs. 274 million towards equipments costs, and
- Rs. 4,163 million towards selling general and administrative costs (~ 15.4% of turnover)

The operating expenses grew by 58% compared to the quarter ended September 30, 2004. The increase in operating costs is mainly on account of the capacity and coverage expansion on the mobile services side and new rollouts in the broadband and telephone services side.

EBITDA, Finance Cost and Cash Profit from Operations
During the quarter ended September 30, 2005, the company had an EBITDA of Rs. 10,211 million; a growth of 47% compared to the quarter ended September 30, 2004.The EBITDA margin for the quarter was 37.7% as compared to 37.4% for the quarter ended September 30, 2004. The marginal increase in EBITDA was mainly due to the operating efficiencies derived from the economies of scale and benefits of integrated operations.

The net finance cost for the quarter ended September 30, 2005 was Rs. 844 million. The interest on borrowings during the quarter was Rs. 508 million and the finance income (primarily related to income on marketable securities) was Rs. 126 million. The balance amount was other finance costs, effect of exchange fluctuation and the effect of derivative accounting.

The cash profit from operations for the quarter was Rs. 9,367 million, an increase of 41%, as compared to the quarter ended September 30, 2004.

During the quarter ended September 30, 2005, the company had depreciation & amortisation expenses of Rs. 3,703 million. The depreciation & amortisation expenses grew by 44% compared to the quarter ended September 30, 2004.

Income Before Income Taxes and Net Profit
The income before income tax for the quarter was Rs. 5,796 million, an increase of 49%, as compared to the quarter ended September 30, 2004.

The current tax for the quarter ended September 30, 2005 was Rs. 410 million and deferred tax expense of Rs. 104 million.

The net profit for the quarter ended September 30, 2005, was Rs 5,209 million.

Balance Sheet
As on September 30, 2005, the company had total assets of Rs. 185 billion and total liabilities of Rs. 107 billion respectively. The company has made of gross investments of Rs. 189 billion as on September 30, 2005.

The company had a net debt of Rs. 33,724 million (US$ 768 million) as on September 30, 2005, resulting in a net debt to EBITDA (LTM) of 0.92.

Capital Expenditure
During the quarter ended September 30, 2005, the company incurred capital expenditure of Rs. 13,568 million (US$ 309 million).

Human Resources
As on September 30, 2005, the company had a total of 9,420 employees consisting of 5,398 in mobile services, 3,810 in Infotel services.

Mobile Services

Customer Base, Churn, ARPU and MoU
As at the end of the quarter the company had 14,067,916 GSM mobile customers on its network, which accounted for a market share 27.7% of the All India GSM market and 21.8% of the overall wireless market (GSM + Digital Mobile) respectively.

Of its 14,067,916 GSM mobile customers as of September 30, 2005, postpaid customer contributed approximately 23% to the overall customer base while pre-paid customers contributed the balance 77%. During the quarter, its share of new additions was 30.4% of the All India GSM mobile net additions, and 23.6% of All India wireless net additions. The net additions during the quarter on its network were 1,811,632.

The monthly churn for the quarter ended September 30, 2005 was 4.2% (1.4% voluntary churn and 2.8% company initiated churn) for its post-paid segment while it was 5.7% for the pre-paid segment.

During the quarter, its blended ARPU of Rs. 476 (US$ 10.8) per month was lower by 3% as compared to the quarter ended June 30, 2005. The blended monthly usage per customer, during the quarter, was at 388 minutes, an increase of 1% on a quarter on quarter basis. The non-voice revenue, which includes Short Messaging Service (SMS), voice mail service, call management and other value added services like Hello Tunes and Airtel Live contributed to approximately 10.9% of the total revenue of the segment. The Short Messaging Services (SMS) revenue, which is primarily text messaging accounted for 7.1% of the total revenue of the segment, for the quarter ended September 30, 2005.

Revenues, EBITDA and EBIT

The revenues for the quarter ended September 30, 2005 for mobile services stood at Rs 19,052 million, an increase of 55% over last year. The revenue from this segment contributed to 70% of its total consolidated revenues. The EBITDA during the quarter ended September 30, 2005 was Rs 6,949 million representing growth of 70% over the quarter ended September 30, 2004. The EBITDA margin for the quarter ended September 30, 2005 was 36.5%. The EBIT for the quarter ended September 30, 2005 was Rs 4,341 million as compared to Rs 2,165 million for the quarter ended September 30, 2004 an improvement of 100%.

Capital Expenditure

During the quarter ended September 30, 2005, the company incurred a capital expenditure of Rs 8,615 million (US$ 196 million).

Human Resources

As on September 30, 2005 the company had 2,606 customers per employee, an increase of 8% on a quarter on quarter basis. During the quarter, gross revenue per employee was Rs. 1.18 million compared to Rs. 1.15 million for the quarter ended June 30, 2005.

Broadband & Telephone Services

Customer Base and ARPU

At the end of the quarter ended September 30, 2005, the company had its broadband & telephone operations in 15 telecom circles covering 75 towns. During the quarter, the company added 126,167 customers on its broadband & telephone networks with 1,060,670 customers as on September 30, 2005. The company have focused on acquiring customers subscribing to DSL services and as on September 30, 2005, had approximately 182,250 broadband & telephone services customers subscribing to such services.

The ARPU for the quarter was Rs. 1,203 (US$ 27.4) per month.

Revenues, EBITDA and EBIT

For the quarter ended September 30, 2005, the revenues from its broadband & telephone operations of Rs 3,656 million, represented a growth of 31% on year-on-year basis. The EBITDA for the quarter was Rs. 811 million compared to Rs. 731 million in the corresponding prior year quarter, an increase of 11% respectively. The EBITDA margin for this segment was 22.2% for the quarter ended September 30, 2005. The EBIT for the quarter ended September 30, 2005 was Rs 262 million.

The revenues for the quarter ended September 30, 2005 from its existing broadband & telephone operations of Rs. 3,535 million grew by 26%, EBITDA of Rs. 1,070 million grew by 46% and EBIT of Rs. 605 million grew by 112%. The EBITDA margin for its existing broadband & telephone operations was 30.3%.

The revenue for the quarter ended September 30, 2005 from its new operations was Rs. 120 million. The company's new broadband & telephone operations had a negative EBITDA of Rs 259 million for the quarter ended September 30, 2005.

Capital Expenditure

During the quarter ended September 30, 2005, the company incurred a capital expenditure of Rs. 2,683 million (US$ 61 million).

Human Resources

As on September 30, 2005 the company had 417 customers per employee, an increase of 1% on a quarter on quarter basis. During the quarter, gross revenue per employee was Rs. 478,823 compared to Rs. 501,790 for the quarter ended June 30, 2005.

Long Distance Services

Revenues, EBITDA and EBIT

For the quarter ended September 30, 2005, the revenues from its long distance services was Rs. 5,563 million representing a growth of 27% over the corresponding quarter last year. The EBITDA from this segment during the quarter was Rs 2,021 million, a growth of 34% over the corresponding quarter last year. The EBITDA margin, for the quarter, was 36.3%. The EBIT of this segment was Rs. 1,565 million representing a growth of 33% over the corresponding quarter last year.

Human Resources

During the quarter, gross revenue per employee was Rs. 3.51 million compared to Rs. 3.28 million for the quarter ended June 30, 2005.

Enterprise Services

Revenues, EBITDA and EBIT

For the quarter ended September 30, 2005, the revenue from this segment was Rs. 1,708 million, a growth of 32% over the corresponding quarter last year. The EBITDA for this segment for the quarter ended September 30, 2005 was Rs. 694 million. The EBITDA margin for this segment in the quarter ended September 30, 2005 was 40.6%.

Human Resources

During the quarter, gross revenue per employee was Rs. 772,619 compared to Rs. 813,330 for the quarter ended June 30, 2005.

SECTION 6

Stock Market Highlights

6.1 General Information

Opinion & Financial Data	Unit		Stock Data	
No. of Shares Outstanding (September 30, 2005)	Million Nos.	1,884	Code/Exchange	532454/BSE
Closing Market Price - BSE (October 26, 2005)	Rs./Share	336.90	Bloomberg/Reuters	BHARTI IN/BRTI.BO
Market Capitalisation	Rs. Million	634,739	***Shareholding Pattern***	As on September 30, 2005
Book Value Per Share	Rs.	40.87	Promoters Holding*	45.71%
Market Price/Book Value	Times	8.24	Singtel (Pastel Ltd)	15.69%
Net Debt to EBITDA (LTM)	Times	0.92	Free Float*	38.59%
Enterprise Value	Rs. Million	668,463		
Enterprise Value/Annualised Q2 Revenue	Times	6.17	Foreign Holding	48.52%
Enterprise Value/Annualised Q2 EBITDA	Times	16.37	Combined Volume	
			(July 01, 2005 - October 26, 2005)	2.03 million per day

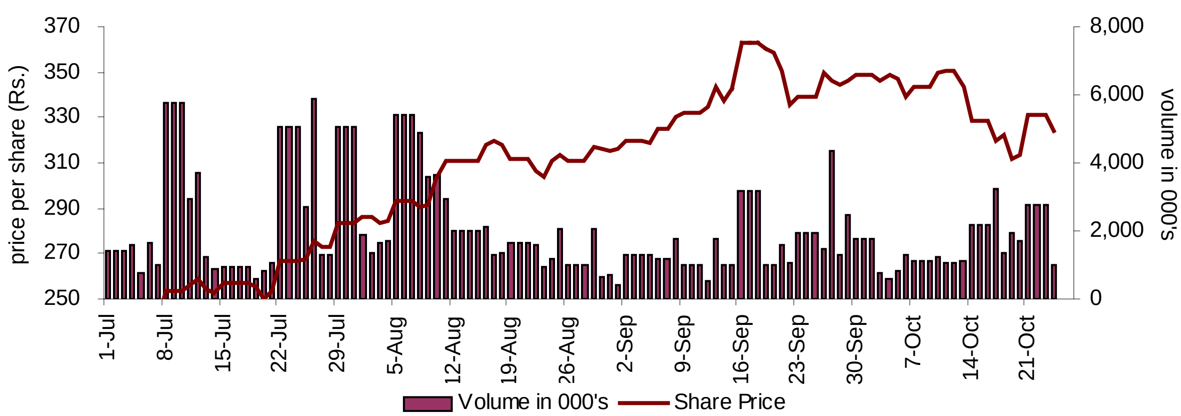
* Free float includes 5.22% shareholding of Indian public & institution which has foreign ownership restrictions (not freely tradable across Indian and Overseas investors)

6.2 Summarised Shareholding pattern as of September 30, 2005

Category	%
Indian Holding	
Promoters*	45.71%
Banks/ Mutual Funds/ Indian Financial Institutions	3.19%
Indian Residents/ Bodies Corporate/ Others	2.58%
Total - Indian	**51.48%**
Foreign Holding	
Foreign Companies	21.74%
Foreign Institutional Investors	25.96%
Non-Resident Indians and Overseas Corporate Bodies	0.83%
Total - Foreign	**48.52%**
Total	**100.00%**

*Promotors include holding of Bharti telecom and Person Acting in Concert
For detailed shareholding pattern of the company Kindly refer http://www.bhartiteleventures.com/index.php?id=31

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



SECTION 7

Use of Non - GAAP Financial Information

In presenting and discussing the Company's reported financial position, operating results and cash flows, certain information is derived from amounts calculated in accordance with US GAAP, but this information is not itself an expressly permitted GAAP measure. Such non - GAAP measures should not be viewed in isolation as alternatives to the equivalent GAAP measures.

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

Non - GAAP measure	Equivalent GAAP measure for USGAAP	Location in this results announcement of reconciliation and further information
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)	Operating Income	BTVL Consolidated Page 19, Mobile Services: - Page 20, Infotel Services: - Page 21, Broadband & Telephone Services: - Page 21, Long Distance Services: - Page 21, Enterprise Services: - Page 22, Others: - Page 22.
Cash Profit from Operations	Operating Income	Page 19
Income/(loss) after current tax expenses	Earnings/(loss) before taxation	Page 19
Net Debt	N.A	Page 19
Net Revenues	Total revenues	Page 19
Earnings before Interest & Taxes [for Infotel]	N.A.	Page 21
Total Revenues [for Infotel]	N.A.	Page 21
Total Non Current Assets	N.A	Page 20
Total Non Current Liabilities	N.A	Page 20
Schedule of cost of services	N.A	Page 23
Schedule of depreciation and amortization	N.A	Page 23
Schedule of finance cost	N.A	Page 23
Schedule of Income tax	N.A	Page 23

N.A. – Not Applicable

7.1 Reconciliation of Non-GAAP financial information based on US GAAP

7.1.1 BTVL Consolidated

Amount in Rs million

Particulars	Quarter Ended September 2005	Half Year Ended September 2005
Operating Income To EBITDA		
Operating Income	**6,503**	**12,501**
Depreciation & Amortisation	3,703	7,106
Pre-operating cost	6	12
EBITDA	**10,211**	**19,618**
Operating Income to Cash Profit from Operations		
Operating Income	**6,503**	**12,501**
Depreciation & Amortisation	3,703	7,106
Pre-operative costs	6	12
Interest income	66	383
Interest expense	(911)	(1,377)
Cash Profit from Operations	**9,367**	**18,625**
Net Debt		
Long term debt, net of current portion	34,982	34,982
Short-term borrowings and current portion of long-term debt	8,489	8,489
Less:		
Cash and cash equivalents	2,485	2,485
Restricted cash	215	215
Restricted cash, non-current	83	83
Short term investments	6,463	6,463
Investments	502	502
Net Debt	**33,724**	**33,724**
Total Revenue to Net Revenue		
Total Revenue	**27,091**	**52,264**
Less:-		
Access charges	4,928	9,777
Net Revenue	**22,163**	**42,487**
Operating expenses		
Network operations costs	2,786	5,215
Equipment costs	274	593
Employee costs	2,013	3,707
Selling general and administrative costs	4,163	8,195
Operating Expenses (Opex)	**9,236**	**17,710**
Income / (Loss) before Income taxes to Income / (Loss) after current tax expense		
Income / (Loss) before Income taxes	5,796	11,776
Less:-		
Current tax expense	410	921
Income / (Loss) after current tax expense	**5,385**	**10,854**

7.1.1 BTVL Consolidated {cont}

Amount in Rs million

Particulars	Quarter Ended September 2005	Half Year Ended September 2005
Property and equipment, net	109,440	109,440
Acquired intangible assets, net	15,389	15,389
Goodwill	23,319	23,319
Investment in associates and joint ventures	168	168
Investments	502	502
Restricted cash, non-current	83	83
Other assets	2,658	2,658
Total Non Current Assets	**151,559**	**151,559**

Amount in Rs million

Particulars	Quarter Ended September 2005	Half Year Ended September 2005
Long-term debt, net of current portion	34,982	34,982
Deferred taxes on income	3,311	3,311
Unearned income- Indefeasible right to use sales	4,305	4,305
Other liabilities	3,468	3,468
Total Non Current Liabilities	**46,066**	**46,066**

7.1.2 Mobile Services

Amount in Rs million

Particulars	Quarter Ended	Half Year Ended
	September 2005	September 2005
Operating Income To EBITDA		
Operating Income	**4,280**	**8,076**
Depreciation & Amortisation	2,670	4,958
EBITDA	**6,949**	**13,034**

7.1.3 Infotel Services

Amount in Rs million

Particulars	Quarter Ended	Half Year Ended
	September 2005	September 2005
Revenues For Infotel		
Revenues from Broadband & Telephone Services	3,656	7,059
Revenues from Long Distance Services	5,563	10,771
Revenues from Enterprise Services	1,708	3,319
Revenues For Infotel	**10,927**	**21,150**
EBITDA For Infotel		
EBITDA from Broadband & Telephone Services	811	1,795
EBITDA from Long Distance Services	2,021	3,890
EBITDA from Enterprise Services	694	1,356
EBITDA For Infotel	**3,526**	**7,041**
EBIT For Infotel		
EBIT from Broadband & Telephone Services	262	739
EBIT from Long Distance Services	1,565	3,032
EBIT from Enterprise Services	630	1,220
EBIT For Infotel	**2,456**	**4,991**

7.1.4 Broadband & Telephone Services

Amount in Rs million

Particulars	Quarter Ended	Half Year Ended
	September 2005	September 2005
Operating Income To EBITDA		
Operating Income	**249**	**714**
Depreciation & Amortisation	557	1,069
Pre-operating cost	6	12
EBITDA	**811**	**1,795**

7.1.5 Long Distance Services

Amount in Rs million

Particulars	Quarter Ended	Half Year Ended
	September 2005	September 2005
Operating Income To EBITDA		
Operating Income	**1,556**	**3,006**
Depreciation & Amortisation	466	884
EBITDA	**2,021**	**3,890**

7.1.6 Enterprise Services

Amount in Rs million

Particulars	Quarter Ended	Half Year Ended
	September 2005	September 2005
Operating Income To EBITDA		
Operating Income	**617**	**1,194**
Depreciation & Amortisation	77	162
EBITDA	**694**	**1,356**

7.1.7 Others

Amount in Rs million

Particulars	Quarter Ended	Half Year Ended
	September 2005	September 2005
Operating Income To EBITDA		
Operating Income	**(196)**	**(489)**
Depreciation & Amortisation	(63)	37
EBITDA	**(259)**	**(453)**

7.2 Schedule to financial statements

7.2.1 Schedule of Cost of Services

Amount in Rs million

Particulars	Quarter Ended	Half Year Ended
	September 2005	September 2005
Access charges	4,928	9,777
Licence fees, revenue share & spectrum charges	2,716	5,158
Network operations costs	2,786	5,215
Employee costs	2,013	3,707
Depreciation & amortisation	3,658	6,951
Cost of Services	**16,100**	**30,808**

7.2.2 Schedule of Depreciation and Amortisation

Amount in Rs million

Particulars	Quarter Ended	Half Year Ended
	September 2005	September 2005
Fixed Assets	3,369	6,386
Licence Fees	149	297
ESOP	(19)	18
Intangibles	204	404
Depreciation and Amortisation	**3,703**	**7,106**

7.2.3 Schedule of Finance Cost (net)

Amount in Rs million

Particulars	Quarter Ended	Half Year Ended
	September 2005	September 2005
Interest on borrowings	508	1,030
Finance charges	162	363
Finance income	(126)	(271)
Derivatives & Exchange Fluctuation	301	(129)
Finance cost (net)	**844**	**993**

7.2.4 Schedule of Income Tax

Amount in Rs million

Particulars	Quarter Ended	Half Year Ended
	September 2005	September 2005
Current tax expense	410	921
Deferred tax expense / (income)	104	408
Income tax expense / (Income)	**514**	**1,329**

ANNEXURES – DETAILED FINANCIAL AND RELATED INFORMATION

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

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

Amount in Rs. Million except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2005	Sept. 2004	Y-on-Y Growth	Sept. 2005	Sept. 2004	Y-on-Y Growth
Revenues						
Services	26,678	18,194	47%	51,445	34,836	48%
Indefeasible right ot use sales	114	84	36%	216	112	93%
Equipment	299	235	27%	602	505	19%
Total Revenues	**27,091**	**18,513**	**46%**	**52,264**	**35,453**	**47%**
Operating Expenses						
Cost of revenues	(16,100)	(10,788)	49%	(30,808)	(20,940)	47%
Inclusive of depreciation and amortisation						
Costs of equipment sales	(274)	(240)	14%	(593)	(511)	16%
Selling, general & administrative expenses	(4,207)	(3,130)	34%	(8,349)	(5,841)	43%
Inclusive of depreciation and amortisation						
Pre-operating cost	(6)	(145)		(12)	(223)	
Total Operating Expense	**(20,587)**	**(14,304)**	**44%**	**(39,763)**	**(27,515)**	**45%**
Operating Income / (Loss)	**6,503**	**4,209**	**55%**	**12,501**	**7,938**	**57%**
Interest expense	(911)	(2,509)		(1,377)	(3,285)	
Interest income	66	2,229		383	2,056	
Share of profits in associates / joint ventures	1	(50)		(2)	(42)	
Other income	137	14		272	70	
Non operating expenses	(1)	(3)		(2)	(9)	
Income / (Loss) before income Taxes	**5,796**	**3,891**	**49%**	**11,776**	**6,727**	**75%**
Income tax (expense) / benefit	(514)	(249)		(1,329)	(704)	
(Profit) / loss to minority shareholders	(72)	0		(138)	0	
Net income / (loss)	**5,209**	**3,642**	**43%**	**10,309**	**6,024**	**71%**
Earnings / (loss) per share for profit attributable to common shareholders						
Basic	2.79	1.98		5.53	3.27	
Diluted	2.79	1.94		5.48	3.22	
Weighted average number of shares used in computing earnings / (loss) per share						
Weighted average number of common shares (in millions)	1,870	1,843		1,865	1,843	
Weighted average number of diluted shares (in millions)	1,870	1,878		1,889	1,861	

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

Amount in Rs. Million

Particulars	As at September 30, 2005
ASSETS	
Cash and cash equivalents	2,485
Accounts receivable, net of allowances for doubtful debts	9,963
Unbilled receivables	3,268
Inventories	417
Short term investments	6,463
Deferred taxes on income	1,740
Derivative financial instruments	531
Restricted cash	214
Prepaid expenses and other current assets	8,520
Due from related parties	112
Total Current Assets	**33,713**
Property and equipment, net	109,440
Acquired intangible assets, net	15,389
Goodwill	23,319
Investment in associates and joint ventures	168
Investments	502
Restricted cash, non-current	83
Other assets	2,658
Total Assets	**185,271**
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities	
Short-term borrowings and current portion of long-term debt	8,489
Trade payables	15,087
Equipment supply payables	18,630
Accrued expenses	6,681
Unearned income	7,787
Unearned income- Indefeasible right to use sales	324
Derivative financial instruments	1,549
Due to related parties	232
Other current liabilites	2,591
Deferred taxes on income	7
Total current liabilities	**61,377**
Long-term debt, net of current portion	34,982
Deferred taxes on income	3,311
Unearned income- Indefeasible right to use sales	4,305
Other liabilities	3,468
Total liabilities	**107,443**
Minority interest	835
Stockholders' equity	
Common stock, par value Rs.10 per share	18,841
Additional paid in capital	53,275
Deferred stock based compensation	(46)
Treasury stock	(329)
Retained earnings / (deficit)	5,253
Total stockholders' equity	**76,993**
Total liabilities and stockholders' equity	**185,271**

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

Amount in Rs. Million

Particulars		Quarter ended September 30, 2005	Half year ended September 30, 2005
Cash flows from operating activities			
Net profit/(loss)	**a**	**5,209**	**10,309**
Add: Non Cash items	**b**		
Depreciation and amortisation		3,703	7,106
Tax expense / (income)		514	1,329
Impact of fair valuation of financial instruments		385	132
Cash generated from operations before working capital changes	**c=a+b**	**9,812**	**18,876**
(Increase)/decrease in working capital		1,979	6,516
(Increase)/decrease in non-current assets		(858)	(1,763)
Increase/(decrease) in non-current liabilities		2,141	563
Net cash provided/(used) by/in operating activities	**d**	**3,262**	**5,316**
Cash flows from investing activities			
Purchase of property, plant and equipment		(13,568)	(23,270)
Investment / loss in associate		(11)	(8)
Net cash provided/(used) by/in investing activities	**e**	**(13,579)**	**(23,278)**
Cash flows from financing activities			
Increase/(decrease) in borrowings		(409)	(5,701)
Shareholders Equity		1,881	5,706
Net cash provided/(used) by/in financing activities	**f**	**1,472**	**5**
Cash and cash equivalents*			
Beginning of the period	**g**	8,780	8,828
End of the period	**h=c+d+e+f+g**	9,747	9,747

**Includes short-term investments, restricted cash, restricted cash - non-current and investments.*

A.2 Trend and Ratio Analysis

A.2.1 Financial Performance

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

Amount in Rs. Million

Parameters	For the Quarter Ended				
	Sep-05	Jun-05	Mar-05	Dec-04	Sep-04
Total Revenues	27,091	25,173	23,255	21,320	18,513
Access and interconnection charges	4,928	4,850	4,529	4,538	3,872
Operating Expenses	9,236	8,474	7,368	6,820	5,853
Licence Fee	2,716	2,442	2,309	2,017	1,862
EBITDA	10,211	9,407	9,050	7,944	6,926
Cash profit from operations	9,367	9,258	8,252	7,976	6,646
Earnings / (Loss) before taxation	5,796	5,980	5,128	4,749	3,891
Net profit/(loss)	5,209	5,099	4,591	4,363	3,642

Amount in Rs. Million

Parameters	As at				
	Sept. 30, 2005	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Sept. 30, 2004
Stockholders Equity	76,993	69,975	61,065	56,428	52,010
Net Debt	33,724	34,715	40,212	38,375	40,650
Capital Employed = Stockholder's equity + Net Debt	110,717	104,690	101,277	94,803	92,660

A.2.2 Key Financial Ratios

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

Amount in Rs. Million

Parameters	Sep-05	Jun-05	Mar-05	Dec-04	Sep-04
Access and Interconnect charge / Total revenues	18%	19%	19%	21%	21%
Operating Expenses / Total revenues	34%	34%	32%	32%	32%
Licence fee / Total revenues	10%	10%	10%	9%	10%
EBITDA / Total revenues	38%	37%	39%	37%	37%
Cash profit from operation / Total revenues	35%	37%	35%	37%	36%
Earning (loss) before taxation / Total revenues	21%	24%	22%	22%	21%
Net Profit / (Loss) / Total revenues	19%	20%	20%	20%	20%
Return on Stockholder's equity (LTM)	31%	31%	28%	26%	22%
Return on Capital Employed (LTM)	21%	20%	18%	16%	15%
Net Debt to EBITDA (LTM)	0.92	1.04	1.33	1.46	1.77
Assets turnover ratio (LTM)	87%	83%	80%	76%	70%
Interest Coverage ratio (times)	20.11	18.00	13.24	13.03	10.23
Book Value Per Equity Share (in Rs)	40.9	37.3	32.9	30.4	28.1
Net debt to Stockholders' Equity (Times)	0.44	0.50	0.66	0.68	0.78
Per share data (for the period)					
Net profit/(loss) per common share (in Rs)	2.79	2.74	2.49	2.37	1.98
Net profit/(loss) per diluted share (in Rs)	2.79	2.70	2.44	2.30	1.94

A.2.3 Bharti's Three Line Graph

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

The parameters considered for the three-line graph are:

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

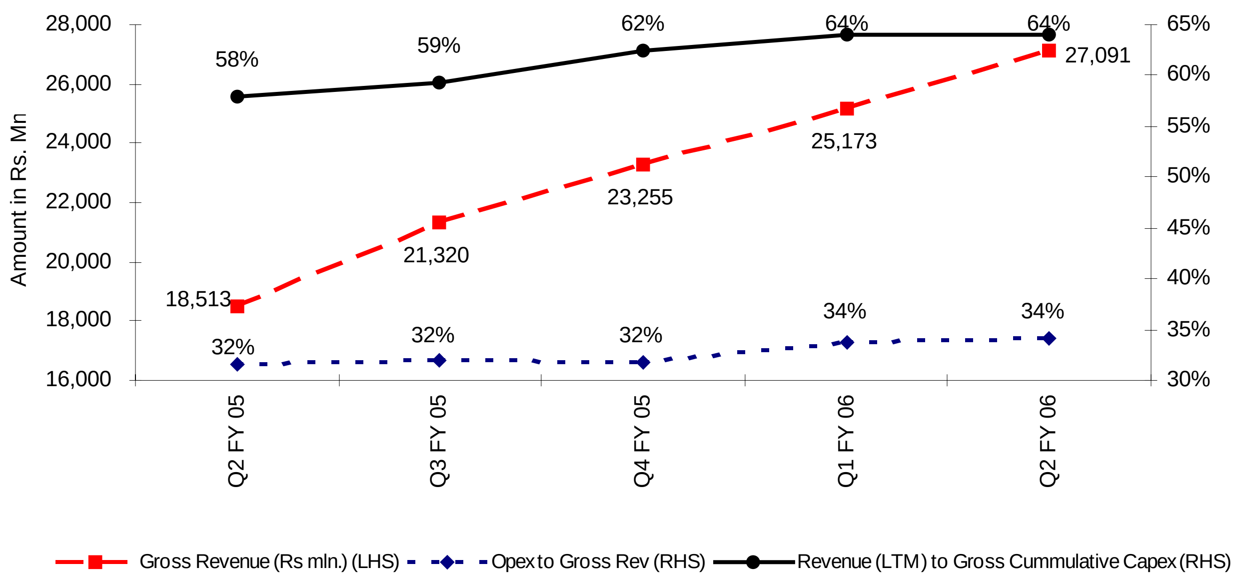
2. Opex productivity – operating expenses is the sum of (i) equipment costs (ii) employee costs & other costs (inclusive of network, sales and marketing and others costs – general administration costs), while net revenue is the gross revenues less access & interconnection costs. This ratio depicts the operational efficiencies in a company/how efficiently the operations of the company are run.

3. Capital productivity – this is computed by dividing gross revenues (last twelve months) by gross fixed assets and capital work in progress till date i.e. the physical investments made in the assets creation of the company.

   This ratio depicts the productivity of assets of the company.

The company believes that as far as the absolute revenues keeps increasing periodically, the ratio of operating expenses to net revenues stabilizes or keeps coming down and the revenue (LTM) to gross cumulative capex keeps improving, the company's financial health can be tracked.

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



A.2.4 Operational Performance

The financial figures used for computing ARPU is based on United States Generally Accepted Accounting Principles (US GAAP).

Parameters	Unit	Sept. 30, 2005	June 30, 2005	March 31, 2005	Dec. 31, 2004	Sept. 30, 2004
BTVL Consolidated						
Customers	000's	15,129	13,191	11,842	10,630	9,467
Employees	No.	9,420	8,739	7,827	7,123	7,136
Mobile services						
Customers	000's	14,068	12,256	10,984	9,826	8,702
Prepaid customers as a % of total customers	%	77.5%	75.6%	75.6%	75.0%	77.0%
Postpaid customers as a % of total customers	%	22.5%	24.4%	24.4%	25.0%	23.0%
Bharti's GSM subscribers market share	%	27.7%	27.3%	26.8%	26.3%	25.9%
Bharti's w ireless subscribers market share	%	21.8%	21.5%	21.2%	20.7%	20.4%
Average Revenue Per User (ARPU)	Rs	476	491	505	514	506
Average Minutes of Use Per User[1]	Minutes	388	383	370	355	325
Total Miutes of Use	Mn Min	15,281	13,321	11,575	9,840	7,669
Post-paid Voluntary Churn	%	1.4%	1.1%	1.1%	1.3%	1.4%
Post-paid Company Initiated Churn	%	2.8%	2.8%	3.2%	2.5%	2.2%
Prepaid Churn	%	5.7%	6.7%	6.7%	8.5%	8.7%
SMS Revenue as a % of total mobile revenues	%	7.1%	6.8%	6.3%	5.8%	5.9%
Total number of employees	No.	5,398	5,081	4,823	4,633	4,759
Infotel Services						
Broadband & Telephony (B&T) Customers	000's	1,061	935	857	804	765
Average Revenue Per User (ARPU) - B&T	No.	1,203	1,256	1,229	1,235	1,249
Total number of employees	No.	3,810	3,450	2,807	2,294	2,186

Average Minutes of Use Per User[1] – Minutes of use reporting has been standardized on a single technology platform. Hence restated for prior quarters

A.3 Key Accounting Policies as per US GAAP

1. Joint Ventures

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

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

2. Property and equipment

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

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

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

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

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

3. Goodwill

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

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

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

4. Foreign currency transactions

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

5. Capital leases

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

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

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

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

6. Impairment of long – lived assets and intangible assets

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

7. Revenue recognition

(i) Service revenues

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

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

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

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

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

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

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

(ii) Equipment sales

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

(iii) Multiple element arrangements

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

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

8. License fees

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

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

Licenses signed under NTP - 99

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

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

UASL Licenses & license fees

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

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

9. Other intangible assets

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

- Software is capitalized at the amounts paid for acquiring the license for use and are amortized over the period of such license, not exceeding three years.

- Bandwidth capacities are capitalized at the amounts paid for acquiring the capacities and are amortized over the period of the agreement.

- Brands are valued using the Royalty Relief approach and are amortized on a straight-line basis over the period of expected benefit, not exceeding the life of the licenses and are written off in their entirety when no longer in use.

- Customer relationships reflect the estimated fair value of the customer accounts acquired from which the Group can expect to derive future benefits over the estimated life.

- Distribution networks reflect the fair value of the estimated benefit and are amortized over an estimated useful life of three years.

- The fair value of licenses are valued using the Market Value Approach. The licenses are amortized over the remaining license period

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

10. Income-taxes

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

11. Pre operating costs

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

12. Derivative financial instruments

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

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

13. Asset Retirement Obligations

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

14. Indefeasible right to use (IRU)

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

A.4 Summarised Profit & Loss Statement as per Indian GAAP

Amount in Rs million

Particulars	Quarter ended September 30, 2005 Audited	Half Year Ended September 30, 2005 Audited
Service Revenue	26,960	51,767
Sales of Goods	322	650
Other Income	146	284
Total Income	**27,427**	**52,701**
Profit including Other Income and before Finance Expenses /(Income) (Net), Depreciation, Amortisation, Pre-operative Expenditure,Charity and Donation and Taxation	**10,318**	**19,865**
Finance expenses (net)	596	1,153
Depreciation	3,488	6,635
Amortisation	368	735
Preoperative Expenditure Written off	6	12
Charity & Donation	1	2
Profit Before Tax	**5,859**	**11,328**
Tax Expenses/ (Income)		
-Current Tax	367	844
-Fringe Benefit Tax	44	79
-Deferred Tax	305	488
Profit After Tax	**5,144**	**9,917**
Minority Interest	72	140
Profit for the period	**5,072**	**9,776**

A.5 Summary of differences in Net Profit/(loss) between US GAAP (un-audited) and Indian GAAP (audited)

Amount in Rs million

Particulars	Quarter ended September 30, 2005	Half Year Ended September 30, 2005
Net profit / (loss) as per US GAAP (Un-audited)	**5,209**	**10,309**
Add: Differences on account of:		
Differences in accounting for finance charges	245	(131)
Differential depreciation provided in IGAAP due to forex fluctuations not considered in US GAAP	60	136
Being difference in revenue recognition	3	7
Minority Interest and loss of Joint Venture	0	(1)
Less: Differences on account of:		
Deferred Tax expense	201	80
Amortisation of Goodwill/ Intangibles	68	134
License fee amortisation	148	297
Remeasurement of financial instruments not applicable in per IGAAP	29	31
Net profit/(loss) as per Indian GAAP (Audited)	**5,072**	**9,776**

GLOSSARY

Technical and Industry Terms

Company Related	
ARPU (for Mobile and Broadband & Telephone services)	Average revenue per customer per month is computed by: dividing the total revenues, excluding equipment sales and the connection fees, during the relevant period by the average customers; and dividing the result by the number of months in the relevant period.
Asset Turnover	Asset Turnover is defined as total revenues, for the preceding (last) 12 months from the end of the relevant period, divided by average assets. Asset is defined as the sum of non current assets and net current assets. Net current assets means current assets minus current liabilities. Average assets is calculated by considering average of quarterly average for the preceding (last) four quarters from the end of the relevant period.
Access and Interconnect Charges / Total Revenues	Access and interconnect charges for the relevant period divided by total revenues for the relevant period.
Average Customers	Average customers are derived by computing the average of the monthly average customers for the relevant period.
Book Value Per Equity Share	Total stockholder's equity as at the end of the relevant period divided by issued and outstanding equity shares as at the end of the relevant period.
Capital Employed	Capital Employed is defined as sum of stockholder's equity and net debt.
Cash Profit From Operations	IUS GAAP - It is not a US GAAP measure and is defined as operating income adjusted for depreciation & amortization, pre-operating costs, interest expense and interest income.
Cash Profit From Operations / Total revenues	It is computed by dividing cash profit from operations for the relevant period by total revenues for the relevant period.
Churn	Churn is calculated by dividing the total number of disconnections during the relevant period by the average customers; and dividing the result by the number of months in the relevant period. Postpaid churn has been subdivided into: a) Voluntary: indicating the number of subscribers who opt out of the network at their own behest. b) Company initiated churn: indicating the number of subscribers whose churn is initiated by the company due to non-payment.
Earnings (Loss) Before Taxation / Total Revenues	It is computed by dividing earnings/ (loss) before taxation for the relevant period by total revenues for the relevant period.
EBITDA	Earnings/(loss) before interest, taxation, depreciation and amortization. It is not a US GAAP measure and is defined as operating income adjusted for depreciation & amortization and pre-operating costs.
EBITDA Margin or EBITDA / Total Revenues	It is computed by dividing EBITDA for the relevant period by total revenues for the relevant period.
EBIT	Earnings / (Loss) before interest and taxation for the relevant period.
Existing Broadband & Telephone Operations	Existing broadband & telephone operations comprises of circles operational as on December 31, 2004. The circles include Delhi, Haryana, Madhya Pradesh & Chattisgarh, Tamil Nadu, Chennai and Karnataka.
Broadband & Telephony Customers Per Employee	Number of Broadband & Telephony customers on our networks as at end of the relevant period divided by number of employees in the Broadband & Telephone segment as at end of the relevant period.
Income/(loss) after current tax expense	It is not a GAAP measure and is defined as Income/(loss) before taxation adjusted for current tax expense.
Interest Coverage Ratio	EBITDA for the relevant period divided by interest on borrowing for the relevant period.
License Fee / Total Revenues	License fee for the relevant period divided by total revenues for the relevant period.
Market Capitalization	Number of issued and outstanding shares as at end of September 30, 2005 multiplied by closing market price (BSE) as at end of October 26, 2005.
MoU/Sub/Month	Minutes of Usage. Duration in minutes for which a customer uses the network. It is typically expressed over a period of one month. Average minutes of usage per subscriber per month is calculated by: dividing the total minutes of usage (incoming, outgoing and in-roaming) on our network during the relevant period by the average customers; and dividing the result by the number of months in the relevant period.

Mobile Customers Per Employee	Number of mobile customers on our networks as at end of the relevant period divided by number of employees in the mobile segment as at end of the relevant period.
Net Debt	It is not a GAAP measure and is defined as the long-term debt, net of current portion plus short-term borrowings and current portion of long-term debt minus cash and cash equivalents, restricted cash, restricted cash non-current and short-term investments and investments at the end of the relevant period.
Net Debt to EBITDA	It is computed by dividing net debt as at the end of the relevant period by EBITDA for preceding (last) 12 months from the end of the relevant period.
Net Debt to Stockholder’s Equity	It is computed by dividing net debt as at the end of the relevant period by stockholder’s equity as at the end of the relevant period.
Net Profit / (Loss) / Total Revenues	It is computed by dividing net profit / (loss) for the relevant period by total revenues for the relevant period.
Net Profit/ (Loss) Per Common Share	It is computed by dividing net profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.
Net Profit/ (Loss) Per Diluted Share	The calculation of Net Profit/ (loss) per diluted share adjusts net profit or loss and the weighted average number of ordinary shares outstanding, to give effect to all dilutive potential ordinary shares that were outstanding during the year Net profit or loss attributable to ordinary shareholders is adjusted for the after-tax effect of the following: (1) dividends on potential ordinary shares (for example, dilutive convertible preferred shares); (2) interest recognised on potential ordinary shares (for example, dilutive convertible debt); and (3) any other changes in income or expense resulting from the conversion of dilutive potential ordinary shares (e.g., an entity's contribution to its non-discretionary employee profit-sharing plan may be revised based on changes in net profit due to the effects of items discussed above).
Net Revenues	It is not a GAAP measure and is defined as total revenues adjusted for access charges for the relevant period.
Non Voice Revenue as a % of consolidated revenue	It is computed by dividing the total non-voice revenue of the company (BTVL consolidated) by the total revenues for the relevant period. Non-voice revenues include VAS Revenues for Mobile, VAS and Internet Revenues for Broadband & Telephone Services, Bandwidth Revenue for Long Distance Services, and Bandwidth and Internet Revenues for Enterprise Services.
Non Voice Revenue as a % of Mobile Revenue	It is computed by dividing the total non-voice revenue of mobile services by the total revenues of mobile services for the relevant period. Non-voice revenue for mobile services includes revenues from value added services (including SMS, GPRS, MMS Ring Back Tones etc.).
New Broadband & Telephone Operations	New mobile operations/circles comprises of circles launched after December 31, 2004.
Post-Paid Services	The provision of mobile services, wherein the subscribers pay for usage including airtime, rental value added services, access and interconnection charges and any other applicable charges at the end of the billing period.
Pre-Paid Services	The provision of mobile services wherein subscribers pay a fixed amount, which is valid for a certain period, for usage including airtime, value added services, access and interconnection charges and any other applicable charges prior to commencement of service.
Return On Capital Employed	It is computed by dividing the sum of net profit / (loss) & finance cost (net) for the preceding (last) 12 months from the end of the relevant period by average Capital employed. Average Capital employed is calculated by considering average of quarterly average for the preceding (last) four quarters from the end of the relevant period.
Return On Stockholder’s Equity	It is computed by dividing net profit / (loss) for preceding the (last) 12 months from the end of the relevant period by the average Stockholder’s equity for the preceding (last) 12 months. Average Stockholder’s equity is calculated by considering average of quarterly average for the preceding (last) four quarters from the end of the relevant period.
Total Operating Expenses / Total Revenues	Total operative expenses for the relevant period divided by total revenues for the relevant period.
Total Operating Expenses	It is defined as sum of equipment costs, employee costs and other costs for the relevant period.

Regulatory	
ADC	Access Deficit Charges
AGR	Adjusted Gross Revenues. Used for computing the License Fees and WPC charges payable by an Access Provider and have been provisionally defined as gross revenue of the Access Provider net of access charges actually paid to other telecom service providers, roaming revenues passed on to other telecom service providers and service tax and sales tax actually paid to the Government, if the same had been included in the Gross Income.
AUSPI	Association of Unified Telecom Service Providers of India. It is the representative industry body for private Basic Service Operators which interacts on policy and regulatory issues with various Government bodies such as Department of Telecommunications (DoT), Telecom Regulatory Authority of India (TRAI), apex industry organizations like ASSOCHAM, Confederation of Indian Industry (CII), and Federation of Indian Chambers of Commerce & Industry (FICCI), analysts and other institutions of world repute.
COAI	The Cellular Operators Association of India (COAI) was constituted in 1995 as a registered, non - profit, non - governmental society dedicated to the advancement of communication in India, in particular of modern communication through Cellular Mobile Telephone Services. The main objective of the COAI is to protect, promote and upgrade cellular operations in India and also to look after the common and collective interests of its members.
DoT	Department of Telecommunications. The DoT is a department under the Ministry of Telecommunications, Government of India. The Department of Telecommunications is responsible for the policy formulation, licensing, wireless spectrum management etc. The department allocates frequency and manages radio communications in close coordination with the International bodies and is responsible for enforcing wireless regulatory measures and monitoring the wireless transmission of all users in the country.
ISPAI	Internet Service Providers Association of India. The ISPAI was set up in 1998 with a mission to 'Promote Internet for the benefit of all'. ISPAI works closely with DoT, DIT, TRAI and Industry Associations such as FICCI, CII, Assocham etc to resolve issues that affect the implementation of the ISP's projects, monitors policies related to Internet Industry and endeavors to promote the use of Internet and IT enabled services such as E-commerce, E-governance, Health Care and Distance Learning etc.
QoS	Quality of Service. Quality of service is the main indicator of the performance of a telephone network and of the degree to which the network conforms to the stipulated standards for delivery of service. The subscriber’s perception of the Quality of Service (QOS) is determined by a number of performance factors.
TRAI	Telecom Regulatory Authority of India. TRAI is a statutory body established under the Telecom Regulatory Authority of India Act, 1997 in January 1997, as an autonomous body with quasi-judicial powers to regulate telecommunication services in India.

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

Written correspondence to be sent to:
Bharti Tele-Ventures Limited
Investor Relations
ir@bharti.com
http://www.bhartiteleventures.com/bhartienterprises/investors.htm