

TODAY, ASIA'S FINEST
TOMORROW, ADMIRER ACROSS THE GLOBE



Report  Junction.com

bharti

Bharti Tele-Ventures Limited

Annual Report 2003-04



Vision

"To be globally admired for telecom services that delight customers"

The Bharti Growth paradigm	2
Chairman's Message	4
Board of Directors	6
Our Mission	8
Our Values	9
Indian Telecom Industry	10
Bharti Tele-Ventures	
- About the Company	14
- Shareholding Pattern	20



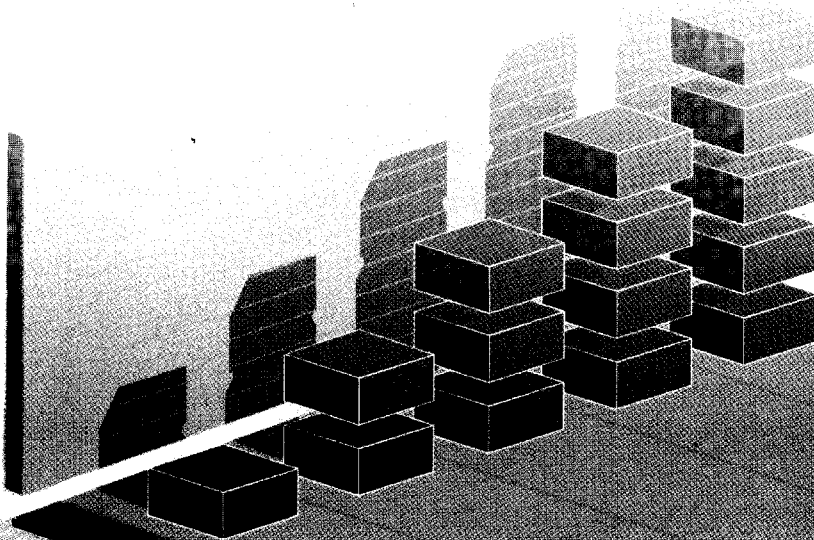
Contents

Top Management Team	22
Awards & Recognitions	24
Management Discussion & Analysis	26
Directors' Report	32
Report on Corporate Governance	40
Financial Statements as per Indian GAAP	
- Consolidated Bharti Tele-Ventures	54
- Bharti Tele-Ventures Ltd.	89
- Bharti Cellular Ltd.	119
- Bharti Mobile Ltd.	156
- Bharti Infotel Ltd.	188
- Bharti Comtel Ltd.	225
- Bharti Aquanet Ltd.	248

The Bharti Growth paradigm

an ongoing upward journey

Report  Junction.com



	UNIT	Year Ended March 31,					
		1999	2000	2001	2002	2003	2004
Total Customer Base (Mobile and Fixed Line)	Nos. (000's)	134	350	702	1,515	3,443	7,141
Mobile (GSM)							
Number of circles operational	Nos.	2	4	5	7	15	15
Number of customers	Nos. (000's)	122	283	595	1,351	3,071	6,504
Total market share of all-India GSM customers	%	10%	15%	17%	21%	24%	25%
Percentage of all-India population covered in licensed areas of operational circles	%	2%	14%	15%	19%	58%	58%
Percentage of all-India area covered in licensed areas of operational circles	%	2%	16%	16%	18%	56%	56%
Percentage of all-India GSM mobile customers in licensed areas of operational circles	%	18%	30%	31%	44%	91%	91%
Fixed line							
Number of circles operational	Nos.	1	1	1	3	6 [#]	5 [#]
Number of customers	Nos. (000's)	12	67	107	164	372	637
Consolidated financials as per International Accounting Standards							
Revenue	INR Mn	2,449	4,481	8,481	14,862	30,499	50,025
EBITDA	INR Mn	35	856	1,930	3,993	7,606	16,711
Cash profit from operations	INR Mn	(135)	224	971	3,088	4,942	14,301
Total funded equity	INR Mn	-	5,344	21,285	51,795	51,734	51,893
Consolidated financials as per International Accounting Standards							
Revenue	US\$ Mn	51	94	177	310	642	1,147
EBITDA*	US\$ Mn	1	18	40	83	160	383
Cash profit from operations	US\$ Mn	(3)	5	20	64	104	328
Total funded equity	US\$ Mn	-	112	444	1,081	1,088	1,190
Ratio							
Net Debt to funded equity ratio	Times	-	1.00	0.13	0.28	0.61	0.77
Exchange Rates	Rs. = US\$ 1	47.90	47.90	47.90	47.90	47.53	43.62

Notes:

[#] The Madhya Pradesh and Chhattisgarh fixed line circles were considered to be two separate circles under the fixed line license. We have recently converted this fixed line license into a UAS license, under which the areas comprising Madhya Pradesh & Chhattisgarh are considered as a single circle.

Financials over the years are audited as per International Accounting Standards. For consolidated accounts as per 'Generally Accepted Accounting Principles' in India for the period ended March 31, 2003 - March 31, 2004, please refer to the consolidated Bharti Tele-Ventures section of this report.

* EBITDA is Earnings before interest, tax, depreciation and amortisation. Please refer to operating profit before finance income & expenses, depreciation amortisation, pre-operative expenditure, charity & donation, significant non-frequently occurring items and taxation, in this report in IGAAP financials.



Chairman's Message

Dear Shareholders,

The Indian economy is undergoing an accelerated growth phase, with a GDP growth of over 7% in the last fiscal. India has already taken a giant step in the last few years towards becoming a global services hub, with its services sector contributing more than 55% of the GDP. With over US\$ 12 Bn of service revenue, the Indian telecom industry is one of the most attractive and fastest-growing sectors in the Indian economy.

The Indian telecom market is the fastest-growing telecom market in the world. During the last fiscal, the wireless industry grew by over 135% to cross the 33 million subscriber mark. With wireless penetration levels still as low as 3%, there remains a tremendous potential for growth in the sector. The year witnessed a lot of initiatives from the regulator, which have helped in attaining an environment conducive for explosive growth and healthy competition. These include the introduction of a Unified licensing regime and Calling Party Pays regime, resolution of the long pending issue of limited mobility, simplification in the IUC regime, to mention a few.

The year gone by has been one of the toughest in the history of Bharti Tele-Ventures. It has been a year that witnessed landmark regulatory changes, stiff competition in the form of new aggressive launches and bottoming out of tariffs. However, it gives me great satisfaction to bring to your knowledge, that despite these challenges, the last financial year has been one of the most successful years in the history of Bharti Tele-Ventures.

Bharti has joined the elite club of companies, which have over US\$ 1 Bn revenues in the financial year. Bharti has been able to register a 65% growth in revenues from

Rs. 30,554 Mn in 2002-03, to Rs. 50,369 Mn in this year. This growth is a result of operational, as well as financial efficiencies, achieved by the Company. The net profit during the year was at Rs. 5,837 Mn, making it the first full year of net profit.

Further to our launching 16 new operations during the last financial year, we also acquired licenses for 5 new circles, which include Uttar Pradesh (East), West Bengal (including Andaman & Nicobar), Orissa, Bihar (including Jharkhand) and Jammu & Kashmir, and have also applied for the license of the Assam Circle. We have also acquired a controlling stake in Hexacom, which operates GSM mobile services in

the Rajasthan circle and has a license to operate in the North-East circle. This has given us a complete pan-Indian footprint to provide telecom services.

During the year, Bharti Tele-Ventures was assigned the highest 'CRISIL GVC Level 1' credit rating for corporate governance by CRISIL. Standard & Poor's has assigned a rating equivalent to the sovereign rating for India, the highest an Indian company has been assigned in the foreign currency category. In a survey conducted by 'Euromoney,' Bharti has been ranked as the second-best telecom company in Asia.

The industry is set to experience very robust growth in the next few years. As the market stands today, customers are moving away from tariffs towards value propositions, in terms of new products and improved customer service. We will use the higher quality of our network and customer services, and our strong execution skills, for strengthening these value propositions. We believe that high-quality customer service, nurturing a people-oriented culture, and innovative products will be our long-term differentiators in this market. In our endeavour to provide high quality services to our customers, we have entered into landmark agreements with IBM and Ericsson to manage our IT and Network infrastructure, respectively. With our rich experience and our leadership position in the market today, we believe that we are well poised to capitalise on this opportunity.

I would like to take this opportunity to thank all Bharti Tele-Ventures' employees for laying a firm foundation to achieve Bharti's Vision that guides the Company "to be globally admired for telecom services that delight customers." I would also like to thank the Government of India, our various partners, shareholders, lenders and other associates, in supporting our mission. Together we look forward to capitalise fully on the growth opportunities that lie ahead of us.

Sunil Bharti Mittal



Sunil Bharti Mittal is the Chairman and Managing Director of Bharti Tele-Ventures. He is a graduate of Punjab University and has completed the "Owner/President Management Programme" from Harvard Business School in 1999. He is the founder, past president and chairman of various telecom industry associations. He is the Co-Chairman of the Indo-US Joint Business Council and is the Honorary Consul of the Republic of Seychelles in India.

Report Junction.com

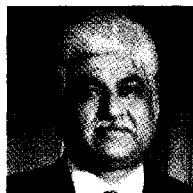
Board of Directors at the helm



Rajan Bharti Mittal is a Joint Managing Director of Bharti Tele-Ventures. He is a graduate of Punjab University and has over 21 years of industry experience. He is a member of the Managing Committee of the Punjab, Haryana and Delhi Chambers of Commerce and Industry (PHDCCI). He is also the Chairman of FICCI Telecom Committee as well as the PHDCCI Telecom Committee.



Akhil Gupta is a Joint Managing Director of Bharti Tele-Ventures. He is a commerce graduate and Chartered Accountant by qualification, and has over 21 years of professional experience. He has also done the 'Advanced Management Programme' (AMP) from Harvard Business School, Boston. Financial & General Management and Management Information Systems have been his areas of experience with specialisation in Mergers & Acquisitions and Joint Venture Agreements.



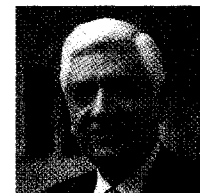
Rakesh Bharti Mittal is an electronics engineer from YMCA Institute of Engineering, having over 27 years of industry experience. He is a member of the National Council of the Confederation of Indian Industry (CII) since 1999 and presently heads the National Committee on Customer Affairs of CII. He

also heads several Educational, Social Development and Welfare associations.



Lim Toon is an engineer from the University of Canterbury, New Zealand, and has a postgraduate diploma in business administration from the University of Singapore. He has over 30 years of experience with SingTel and is presently Chief Operating Officer of SingTel. He is responsible for synergising operations of the

SingTel Group including SingTel, Optus and the Associate Companies.



Dalip Pathak manages the Warburg Pincus London office and is responsible for investment activities in Europe and India. Prior to joining the firm in 1994, he was Chief of Mission of the International Finance Corporation (World Bank Group) in Thailand. He received his B.A. and M.A. in economics from Delhi

University and an M.B.A. from The Wharton School at the University of Pennsylvania.



Chua Sock Koong is a Certified Public Accountant in Singapore and a Chartered Financial Analyst. She graduated from the University of Singapore (now called the National University of Singapore) with First Class Honours in Accountancy. She is the Chief Financial Officer of SingTel since April 1999, with

the overall responsibility for all financial functions of SingTel, including treasury, tax, insurance and risk management, corporate development, company secretarial, legal, corporate communications, investor relations and international affairs & regulatory functions.



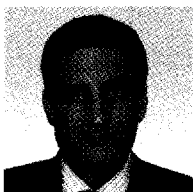
N. Kumar is an engineer in Electronics and Communications. He is the Vice Chairman of the Sanmar group, which operates in diverse areas such as chlorochemicals, specialty chemicals, engineering, life insurance, shipping and software, etc. Mr. Kumar is the Honorary Consul General of Greece in Chennai

and the Honorary Business Representative of the International Enterprise Singapore (formerly Singapore Trade Development Board). An active spokesman of industry and trade, Mr. N. Kumar was the President of Confederation of Indian Industry (CII) and participated in various other apex bodies.



Kurt Hellstrom is a graduate from the Royal Institute of Technology in Stockholm, with a master's degree in electronics. He has also completed the Masters of Business Management from the Stockholm School of Economics. He is a renowned telecom professional with over 34 years of international work

experience, and has recently retired from Ericsson as the Chief Executive Officer after 19 years of employment. He is currently a non-executive member of the Board of Atlas Copco, the Swedish Trade Council and Kineto-Wireless, USA.



Donald Cameron is a chemical engineer and has a Masters qualification in Economics and Administration in the petroleum industry, from Loughborough University. He has over 32 years of experience in the petroleum and telecommunications industries. He joined British Telecom in

1989 in its International Mobile Division and since then he has been involved with British Telecom's mobile business interests in USA, Europe and Asia. He was a Director of Airtel Mobile Communications in Spain and SFR Mobile Communications in France. Presently, he offers consultation services to British Telecom and is a Director of LG Telecom in Korea.



Paul O'Sullivan has done his B.A. (Mod) Economics from Trinity College, University of Dublin, and is a graduate of the Harvard Business School Advanced Management Programme. He is currently the Chief Operations Officer of Optus, and has been recently appointed as CEO. In that role, he will be responsible for all

aspects of the performance and operations of Optus, Australia's second-largest telco. In his current role, he manages four trading divisions of Optus (Mobile, Consumer, Business and Wholesale), as well as Networks, IT and Brand Organisations. Before this, he held a series of senior roles in Optus, apart from various international management roles in the Royal Dutch Shell Group in Canada, the Middle East, Australia and the United Kingdom.



Professor V. S. Raju is an engineer from Andhra University, M.E. (Soil Mech. & Foundation Engineering) from Indian Institute of Science, Bangalore and a Dr. Ing. from University of Karlsruhe, Germany. He is the former Director of the Indian Institute of Technology, Delhi, and was also a Professor and

Dean at the Indian Institute of Technology, Chennai. During his over 40-year academic career, he interacted extensively with the industry, promoting Industry-Academia collaboration. He was also a part-time member of TRAI for three years and has extensive experience relating to the telecommunications industry. He is the presently Chairman of the Naval Research Board, Defence Research and Development Organisation, the Government of India, and also a member of various other committees and task forces, concerned with technical education and research.



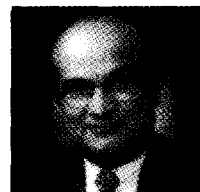
Lung Chien Ping is a graduate from the University of Singapore with a degree in electrical engineering. Mr. Lung retired from SingTel in 2002, after over 35 years with the company. At the time of leaving, he was the Vice President of SingTel and responsible for supervising the operations of SingTel's overseas

ventures. Prior to that, he was the Chief Executive Officer of SingTel Mobile, a mobile services provider in Singapore.



Pulak Chandan Prasad is with Warburg Pincus since 1998 and is now the Managing Director and co-head of the Singapore Office, covering South and South East Asian operations. He has a B.Tech Degree from Indian Institute of Technology, Delhi, and an MBA from Indian Institute of Management, Ahmedabad. Prior

to this, Pulak was a management consultant with McKinsey & Company in India, USA and South Africa.



Bashir Abdulla Currimjee is a graduate of Tufts University, USA, and has done his "Owner/President Management Programme" from Harvard Business School. He is the Honorary Consul of the Republic of Turkey in Mauritius and was also a Director of the Central Bank of Mauritius (Reserve Bank) for 15 years. He

is the Chairman of the Currimjee Group, one of the largest commercial diversified business groups in Mauritius, operating in Mauritius, South Africa, Middle East, India and Seychelles, with activities in manufacturing, trading, telecommunications, energy, financial services and travel.

We will meet global standards for telecom services
that delight customers through :

- Customer service focus
- Empowered employees
- Innovative services
- Cost efficiency

Our Mission

aiming to delight

