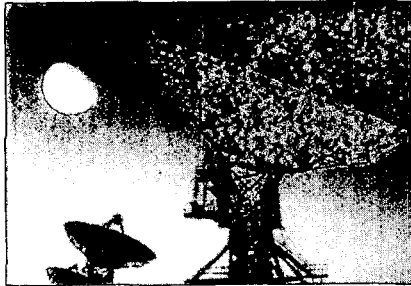


MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIY	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>		SH	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>



TAKING INDIAN
TELECOMMUNICATION
INTO THE NEXT
MILLENNIUM.

ANNUAL REPORT 1997-98

BHARTI
TELECOM

BHARTI TELECOM LIMITED**BOARD OF DIRECTORS****CHAIRMAN**

Shri Sunil B Mittal

MANAGING DIRECTOR

Shri Rakesh B Mittal

JOINT MANAGING DIRECTOR

Shri Rajan B Mittal

DIRECTORS

Shri K.C. Mehra

Shri Akhil Gupta

Shri K.L. Jain

Shri V.N. Koura

Shri Salil Kapur

Shri G.K. Agarwal

SECRETARY

Shri Sudhir Khullar

AUDITORS

M/s. J.C. Bhalla & Co.

BANKERS

State Bank of India

Bank of Baroda

CORPORATE OFFICE

Qutab Ambience,

(Near Qutab Minar)

H-5/12, Ward No.1,

Mehrauli Road,

New Delhi - 110 030.

REGISTERED OFFICE

Plot No.4, Udyog Vihar,

Phase-I, Dundahera,

Gurgaon, Haryana - 122 016.

Contents

<i>Chairman's Review</i>	2-3
<i>Notice</i>	4-5
<i>Directors' Report</i>	6-10
<i>Auditors' Report</i>	11-12
<i>Balance Sheet</i>	13
<i>Profit and Loss Account</i>	14
<i>Schedule forming part of Accounts</i>	15-25
<i>Cash Flow Statement</i>	26

SUBSIDIARY COMPANIES :

<i>Bharti Televentures Limited</i>	27-35
<i>Bharti Telenet Limited</i>	36-47
<i>Bharti Cellular Limited</i>	48-60
<i>Welldone Impex (India) Pvt. Ltd.</i>	61-66
<i>Goa Telecommunications and Systems Limited</i>	67-77



Chairman's Review

As you all know the Asian market is going through one of its worst moments. Even once stable economies like Singapore and Indonesia have crashed in the present scenario. It would be unfair to say that India is not facing the brunt of this crisis, but as an economy we have indeed proved our mettle by managing to keep way above the danger mark. In fact, even at this point the economy is resilient enough to withstand a few unpleasant shocks. Because India's strength lies in its ability to adapt to change.

And I am proud to say the same for Bharti Telecom too. If we at Bharti were to pinpoint the single most important factor which is imperative to our success it would be our ability to constantly anticipate and monitor changes in the environment by upgrading our technology and move ahead. Over the years we have kept pace with the trends in international telecommunication industry and delivered world class products and services in India.

Since the last two decades Bharti Telecom directly and through its subsidiary and Joint Ventures has spearheaded the telecom revolution in India by introducing a number of firsts to the country. The first push button telephone in 1984, the first cordless phone in 1990, the first Indian manufacturer to export telephone sets in 1992, the first mobile telephone service in Delhi 1995, the first private operator for basic telephone service in the country and now the first Indian telecommunication Company to get an international license to commence its operations in Seychelles.

It gives me great pleasure to announce our achievements during the last financial year - 1st April, 1997 to 31st March, 1998. We became the first ever private sector Company to sign

the license agreement with the Government for providing basic telephone service in Madhya Pradesh. Apart from consolidating our leadership position in India we are also expanding our operations to Seychelles. And back home, we formed a Joint Venture with British Telecom to provide VSAT and Internet services in the Country.

Our efforts to continuously upgrade, innovate and change in anticipation of future trends have helped us accomplish such a brilliant track record. And I believe that it is because of these core strengths that we went on to bag India's Best Cellular Phone Service Award by Techies '97 to AIRTEL. My congratulations to all those of our employees, partners and customers who made this happen! Another happy event was receiving the Telecom Man of the year 1997 Award. Once again it is a recognition of the excellent team of our employees and partners whose reputation and track record as substantial creators of value for our clients, shareholders has been well established.

Our strategic alliances with world leaders like British Telecom, Telecom Italia, Siemens to name just a few continue to yield profitable results. While stabilising their operations the Joint Ventures are also increasing their market shares. Telecom Italia have a 20% stake in Bharti Televentures Limited and over 30% equity investment in Bharti Telenet. British Telecom has a 22.5% equity share in Bharti Cellular Telephony besides 50% of Bharti BT Ltd. In the cellular phones sector we were the only Company to make any profits and have registered over 250% growth in Gross profit margins and over 75% growth in the consolidated revenues during the last year. On the manufacturing side, Bharti remains the largest manufacturer of telephone sets in India.

Today, Bharti is poised to step into the next millennium, and I am confident that we will continue to serve our customers and meet their demanding expectations. Continue in providing the best working environment to our people. Continue to progress and deliver growth to our shareholders. And in the years to come, our ability to keep pace with the fast changing world of telecommunication, will make us a force to reckon with in the Indian Telecommunication Industry.



Sunil B. Mittal

BHARTI TELECOM LIMITED**NOTICE OF THE ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of Bharti Telecom Limited will be held on Wednesday, the 30th day of September, 1998 at 11.00 AM at its Registered Office at Plot No. 4, Udyog Vihar, Phase-I, Dundaheera, Gurgaon, Haryana 122 016 to transact the following businesses:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 1998, Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Rakesh B. Mittal, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rajan B. Mittal, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. K.C. Mehra, who retires by rotation, and being eligible, offers himself for re-appointment.
6. To appoint Statutory Auditors of the Company who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

M/s. J.C. Bhalla & Company, Chartered Accountants, Statutory Auditors of the Company, retire at this Annual General Meeting and being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

RESOLVED that pursuant to Section 228 of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to appoint any person or persons qualified for appointment as Auditor or Auditors of the Company under Section 226 of the Companies Act, 1956 to audit the accounts for the financial year 1998-99 of the Company's Branch Offices and to fix their remuneration (which in the case of the Company's Statutory Auditors shall be in addition to their remuneration as the Company's Auditors) and the terms and conditions on which they shall carry out the audits.

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

RESOLVED that pursuant to section 146 of the Companies Act, 1956, the Registered Office of the Company be shifted from Plot No. 4, Udyog Vihar, Phase-I, Dundaheera, Gurgaon, Haryana 122016 to Plot No. 6, Sector-34, EHTP, Gurgaon, Haryana - 122 016.

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

RESOLVED that pursuant to the provisions of the Companies Act, 1956 consent (including any statutory modification(s)/Amendment(s) or re-enactment. Ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated from time to time) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the "Board"), to buy back from the existing holders of shares and/or from the open market and/or from the lots smaller than market lots of the Shares (odd lots) and/or through private arrangements/negotiations and/or through any other source as may be permissible under the law then in force, the shares having voting rights of the Company from out of its free reserves or out of the share premium account of the Company or from such other sources as may be permitted by law, on such terms, conditions and in such manner as may be prescribed by law from time to time provided that the aggregate of the shares to be bought back shall not exceed 20% of the respective shares of the Company and cancel such number of shares so purchased.

RESOLVED FURTHER that the Board be and is hereby authorised to do all such acts, deeds and things and deal with all such matters and take all such steps as it may, in its absolute discretion, deem consider necessary in this regard.

Registered Office:
Plot No.4, Phase-I,
Udyog Vihar, Dundaheera,
Gurgaon (Haryana)

By Order of the Board
for **BHARTI TELECOM LIMITED**

SUDHIR KHULLAR
A.V.P. (Sec. & Legal)

Dated: 31st July, 1998.

NOTES:

1. The explanatory statement sets out the materials facts in respect of the business(es) under Item Nos. 7 to 9 is enclosed herewith.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll, to vote instead of himself. The proxy need not be a member of the Company. A Blank form of the proxy is enclosed and if intended to be used should be returned duly completed to the Registered Office of the Company or at its Share Department, at B-2/1 Okhla Industrial Area, Phase-II, New Delhi - 110 020 not less than forty eight hours before the scheduled time of the Annual General Meeting.

BHARTI TELECOM LIMITED

3. The Register of Members and Share Transfer books of the Company shall remain closed from Friday, the 11th day of September, 1998 to Wednesday, the 30th day of September, 1998 (both days inclusive).
4. Pursuant to Section 205A(5) of the Companies Act, 1956 all amounts pertaining to dividend @ 15% declared on 30th September, 1994 remaining unpaid or unclaimed have been transferred to General Revenue Account of the Central Government. Shareholders are requested to claim the amount from the Registrar of Companies, NCT of Delhi & Haryana, Partavaran Bhawan, B Block, 2nd Floor, CGO Complex, Lodi Road, New Delhi-110 003. In case any assistance is required please write to the Company.
5. Members are requested to intimate change, if any, in their registered address immediately to the Company at its Registered Office or at its Okhla Office.
6. Members are requested to bring their copy of Annual Report alongwith them at the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**Item No. 7**

As members are aware, the Company is having two of its Branch Offices at Ludhiana and Gurgaon. To enable the Directors to appoint Branch Auditors for the purpose of auditing the accounts of the Company's aforesaid Branch Offices, the necessary authorisation of the members is being obtained in accordance with the provisions of Section 228 of the Companies Act, 1956.

The Board of Directors of your Company recommends the passing of Ordinary Resolution as set out under item No. 7 to this notice.

None of the Directors of the Company is concerned or interested in the Resolution.

Item No. 8

The manufacturing and other business activities of the Company have been shifted from Plot No. 4, Udyog Vihar, Phase-I, Dundahera, Gurgaon, Haryana 122 016 to Plot No. 6, Sector - 34, EHTP, Gurgaon, Haryana 122 016. Accordingly it has become necessary to shift the

Registered Office of the Company to Plot No. 6, Sector - 34, EHTP, Gurgaon, Haryana 122 016. This requires the approval of the shareholders in terms of the provisions of Section 146 of the Companies Act, 1956.

The Board of Directors of your Company recommends the passing of Special Resolution as set out under item No. 8 to this notice.

None of the Directors of the Company is concerned or interested in the Resolution.

Item No. 9

With a view to enhance the Shareholders value on long term basis through maximising the shareholders wealth by optimising the current earning on shares and increasing the market value of shares by way of capital appreciation, the Board is of the opinion that the Company be authorised to buy back its Equity Shares from the Shareholders.

Buy back of own shares by the Company is presently not allowed under the Companies Act, 1956. The Companies bill, 1997, sought to lay down the operative provisions to regulate the buy back, of shares by Companies. The said bill has not yet become the law. It is expected that, in due course of time, the law will be amended to allow such Buy back of Shares.

The Board is of the opinion that it will be in the best interest of the Company, if shareholders approve the said resolution, permitting such buy back. The resolution, if approved, will be operative and given effect to from the applicable date as may be prescribed in this regard. The resolution is an enabling provision aimed at facilitating the Company to buy back its shares as and when legally permissible.

The Board of Directors of your Company recommends the passing of Special Resolution as set out under item No. 9 to this notice.

None of the Directors of the Company is concerned or interested in the Resolution.

Registered Office:

Plot No.4, Phase-I,
Udyog Vihar, Dundahera,
Gurgaon (Haryana)
Dated: 31st July, 1998.

By Order of the Board
for **BHARTI TELECOM LIMITED**

SUDHIR KHULLAR
A.V.P. (Sec. & Legal)

BHARTI TELECOM LIMITED**DIRECTORS' REPORT**

The Directors have pleasure in presenting the Thirteenth Annual Report and the Audited Accounts for the financial year ended 31st March 1998.

FINANCIAL & OPERATIONAL RESULTS**FINANCIAL**

	Current Year Rs.in Millions	Previous Year Rs.in Millions
Sales & Other Income	748.74	803.48
Profit before tax	104.04	108.51
Tax	24.60	38.27
Profit after tax	79.44	70.24
Profit available for appropriation	114.40	84.15
Appropriations:		
Proposed Dividend	33.80	33.80
Provision for tax on dividend	3.38	3.38
General Reserves	40.00	10.00
Balance Carried to Balance Sheet	37.22	36.97
Net Worth	1,174.19	1,142.61
Book Value per Share (Rs.)	69.48	67.61

OPERATIONAL

Telephones Produced	1,502,889	1,243,765
Telephones Sold	1,491,124	1,233,466

DIVIDEND

Your Directors are pleased to recommend a dividend outlay of 22%, inclusive of Dividend Tax on the paid up capital of the Company for the year ended 31st March, 1998. As per the Income Tax Act, the Dividend net of Dividend Tax which works out to 20%, will be tax free in the hands of Shareholders. The dividend together with dividend tax would absorb a sum of Rs.33.80 Million.

PUBLIC OFFER BY THE PROMOTERS

The Promoters of Bharti Telecom Limited have made a Cash Offer pursuant to the provisions of Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, to acquire 41,45,796 Equity Shares of Bharti Telecom Limited. In response thereof they have acquired 22,15,863 Equity Shares. In addition they have also acquired 11,48,600 Equity Shares of Bharti Telecom Limited under the negotiated transactions. However agreement to purchase 15,20,800 Equity Shares entered into by the Promoters with M/s. Sterling Horticulture and Research Limited have been put on hold by the SEBI subject to fulfilment of certain requirements by M/s. Sterling Horticulture & Research Limited.

PERFORMANCE

The Company once again achieved its goal of being the leading manufacturer of telephones both in the private and public sector. It sold 1.5 Million telephones during the year as against 1.25 Million phones in the previous year, thereby recording a 21% growth in numbers. Despite the reduction in price by DoT, profitability of the company was maintained by making vigorous efforts in cost reduction and enhancement of productivity. The Company continues to export to the Sprint Corporation, USA. During the past few months the Company has created a separate export department with a view to explore global markets, and have already participated in some of the very large international tenders in Africa. The Company earned Rs. 6 crores through export earnings in 97/98 and is hopeful of improving on this figure, during the current financial year.

MAJOR DEVELOPMENTS DURING THE YEAR**A. Bharti Telenet Ltd.****MP - Operations**

The Company created history in Indian telephony, when it became the first private operator in India to provide fixed line telephone service by launching its commercial operation on 4th June 1998 in the city of Indore with the inaugural call made to the Hon'ble Prime Minister of India. The Company plans to roll out its telecom network in Bhopal, Raipur, Gwalior and Jabalpur, the major cities of Madhya Pradesh in the current year. M.P. Fixed Line Project with the low licence fee and enormous potential is now recognised as one of the premier Fixed Line Projects in India. The project has become the first one to achieve in principle financial closures with likely participation by IDBI, SBI, IDFC and ICICI besides Vendor Credit.

HP - Cellular Operations

The Company is consolidating the HP Cellular network by providing complete coverage from Baddi - Barotiwala - Parwanoo - Solan - Shimla including Kasauli & Chail. The Company has also implemented the second phase of the project covering Kullu, Naggar and Manali.

B. Bharti Cellular Ltd. (Delhi Licence - Airtel)

The Company maintained its leadership position through 97/98. In the process it achieved the rare distinction of being the first Company in the Cellular business to post profits, and that too, in its second full year of operation. The management is confident of strengthening its market position and performance in the current financial year. The Company was also able to refinance its debts at significantly lower interest rates which would result in substantial savings in interest cost during the year.

C. Telecom Seychelles Ltd

Bharti Group achieved another milestone by becoming the first Indian Telecom Group to be awarded a licence to operate telecom services outside India. Seychelles Telecom Limited, a Company promoted by a Group Company - Bharti Global Limited, has been awarded a comprehensive licence to provide telephony services in Seychelles as a second operator. The full-fledged-services are likely to start before the end of the year. Bharti Telecom is to provide management support to the said Company for its operations.

D. Bharti BT Limited.

Shortly after the induction of British Telecom in Bharti Cellular Limited last year, British Telecom invited Bharti Telecom to join them as a 50% partner in a V-Sat services project. The Company which was earlier named Wipro BT is now to be renamed as Bharti BT pursuant to our taking over the 50% share earlier held by Wipro Ltd. The necessary permissions from DoT have been applied for and are likely to be obtained soon. The Company is now the fastest growing V-Sat Company and has turned around significantly since our entry in August, 1997. Its client list includes such prestigious names as Bharat Petroleum Corpn. Ltd., (BPCL) Cadbury's, Godrej and Escorts amongst others.

E. Centre For Excellence (CFE)

In March 98, the Company commissioned the Centre for Excellence in Gurgaon, at a project cost of Rs. 13 Crores financed out of its own resources. In this centre, facilities have been created to develop latest models of telephones with World Standard Technologies. The Company has also commissioned facility to manufacture PCBs for telephone instruments with Surface Mounted Technology (SMT) which is one of the latest innovations in the field of electronics. This shall not only help the Company to reduce production cost but

BHARTI TELECOM LIMITED

shall also improve the quality standards of our products in the future.

F. Goa Telecommunications & Systems Ltd.

The Company's turnover increased to Rs. 184 millions in the current year from Rs. 152.00 million in the previous year. This was achieved by switching over its production line from batch production of transmission equipment to mass production of terminal equipment. The Company produced over 300000 EPBTs during the six months of the financial year 97/98. During the current year, the Company proposes to expand its existing capacities and add new models to EPBT line of business. The Company is also proposing to undertake turnkey jobs of installation and commissioning of back-bone rings of Cellular Mobile Telephone Services during the current financial year.

G. Bharti Duraline Private Limited

The Company is a joint venture between Bharti Telecom Limited and Duraline Inc. USA a wholly owned subsidiary of Jordan Industries, USA. The Company has set up state of the art manufacturing facilities at Goa in a record time. The product is a permanently lubricated HDPE telecom duct being manufactured in India for the first time. The Company has been successful in concept selling and the tangible and intangible advantages have been well received by the telecom industry both in the private / Govt. sectors. The Company also promotes the internationally accepted technology of blowing optic fibre cable, now used world wide as a standard method of laying ducts.

H. Siemens Telecom Ltd. (Subscriber-end-Equipment)

This was the third year of operation of the joint venture with Siemens Telecom Ltd., in which your Company has a 49% stake. The joint venture company further consolidated its presence in the telecom Equipment Subscribers market by introducing new models. These have been well accepted and as a result, this joint venture posted profits during the current financial year. With the privatisation of basic telecom services, it is expected that the joint ventures visibility and market share would increase further, resulting in good profits.

I. Bharti Internet Limited.

A new Company by the name of Bharti Internet Limited has been formed to act, as an Internet Service Provider (ISP) on an all India basis. This project is intended to be carried on as a Joint Venture with British Telecom. The Company besides being an all India ISP also intends to enter the field of Electronic Commerce and other related technologies.

Long Term Strategy:-

As advised by international experts, the Group has taken a strategic decision to henceforth focus on its core competency i.e., in providing telecom services and in manufacturing telephone instruments. Accordingly, it has been decided to exit from all non-core activities where the Group does not add much of value. In line with this decision, the Company shall disinvest its stake in Casio Bharti Mobile communications, a Joint Venture with Casio, Japan and MSI India Pvt Ltd, a joint venture with MSI Plc UK. The disinvestment would result in a profit of approx. Rs.30 Million to the Company during the current financial year.

FUTURE PROSPECTS

It is a continuous endeavour of the company to increase productivity, upgrade technologies and enhance capacity. After having achieved a sale of 1.5 million telephones during 97/98, the Company has fixed a target of selling 2 million phones during the current year. DoT continues to be our major customer and you will be pleased to note that, we have once again been shortlisted as L-1 suppliers to DoT for 98-99. In line with the telecom liberalisation / privatisation programme and with a thrust on exports, our factories are being geared up for expansion

upto a capacity of 5 million telephones by the year 2000.

FIXED DEPOSITS

The Company has not accepted any deposits from the public and is therefore not required to furnish information in respect of outstanding deposits under the Non Banking Non Financial Companies (Reserve Bank) Directions, 1966 and Companies (Acceptance of Deposits) Rules, 1975.

AUDITORS:

M/s. J.C. Bhalla & Co., Chartered Accountants will retire at the conclusion of the forthcoming Annual General Meeting and being eligible for reappointment have expressed their willingness to be reappointed as Statutory Auditors of the Company. They have given a certificate to the effect that the appointment, if made, would be within the limits as prescribed under Section 224 (1-B) of the Companies Act, 1956.

DIRECTORS:

Mr. Rakesh B Mittal, Mr. Rajan B Mittal and Mr.K.C. Mehra, Directors retire by rotation and being eligible offer themselves for reappointment.

STATUTORY STATEMENTS:

The Statements pursuant to Section 217(1) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of board of Directors) Rules, 1988 and pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are annexed hereto and forms part of the Report.

SUBSIDIARY COMPANY:

The information required under Section 212 of the Companies Act, 1956, in respect of subsidiaries of the Company form part of the Directors' Report.

ACKNOWLEDGEMENT:

Your Directors acknowledge with gratitude the assistance, co-operation and support received by the Company from the government of India, State Governments, Financial Institutions, Bankers, Collaborators and International Advisers.

Your Directors also wish to place on record their appreciation of the valuable contribution, unstinted efforts and the spirit of dedication shown by the employees and officers of the Company.

FOR AND ON BEHALF OF THE BOARD

RAJAN B. MITTAL
JT. MANAGING DIRECTOR

RAKESH B. MITTAL
MANAGING DIRECTOR

Place : New Delhi
Date : 31-7-1998

ANNEXURE TO DIRECTORS' REPORT.**COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.****(A) Conservation of Energy.**

The Company's operations involve low energy consumption. Wherever possible, efforts to conserve and optimise the use of energy through implementation of improved operational methods and other energy saving schemes.

(B) Technology Absorption.

Efforts made in technology absorption as per 'Form B of the Annexure to the Rules:

PART - B**1. Research and Development (R&D)**

(a) Specific Areas in which R&D carried out by the Company. Research and Development is carried out for development of new products and for improvements in the production process and quality of products.

BHARTI TELECOM LIMITED

- (b) Benefits Derived as a Result of the above R&D.
The Company has improved the quality of its existing products and entered into a new products and also been able to reduce the cost of production.

(c) Future Plan of action:

Management is committed to strengthen R&D activities to improve its competitiveness in times to come.

(d) Expenditure on R&D

	Year Ended 31-3-1998 (Rs. in Millions)	Year Ended 31-3-1997 (Rs. in Millions)
a) Capital	—	—
b) Recurring	2.99	2.37
c) Total	2.99	2.37
d) Total R&D expenditure as a percentage of total turnover.	0.40%	0.29%

2. Technology Absorption, Adaptation and Innovation.

- a) Efforts, in brief, made towards technology absorption, adaptation and innovation.

The Company is continuously making efforts for adaptation of latest technology in all its units which conforms to the highest degree of quality standards and increased productivity. The

Company has been able to further strengthen its position both in the domestic as well as in international market.

- (b) Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, product development and import substitution etc.

Absorption of latest technologies have resulted in faster indigenisation of components, improvement in quality, cost reduction and import substitution.

3. Foreign Exchange Earnings and Outgo.

a) Efforts:

Exports have continued to be a major thrust area for the Company. During the year the Company exported Telecom Equipments to Sprint Corporation U.S.A. A separate Export Deptt. has been set up to explore Global Markets.

The Company has participated in some of the every large International Tenders in Africa.

b) Total Foreign Exchange Used and Earned.

	Year Ended 31-3-1998 (Rs.in Millions)	Year Ended 31-3-1997 (Rs.in Millions)
Foreign Exchange Earnings	50.90	71.43
Foreign Exchange Outgo	220.67	208.94

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULE, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1998.

Name of the Employee(s)	Qualification Designation/ Nature of Duties	Gross Remune- ration (Rs)	Experience (Years)	Date of Commence- ment of Employment	Age	Last Employ ment and position
EMPLOYED FOR THE FULL YEAR						
Mr. Rakesh B Mittal	Managing Director Electronics Engineer	1,591,450	23	20-09-1985	43	Self Employed
Mr. G.K. Agarwal	Director (HRD), B.Tech. M.S. Dip. in Pers. Management	1,125,017	26	15-12-1995	49	GM HRD NTPC
Mr. H.S. Manhas	Sr. V.P. Manufacturing B.Tech from I.I.T	974,105	30	25-11-1986	52	Project Manager Central Electronics Ltd.
Mr. V.K. Bhalla	Vice President (Works) B.Sc. Engg.	856,768	29	16-01-1991	48	Reliance Electrical Indl. (India) Pvt. Ltd., Noida
Mr. Sudhir Khullar	G.M. (Sec & Legal) AICWA, FCS	704,175	20	12-04-1990	38	Company Secretary Claridges Hotels Ltd.
Mr. G.K. Gupta	G.M. (Works) B.E. Communication Group From (AMAESI)	523,426	35	01.08.1986	54	Executive Engineer Punjab Wireless System Ltd.
Mr.V. Dhakshinamoorthy	D.G.M. Imports. B.Sc. PGDBA (MBA)	332,225	14	11-12-1992	38	Dy. Manager SUBROS Ltd.
Col. Rajiv Sharma	D.G.M. (Works) B.Sc. Engg. F I E T E MIMA, C Engineering	454,837	26	09-07-1998	48	Head (Mfg.) Precision Electronics Ltd.
Mr. B.K. Prabhakar	A.G.M. (Fin. & Accts.) M.Com. M.B.A.	335,808	16	16-11-1992	38	Manager (Finance) Hindustan Office Products
Mr. Gopal Das	A.G.M. (PGE) Diploma (Mech.)	326,213	21	01-11-1991	43	Plant Superintendent Tobu International Ltd.
Mr. Pavitar Singh	A.G.M. (PGE) Diploma with Instrument Tech. Post. Dip. Die & Mould Making Dip. in Production Mgmt.	383,559	18	01-08-1990	39	Engineer Development GEM India Ltd, (HP)

BHARTI TELECOM LIMITED

Mr. G.S. Kalra	AGM (Works) B.E. Electronics & Elec. Engineering	349,214	13	02-03-1991	35	Assistant Manager Continental Device India Ltd.
EMPLOYED FOR PART OF THE YEAR						
Mr. S. Ratnam	Director (Finance) F.C.A. (England & Wales)	671,368	29	01-04-1996	54	HEG Ltd. (Bhilwara Group) Vice President (Finance)
Mr. S.C. Agarwal	V.P. Materials Mechanical Engineer (3 years Course)	317,092	25	12-04-1988	42	Materials Manager Debikay Information Technology Ltd.
Mr. V.K. Agarwal	V.P. Projects B.Sc. Eng (H) in Electronics MBA	321,656	24	07-03-1995	45	Sr. Sales Manager Larson & Toubro Ltd.
Mr. Sunil Kumar	Vice President Finance B.A., A.C.A.	747,726	18	01-08-1997	42	Group Fin. Controller Pt. Jaygee Enterprises, Jakarta
Mr. Vinay Malhotra	G.M. (Finance & Accts.) A.C.A.	444,390	24	01-09-1997	44	G.M. (Finance & Accounts.) Bharti Cellular Ltd.
Mr. V.S. Bilgi	G.M. (Fin. & Accts.) L.L.B., ACA, ACS	237,364	21	17-10-1995	44	G.M. (Fin. & Sec.) Dee Pharma Limited
Mr. Jagmohan Bhat	Jt. G.M. (IT) M. Tech. PGDRM	239,264	13	01-12-1994	38	Manager E.D.P. Blue Dart Express Ltd.
Mr. S.K. Malhotra	D.G.M. (Exports)	254,442	32	10-07-1997	56	Commercial Manager Electronics Appliance Corp. WLL Kuwait
Mr. S.K. Shaw	A.G.M. (D & D) B.E. (Electricals)	288,380	10	25-06-1997	34	Dy. Manager (Prod. Engg.) Hcl - HP Ltd. Noida
Mr. Kumud Jaiswal	Sr. Manager (Legal) B.A. LL.B.	176,816	12	15-04-1997	45	Advocate Khaitan Solicitors
Mr. V.K. Goel	Sr. Manager (Production) B.Sc. Electronics	171,691	16	17-09-1997	39	Manager (Mfg.) Altos India Ltd. Gurgaon
Mr. Arvind Mathur	Manager (Material) M.Com., M.B.A.	173,177	8	21-08-1997	35	Manager Material Graphitech India Ltd.

Note : Remuneration includes, Salary, Bonus/Ex-Gratia, Leave Travel Assistance, Reimbursement of Medical expenses, Other perquisites and contribution to retirement benefit funds.