



19TH
ANNUAL REPORT
2003-2004

BHARTI TELECOM LIMITED

BHARTI TELECOM LIMITED

BOARD OF DIRECTORS

CHAIRMAN

Mr. Sunil Bharti Mittal

DIRECTORS

Mr. Anil Nayar - Managing Director

Mr. Akhil Gupta

Ms. Chua Sock Koong

Mr. Lim Toon

Mr. Rajan Bharti Mittal

SECRETARY

Mr. Amit Khara

AUDITORS

M/s. Price Waterhouse

BANKERS

Deutsche Bank

HDFC Bank Limited

CORPORATE OFFICE

Qutab Ambience

(Near Qutab Minar)

H-5/12, Mehrauli Road

New Delhi - 110 030

REGISTERED OFFICE

Plot No. 4, Phase-I

Sector 20, Udyog Vihar

Gurgaon-122 016

Haryana

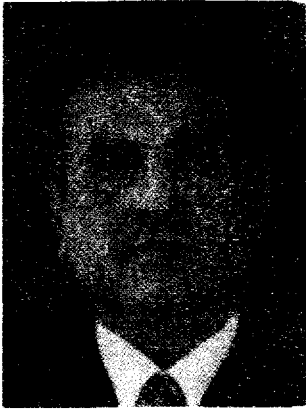
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BHARTI TELECOM LIMITED*Chairman's Message*

Dear Shareholders,

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% towards GDP. With over US \$ 12 billion of service revenue, the India telecom industry is one of the most attractive and growing sectors in the Indian Economy.

Indian telecom market is the fastest growing telecom market in the world. During the last fiscal, wireless industry grew by over 135% to cross the 33 million-subscriber mark. With wireless penetration

levels still as low as 3%, there is tremendous growth potential in the sector.

The year witnessed a lot of initiatives from the regulator, which has helped in attaining an environment conducive for explosive growth and healthy competition. These include introduction of Unified licensing regime and calling party pays regime, clearing the long pending issue of limited mobility, changes in the IUC regime, amongst others.

Further, the competition intensified during the last 18 months with the nationwide launch of GSM mobile services by BSNL and launch of nationwide operations by Reliance.

The year gone by has been one of the toughest in the history of Bharti Telecom. 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, last financial year has been one of the most successful year in the history of Bharti Telecom.

Bharti Tele-Ventures Limited has achieved a turnaround by attaining a net profit for the financial year 2003-04. Bharti has joined the elite club of companies, which have over 1 Billion revenues in the financial year.

During the year, Bharti Tele-Ventures was assigned the highest 'Crisil GVC Level 1' credit rating in the corporate governance by CRISIL. In a survey conducted by 'Euromoney', Bharti has been ranked as the second best telecom company in Asia.

I would like to take this opportunity to thank all Bharti employees for the dynamism they have shown in carrying forward Bharti's vision to become "Globally Admired for Telecom Services that Delight Customers". I would also like to thank Government of India, our various partners, shareholders, lenders and other associates in supporting our mission. Together we look forward to capitalize fully the growth opportunities that lie ahead of us.

*Sunil Bharti Mittal
Chairman*

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

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of Bharti Telecom Limited, will be held on Wednesday, the 14th day of July, 2004 at 11.00 A.M. at Plot No. 6, Sector 34, EHTP, Gurgaon, Haryana-122 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2004, Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Rajan Bharti Mittal, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Akhil Gupta, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. Price Waterhouse, Chartered Accountants, Statutory Auditors of the Company, retire at this Annual General meeting and being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution: -

"RESOLVED THAT pursuant to the provisions of Articles of Association of the Company, Mr. Anil Nayar who was appointed as Additional Director of the Company in accordance with the terms of section 260 of the Companies Act, 1956 till this Annual General Meeting and in respect of whom a notice has been received from one of the shareholders proposing his appointment as Non- Rotational Director, be and is hereby appointed as a Director not liable to retire by rotation."

6. To consider and, if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution: -

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310, 316, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and any amendment / re-enactment thereof and subject to such approvals as may be required, the consent of the Company be and is hereby accorded for appointment of Mr. Anil Nayar as Managing Director of the Company for a period of 5 years with effect from March 1, 2004 without any remuneration.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter or vary the terms and conditions of appointment including remuneration to be paid to Mr. Anil Nayar during his term of office, as may be permitted or authorised

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in accordance with any provisions under the Companies Act, 1956 or schedules appended thereto, or any statutory modification or re-enactment thereof and/or in rules or regulations formulated thereunder and agreed to between the Board of Directors and Mr. Anil Nayar from time to time without any further reference to the Company in General Meeting.”

Registered Office:

Plot No. 4, Phase 1,
Sector-20, Udyog Vihar,
Gurgaon,
Haryana – 122 016.

Date: April 22, 2004

By order of the Board
for **Bharti Telecom Limited**

Sd/-
Amit Khara
Company Secretary

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. The Proxy need not be a member of the Company. The proxies to be effective should be deposited at the Registered Office of the Company or at the Corporate Office of the Company at Qutab Ambience, H-5/12, Mehrauli Road, New Delhi - 110 030 not later than 48 hours before the commencement of the meeting.
2. The Explanatory Statement pursuant to the provisions of Section 173 of the Companies Act, 1956, relating to the Special Business, is annexed hereto.
3. The Register of Members of the company will remain closed from July 5, 2004 to July 14, 2004, (both days inclusive), in terms of the provisions of the Companies Act, 1956.
4. The members are required to intimate change, if any, in their registered address immediately to the Company at its Registered office or at its Corporate office.
5. Members are requested to bring their copy the Annual Report along with them at the meeting.
6. Dividend for the financial year ended 31st March, 1997, which remains unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government ('IEPF') later this year, pursuant to the provisions of Section 205A of the Companies Act, 1956.
Members who have not encashed their dividend warrant(s) for the financial year ended 31st March 1997 or any subsequent financial year(s) are requested to lodge their claims with Company at H-5/12, Mehrauli Road, New Delhi - 110 030. In respect of dividend for the financial year ended 31st March 1997, only those claims, which are received by company at H-5/12, Mehrauli Road, New Delhi – 110 030 by October 10, 2004, will be entertained.
Members are advised that once the unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.
7. Members who wish to obtain any information on the Company/Accounts for the financial year ended 31st March, 2004, are requested to send their queries at least 10 days before the Annual General Meeting, to the Company Secretary at H-5/12, Mehrauli Road, New Delhi - 110 030.

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BHARTI TELECOM LIMITED**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 5 & 6**

In terms of the provisions of Section 269 of the Companies Act, 1956, every Public Company having a paid up share capital of Rs. 5 Crores or more should have a Managing or Whole-time Director or Manager in the Company. In view of the present paid up share capital of the Company being in excess of said limit, it has become necessary for the Company to have a Managing or Whole-time Director or Manager.

The Board of Directors have therefore inducted Mr. Anil Nayar as an Additional Director and appointed him as Managing Director of the Company without remuneration for a period of five years with effect from March 1, 2004.

Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Anil Nayar holds office upto the date of this Annual General Meeting. However, notice under Section 257 of the Companies Act, 1956 has been received from one of the shareholders proposing the appointment of Mr. Anil Nayar as Non- Rotational Director / Managing Director of the Company.

Mr. Anil Nayar is associated with the Bharti Group for over eight years and has been instrumental in establishing Cellular Mobile Business as President -Mobility. Keeping in view the rich and varied experience and qualifications of Mr. Anil Nayar, your Directors consider it to be in the best interest of the Company, if Mr. Anil Nayar is appointed as Managing Director of the Company.

The Board recommends the resolutions as set out under Item No(s). 5 & 6-in the Notice for your approval as Ordinary Resolution(s).

The above may be treated as on abstract of terms under Section 302 of the Companies Act, 1956.

Except Mr. Anil Nayar, since the resolution relate to his appointment, no other Director of the Company is, in any way, concerned or interested in the said resolution.

Registered Office:
Plot No. 4, Phase 1,
Sector-20, Udyog Vihar,
Gurgaon,
Haryana – 122 016.
Date: April 22, 2004

By order of the Board
for **Bharti Telecom Limited**

Sd/-
Amit Khara
Company Secretary

BHARTI TELECOM LIMITED**DIRECTORS' REPORT**

To Our Members,

The Directors take pleasure in presenting the Nineteenth Annual Report and Audited Statement of Accounts for the financial year ended 31st March 2004.

FINANCIAL PERFORMANCE

Your Company earned gross income of Rs. 1,222 thousand during the year. Profit before Finance Expenses, Depreciation and Tax is Rs. 189 thousand. Loss for the year after depreciation and tax amounted to Rs. 296 thousand.

DIVIDEND

Your Company is not carrying any direct operational activities. As the company is only holding investments in Bharti Tele-Ventures Limited, therefore, the likely source of income of your Company is the dividends received/ to be received from Bharti Tele-Ventures Limited. Since there is no dividend received from Bharti Tele-Ventures Limited for the year ended March 31, 2004, therefore, the Directors do not recommend any dividend for the year ended 31st March 2004.

FIXED DEPOSITS

The Company has not sought or accepted any deposits from the Public and is therefore not required to furnish information in respect of outstanding deposits under Non Banking Non Financial Companies (Reserve Bank) Directions, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

AUDITORS REPORT

The Auditors' Report to Accounts has been duly considered by the Board and clarifications, wherever necessary, are contained in the NOTES ON ACCOUNTS section.

AUDITORS

The Statutory Auditors of the Company M/s Price Waterhouse, Chartered Accountants shall retire at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

A Certificate has been received from M/s Price Waterhouse confirming therein that their appointment, if made, will be within the limits prescribed u/s 224 (1B) of the Companies Act, 1956.

Your Directors recommend their re-appointment as the Statutory Auditors.

DIRECTORS

- Mr. Rajan Bharti Mittal and Mr. Akhil Gupta are due to retire by rotation at the Nineteenth Annual General Meeting and being eligible, have offered themselves for re-appointment. Both Mr. Rajan Bharti Mittal and Mr. Akhil Gupta have also given a confirmation to the Company that they are, otherwise, not disqualified, in terms of section 274 of the Companies Act, 1956. The Board recommends their re-appointment.
- In compliance of the provisions of Section 269 of the Companies Act, 1956, the Board of Directors have inducted Mr. Anil Nayar as an Additional Director and appointed him as Managing Director of the company for a period of five years with effect from March 1, 2004.

Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Anil Nayar hold office upto the date of Annual General Meeting. However, notice under Section 257 of the Companies Act, 1956 has been received from one of the shareholders proposing the appointment of Mr. Anil Nayar as Non- Rotational Director / Managing Director of the Company. Mr. Anil Nayar has also given a confirmation to the Company that he is, otherwise, not disqualified, in terms of section 274 of the Companies Act, 1956.

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