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**ANNUAL REPORT
2005 - 2006**

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. Gavin John Darby

Mr. Paul O'Sullivan

Mr. Rajan Bharti Mittal

SECRETARY

Mr. Rajendra Chopra

AUDITORS

M/s. Price Waterhouse

BANKERS

Deutsche Bank

HDFC Bank Limited

REGISTERED OFFICE

Plot No. 4, Phase - I,
Sector-20, Udyog Vihar
Gurgaon, Haryana - 122016

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BHARTI TELECOM LIMITED**NOTICE**

Notice is hereby given that the twenty-first Annual General Meeting of the members of Bharti Telecom Limited, will be held on Friday, the 8th day of September, 2006 at 11.30 A.M. at "F Block", Community Centre, Behind Shopping Mall, DLF City, Phase-I, Gurgaon, Haryana 122002 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the company as at 31st March 2006, the 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. Akhil Gupta, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mr. Rajan Bharti Mittal, 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 Mr. Gavin John Darby, be and is hereby appointed as a director of the company, liable to retire by rotation."

Date: 27th April, 2006

Registered Office:

Plot No. 4, Phase 1,

Sector - 20, Udyog Vihar,

Gurgaon, Haryana - 122 016.

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

Rajendra Chopra
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. **A PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.**
2. The register of members of the company will remain closed from August 30, 2006 to September 8 2006 (both days inclusive) in terms of the provisions of the Companies Act, 1956.
3. 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.
4. Members, whose shareholding is in the electronic mode, are requested to direct change of address notification and updation of bank account details to their respective depository participants.

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BHARTI TELECOM LIMITED

5. Corporate members are requested to send a duly certified copy of the board resolution / power of attorney authorising their representative to attend and vote at the Annual General Meeting
6. Members / proxies are requested to bring duly filled admission / attendance slips sent herewith to attend the meeting.
7. Members are requested to bring their copy the Annual Report along with them at the meeting.
8. Pursuant to the provisions of Section 205A of the Companies Act, 1956, dividend for the financial year ended 31st March, 1999, 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.

Members who have not encashed their dividend warrant(s) or the financial year ended 31st March, 1999 or any subsequent financial year(s) are requested to lodge their claims with Company at Qutab Ambience, H-5/12, Mehrauli Road, New Delhi-110 030. In respect of dividend for the financial year ended 31st March, 1999, only those claims, which are received by company at Qutab Ambience, H-5/12, Mehrauli Road, New Delhi-110 030 by October 31st, 2006, will be entertained.

Members are informed that once the unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.

9. Members who wish to obtain any information on the company / accounts with respect to financial year ended 31st March, 2006, are requested to send their queries at least 10 days before the Annual General Meeting to the Company Secretary at the Registered Office or at the Corporate Office of the company at Qutab Ambience, H-5/12, Mehrauli Road, New Delhi - 110030.

EXPLANATORY STATEMENT

(Pursuant to the Provisions of Section 173(2) of the Companies Act, 1956)

ITEM NO. 5

Mr. Gavin John Darby was appointed as an additional director on the Board w.e.f. 23 January, 2006 in terms of Section 260 of the Companies Act, 1956. He holds office upto the date of this twenty-first Annual General Meeting. The company has received notice under Section 257 of the Companies Act, 1956 from a member proposing candidature of Mr. Gavin John Darby as director of the company liable to retire by rotation.

Keeping in view the experience and qualifications of Mr. Gavin John Darby, your directors consider that the appointment of Mr. Gavin John Darby as director would be in the best interest of the Company and therefore, recommends the said resolution(s) for your approval.

Except Mr. Gavin John Darby, who may be deemed concerned or interested in the resolution relating to his appointment, no other director of the Company is, in any way, concerned or interested in the resolution.

Date: 27th April, 2006

Registered Office:

Plot No. 4, Phase 1,

Sector – 20, Udyog Vihar,

Gurgaon, Haryana – 122 016.

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

Rajendra Chopra
Company Secretary

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DIRECTORS' REPORT

To the Members,

The directors take pleasure in presenting the twenty-first Annual Report and audited statement of accounts for the financial year ended 31st March 2006.

FINANCIAL PERFORMANCE

The company has earned a gross income of Rs. 33 thousand during the year. Loss before finance expenses, depreciation and tax is Rs. 1,078 thousand. Loss before tax for the year is Rs. 1,130 thousand.

DIVIDEND

In view of the losses, the directors do not recommend any dividend for payment, during the year under review.

FIXED DEPOSITS

The company has not accepted any public deposit and as such no amount on account of principal or interest on public deposit was outstanding on the date of Balance Sheet.

AUDITORS REPORT

The board has duly considered the Auditors' Report to Accounts, and clarification wherever necessary, is contained in the Notes to Accounts section forming part of the Annual Accounts.

AUDITORS

The statutory auditors of the company M/s Price Waterhouse, Chartered Accountants will retire at the conclusion of ensuing Annual General Meeting and being eligible have offered themselves for re-appointment. A certificate has been received from M/s Price Waterhouse confirming 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 from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting.

DIRECTORS

Mr. Akhil Gupta and Mr. Rajan Bharti Mittal are due to retire by rotation at this twenty-first Annual General Meeting and being eligible, have offered themselves for re-appointment. Both Mr. Akhil Gupta and Mr. Rajan Bharti Mittal have also given a confirmation to the company that they are, otherwise, not disqualified, in terms of section 274(1)(g) of the Companies Act, 1956. The board recommends their re-appointment.

Mr. Gavin John Darby, was appointed as an additional director w.e.f. January 23, 2006 and hold office until the conclusion of ensuing Annual General Meeting. The company has received notice under section 257 of the Companies Act, 1956 from the members proposing the appointment of Mr. Gavin John Darby, at the ensuing Annual General Meeting. The board recommends the appointment of Mr. Gavin John Darby.

During the year Mr. Lim Toon has resigned from the position of director. The board place their sincere appreciation for the valuable contributions made by Mr. Lim Toon during his tenure.

The board has appointed Mr. Paul O'Sullivan as Director to fill the casual vacancy caused by resignation of Mr. Lim Toon.

STATUTORY STATEMENTS

Your company does not carry on any manufacturing activity and accordingly the provisions to furnish information as per section 217(1)(e) of the Companies Act, 1956 relating to conservation of energy, research and development and technology absorption are not applicable.

During the year under review, there were NIL Foreign Exchange Earnings and outgo.

In terms of provisions of section 292A of the Companies Act, 1956, the company has a committee of the board known as 'Audit Committee' consisting of following directors of the company:

- Mr Rajan Bharti Mittal
- Mr Akhil Gupta
- Ms. Chua Sock Koong
- Mr. Gavin John Darby

There are no employees during the year under review whose particulars are to be provided in terms of section 217(2A) of the Companies Act, 1956 read with Companies (Particular of Employees) Rules, 1975.

Directors' Responsibility Statement

The directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
2. The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended 31st March, 2006 and of the Profit and Loss Account of the company for that period;
3. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. The directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

Your directors express their gratitude for the co-operation and support received from all the shareholders of the company, various agencies / departments of the Government of India, company's bankers and financial institutions.

The directors wish to place on record their sincere appreciation for the valuable contribution, unstinted efforts and the spirit of dedication shown by the employees of the Company at all levels.

On behalf of the board

Dated: April 27, 2006
Place: New Delhi

Sunil Bharti Mittal
Chairman

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AUDITORS' REPORT

TO THE MEMBERS OF BHARTI TELECOM LIMITED

1. We have audited the attached Balance Sheet of Bharti Telecom Limited, as at March 31, 2006, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we further report that:
 - (i) (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
 - (ii) The company does not have any inventories.
 - (iii) The company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii) (b), (c), (d), (f) and (g) of paragraph 4 of the Companies Act (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company for current year.
 - (iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations *given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system*.
 - (v) According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that section. Accordingly commenting on transactions made in pursuance of such contracts or arrangements does not arise.
 - (vi) The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.