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**22ND  
ANNUAL REPORT  
2006 - 2007**

**BHARTI TELECOM LIMITED**

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

Mr. Sunil Bharti Mittal

**DIRECTORS**Mr. S. L. Narayan - *Managing Director*

Mr. Akhil Gupta

Ms. Chua Sock Koong

Mr. Francis Heng

Mr. Paul O'Sullivan

Mr. Rajan Bharti Mittal

Mr. Rakesh Bharti Mittal

**SECRETARY**

Mr. Rajendra Chopra

**AUDITORS**M/s. Price Waterhouse  
Chartered Accountants**BANKERS**Deutsche Bank  
HDFC Bank Limited**REGISTERED OFFICE**Plot No. 4, Phase - I,  
Sector-20, Udyog Vihar,  
Gurgaon, Haryana - 122016**CONTENTS**

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**bharti**

**NOTICE**

Notice is hereby given that the twenty-second annual general meeting of the members of Bharti Telecom Limited will be held on Monday, the 24th day of September, 2007 at 11:30 A.M. at Community Centre, DLF 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 2007, 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 Ms. Chua Sock Koong, who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint a director in place of Mr. Paul O' Sullivan, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint S. R. Batliboi & Associates, Chartered Accountants, New Delhi, as Statutory Auditors of the Company from the conclusion of this annual general meeting until the conclusion of next annual general meeting in place of Price Waterhouse, Chartered Accountants, New Delhi, Statutory Auditors who are retiring at the conclusion of this annual general meeting and to authorise the Board of Directors to fix their remuneration.

**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. S.L.Narayanan, be and is hereby appointed as 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 Mr. Rakesh Bharti Mittal, be and is hereby appointed as director liable to retire by rotation."
7. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION:  
 "Resolved that Mr. Francis Heng Hang Song, be and is hereby appointed as director liable to retire by rotation."
8. 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 section 198, 269, 309, 310, 311, schedule XIII and other applicable provisions of the Companies Act, 1956, including any statutory modification or re-enactment thereof, or any other law for the time being in force and subject to such consent(s), approval(s) and permission(s) as may be necessary in this regard and subject to such conditions as may be imposed by any authority while granting such consent(s), permission(s) and approval(s) and as are agreed to by the Board of Directors (hereinafter referred to as the Board ), Mr. S. L. Narayanan is hereby appointed as Managing Director of the Company for a term of 5 years with effect from July 25, 2007 without any remuneration.

**BHARTI TELECOM LIMITED**

Resolved further that the Board of Directors be and is hereby authorised to vary, alter and modify the terms and conditions of the appointment of Mr. S. L. Narayanan.

Resolved further that the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to above resolution."

**Registered Office:**

Plot No. 4, Phase 1,  
Sector - 20, Udyog Vihar,  
Gurgaon, Haryana - 122 016.  
Date : July 25, 2007

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

**Rajendra Chopra**  
**Company Secretary**

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE CORPORATE OFFICE OF THE COMPANY AT QUTAB AMBIENCE, H-5/12, MEHRAULI ROAD, NEW DELHI - 110 030, NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. **A PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.**
2. Explanatory statement pursuant to the provisions of Section 173 of the Companies Act, 1956 is annexed hereto. The explanatory statement to item no. 4 on the ordinary business has been disclosed on a voluntary basis keeping in view high corporate governance standards adopted by the Company.
3. The register of members and Share Transfer Books of the Company will remain closed from Saturday, September 15, 2007 to Monday, September 24, 2007, both days inclusive, in terms of the provisions of the Companies Act, 1956.
4. 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.
5. Members/proxies are requested to bring duly filled admission / attendance slips sent herewith along with the copies of annual reports to the meeting.
6. The members are required to intimate change, if any, in their registered address immediately to the Company at its corporate office address.
7. Members are requested to bring their copy of annual report along with them at the meeting.
8. For the security and safety of the shareholders, no article / baggage including water bottles and tiffins will be allowed at the venue of the meeting. The members / attendants are strictly requested to not to bring any article / baggage etc. at the venue of the meeting.
9. Dividend for the financial year ended 31st March, 2000, 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.



10. Members are informed that once the unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof against the company.
11. Members who wish to obtain any information on the Company / accounts for the financial year ended 31st March, 2007, are requested to send their queries at least 10 days before the annual general meeting to the Company Secretary 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. 4**

The board of directors of the Company has adopted the rotation policy for statutory auditors in line with global best practices on governance. As per the policy approved by the Board:

- The statutory auditor firm would retire at the end of every five years
- Rotation of the audit partner at the expiry of three years.

The aforesaid policy is always subject to the appointment of auditors by the members at every annual general meeting. Pursuant to the above policy, Price Waterhouse, Chartered Accountants, New Delhi relinquish the office of statutory auditors from the conclusion of this annual general meeting.

M/s. S. R. Batliboi & Associates, Chartered Accountants, a member firm of Ernst & Young Global are proposed to be appointed as statutory auditors of the Company from the conclusion of this annual general meeting till next annual general meeting. M/s. S. R. Batliboi & Associates has submitted the requisite certificate u/s. 224(1B) of the Companies Act, 1956, that their appointment, if made, will be within the limits prescribed u/s. 224(1B) and they are eligible to be appointed as the statutory auditors of the company.

M/s. S. R. Batliboi & Associates, Chartered Accountants is an independent audit firm and none of the directors are related or interested in it, whether directly or indirectly.

The Board recommends appointment of M/s. S. R. Batliboi & Associates, Chartered Accountants, New Delhi as the Statutory Auditor of the Company from the conclusion of this annual general meeting until the conclusion of the next annual general meeting, as set out in Item No. 4.

#### **ITEM NO. 5 & 8**

Mr. Anil Nayar has resigned from the Board of Directors and the position of managing directorship w.e.f. July 25, 2007. The Board of Directors has appointed Mr. S.L. Narayanan as director to fill casual vacancy caused by the resignation of Mr. Anil Nayar. Subject to the approval of the shareholders, the Board has also appointed Mr. S. L. Narayanan as managing director of the Company for a term of five years commencing from July 25, 2007 without any remuneration. In terms of Article 145 of the Articles of Association, Mr. S.L. Narayanan shall not whilst holding such office, be subject to retirement by rotation.

Mr. S.L. Narayanan is a Chartered Accountant and a Cost Accountant with over two decades of experience in finance, accounting, taxation and corporate planning. Keeping in view the vast experience and qualifications of Mr. S.L. Narayanan, the Board consider that the appointment of Mr. S.L. Narayanan as Managing Director would be in the best interest of the Company and therefore, recommends the said resolution for your approval. The Company has received notice under section 257 of the Companies Act, 1956 from a member proposing the candidature of Mr. S.L. Narayanan as director of the Company.

**BHARTI TELECOM LIMITED**

Except Mr. S. L Narayanan, no other director of the Company is, in any way, concerned or interested in the resolution.

This may also be treated as the notice under Section 302 of the Companies Act, 1956.

**ITEM NO. 6**

Mr. Rakesh Bharti Mittal was appointed as additional director of the Company w.e.f. 17th July 2007. Pursuant to the provisions of section 260 of the Companies Act, 1956, Mr. Rakesh Bharti Mittal hold office upto the date of this twenty-second annual general meeting. The Company has received notice under section 257 of the Companies Act, 1956 from a member proposing the candidature of Mr. Rakesh Bharti Mittal as director of the Company liable to retire by rotation.

Mr. Rakesh Bharti Mittal is the Vice – Chairman of Bharti Enterprises, a business conglomerate with interests in diverse areas including telecom services, manufacturing of telecom equipments, exports of fresh produce, BPO, software, reality, insurance and retail. Rakesh has contributed immensely to the industrial, educational and welfare sectors of the country. He is also a member of many trade associations and expert groups.

Keeping in view, the vast experience of the Mr. Rakesh Bharti Mittal, the Board consider it to be in the best interest of the Company if he is appointed as a director on the Board and therefore recommend the said resolution for your approval.

Except Mr. Rakesh Bharti Mittal, Mr. Sunil Bharti Mittal and Mr. Rajan Bharti Mittal, none of the Directors is, in any way, concerned or interested in the said resolution.

**ITEM NO. 7**

Mr. Francis Heng Hang Song (Francis Heng) was appointed as additional director of the Company w.e.f. 17th July, 2007. Pursuant to the provisions of section 260 of the Companies Act, 1956, Mr. Francis Heng hold office upto the date of this twenty-second annual general meeting. The Company has received notice under section 257 of the Companies Act, 1956 from a member proposing the candidature of Mr. Francis Heng as director of the Company liable to retire by rotation.

Mr. Francis Heng is a SingTel nominee. Francis joined SingTel in March 2007 as Group Chief Financial Officer. He is responsible for all SingTel's Financial and corporate affairs functions, including investor relations and corporate communications. Francis graduated with a Bachelor of Business Administration degree from the National University of Singapore. Before joining SingTel, Francis was the Chief Financial Officer of Singapore Technologies Engineering.

Keeping in view, the vast experience and qualification of Mr. Francis Heng, the Board consider it to be in the best interest of the Company if he is appointed as a director on the Board and therefore recommend the said resolution(s) for your approval.

Except Mr. Francis Heng, none of the directors 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 : July 25, 2007

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

**Rajendra Chopra**  
Company Secretary



**DIRECTORS' REPORT**

To the Members,

The directors take pleasure in presenting the twenty-second annual report on the business and operations of the Company together with audited financial statements and accounts for the year ended 31st March 2007.

**FINANCIAL PERFORMANCE**

Your company earned gross income of Rs. 43 thousand during the year. Loss before finance expenses, depreciation and tax is Rs. 567 thousand. Loss before tax for the year is Rs. 606 thousand.

**DIVIDEND**

The Company is not carrying any direct operational activities. As the Company is only holding investments in Bharti Airtel Limited (formerly known as Bharti Tele-ventures Limited), therefore, the likely major source of income of your company is the dividends to be received from Bharti Airtel Limited. Since Bharti Airtel Limited has not declared any dividend so far; the Board of directors do not recommend any dividend for the financial year 2006-07.

**FIXED DEPOSITS**

The Company has not accepted any fixed deposits and, as such, no amount on account of principal or interest was outstanding as of the balance sheet date.

**SHARE CAPITAL**

The issued and paid-up equity share capital of the Company increased to 21770036 equity shares of Rs. 10/- each aggregating Rs. 217,700,360 pursuant to the conversion of debentures.

**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**

In terms of the rotation policy on statutory auditors adopted by the Company, M/s Price Waterhouse, Chartered Accountants, New Delhi who retire as statutory auditors of the Company at the conclusion of the forthcoming annual general meeting, will relinquish their office as statutory auditors and do not offer themselves for re-appointment. The Company has received a special notice from the members proposing M/s S.R. Batliboi & Associates, Chartered Accountants, New Delhi, a member firm of Ernst & Young Global for appointment as statutory auditors of the Company from the conclusion of the forthcoming annual general meeting. M/s S.R. Batliboi & Associates have also confirmed that their appointment, if made, will be within the limits under Section 224(1B) of the Companies Act, 1956.

**DIRECTORS**

Ms. Chua Sock Koong and Mr. Paul O' Sullivan retire by rotation at the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment. The board recommends their re-appointment.

Since last Directors' Report, Mr. Anil Nayar, Managing Director has resigned from the Board and the position of Managing Directorship of the Company w.e.f. July 25, 2007 and Mr. S.L.Narayanan has been appointed as director to fill the casual vacancy caused by resignation of Mr. Anil Nayar. Mr. S.L.Narayanan has also been appointed as Managing Director of the Company w.e.f. July 25, 2007 for a period of five years. Mr. Rakesh Bharti Mittal and Mr. Francis Heng Hang Song were appointed as additional directors w.e.f.17th July, 2007.