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**23<sup>RD</sup>  
ANNUAL REPORT  
2007 - 2008**

**BHARTI TELECOM LIMITED**

**BOARD OF DIRECTORS**

**CHAIRMAN**

Mr. Sunil Bharti Mittal

**DIRECTORS**

Mr. Devendra Khanna – *Managing Director*

Mr. Akhil Gupta

Ms. Chua Sock Koong

Mr. Francis Heng Hang Song

Mr. Paul O'Sullivan

Mr. Rajan Bharti Mittal

Mr. Rakesh Bharti Mittal

**COMPANY SECRETARY**

Mr. Rajendra Chopra

**STATUTORY AUDITORS**

S. R. Batliboi & Associates

Chartered Accountants

**INTERNAL AUDITORS**

J. C. Bhalla & Company

Chartered Accountants

**REGISTERED OFFICE**

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

**CORPORATE OFFICE**

Hotel The Grand

Bharti Block

Nelson Mandela Road

Vasant Kunj, Phase –II

New Delhi – 110 070

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**NOTICE**

**NOTICE** is hereby given that the twenty-third annual general meeting of the members of Bharti Telecom Limited will be held on Friday, the 8<sup>th</sup> day of August, 2008 at 11.30 A.M. at "F Block", Community Centre, DLF City, Phase – I, Gurgaon, Haryana – 122 002, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March 2008, the Profit & Loss Account for the year ended on that date and the report 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 S. R. Batliboi & Associates, Chartered Accountants, Gurgaon as Statutory Auditors of the Company to hold office from the conclusion of this annual general meeting until the conclusion of next 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. Devendra Khanna, 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 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 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, which term shall unless repugnant to the context or meaning thereof, be deemed to include any committee thereof and any person authorised by the Board in this behalf), consent of the members is hereby accorded to the appointment of Mr. Devendra Khanna as Managing Director of the Company for a term of 5 years with effect from 29 January 2008, without any remuneration.

Resolved further that the Board be and is hereby authorised to vary, alter and modify the terms and conditions of the appointment of Mr. Devendra Khanna.

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 the above resolution."

7. 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 Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and any other law including any statutory modification or amendment

thereof for the time being in force, the Articles of Association of the Company be and are hereby amended/altered in the following manner:

- i) The existing Article 1.30 shall be amended by inserting the words "but excluding any member of the MacRitchie Group" after the words "Bharti Shareholder".
- ii) The following new Article 2 shall be inserted after Article 1:

#### STATUS OF SPECIFIED ARTICLES

- 2. Notwithstanding anything to the contrary contained in these Articles, the provisions of Articles 183 to 194 of these Articles ("**Specified Articles**") shall be supplemental to and in addition to Articles 3 to 182 of these Articles and shall form an integral part of these Articles. In the event of any inconsistency or conflict between these Specified Articles and any other Article, (i) as between the Bharti Entities and MacRitchie, these Specified Articles shall prevail and (ii) as between the Bharti Entities and Pastel, the Articles (other than these Specified Articles) shall prevail unless otherwise expressly provided in these Specified Articles
- iii) The following new Articles 183 to 194 shall be inserted after Article 182:

#### SPECIFIED ARTICLES

##### Definitions and Interpretation

- 183.** In these Specified Articles, unless the context otherwise requires, the following capitalized terms shall have their respective meanings set forth below:

'**Applicable Laws**' means all applicable laws and regulations to which each of the Parties are subject and which relate to the performance of their obligations under these Specified Articles including, but without limitation, the Indian Takeover Code, the Act, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Foreign Exchange Management Act, 1999 (and the rules and regulations framed thereunder) and all other Indian Law;

'**BAL Articles**' means the articles of association of Bharti Airtel as adopted by Bharti Airtel from time to time;

'**BAL Board**' means the board of directors of Bharti Airtel from time to time;

'**BAL Qualifying Interest**' means MacRitchie Group Airtel Interests which together represent the equivalent of not less than 4.5% of the then issued equity share capital of Bharti Airtel, provided that not more than 1.8% of MacRitchie Group Airtel Interests consist of Direct Shareholdings of members of the MacRitchie Group in Bharti Airtel acquired from any Person other than a member of the Bharti Group or any Founder BE Partner;

'**BE**' means Bharti Enterprises (earlier known as Bharti Overseas Trading Company) a partnership firm registered in India whose office is at Qutab Ambience, H-5/12, Mehrauli Road, New Delhi – 110030, India;

'**BE Holdings**' means Bharti Enterprises Holdings Private Limited, a company incorporated in India whose registered office is Qutab Ambience, H-5/12, Mehrauli Road, New Delhi – 110030, India;

'**Bharti Airtel**' means Bharti Airtel Limited a company incorporated in India whose registered office is at Qutab Ambience, H-5/12, Mehrauli Road, New Delhi – 110030, India (formerly known in these Articles as BTVL);

**'Bharti Controlled Entities'** means BE and any direct or indirect Subsidiaries in which BE holds directly, or through one or more other Bharti Controlled Entities, more than 50% of the equity shares including, without limitation, as at the August 8, 2008, Bharti Global, BE Holdings, BIPL, ICIL, BTL and Bharti Airtel;

**'Bharti Entities'** means BE, BIPL, ICIL and BTL and any Permitted Transferee to whom BTL Shares have been transferred by any such entity in accordance with the terms of these Articles, and any of them;

**'Bharti Global'** means Bharti Global Limited, a company incorporated in Jersey whose registered office is at c/o Minerva Trust Company Limited, 43/45 La Motte Street, St Helier, Jersey JE4 8SD, Channel Islands;

**'Bharti Group'** means BE and any direct or indirect Subsidiary of BE including, as at August 8, 2008, Bharti Global, BE Holdings, BIPL, ICIL, BTL and Bharti Airtel and the term **'member of the Bharti Group'** means any of them;

**'Bharti Group Airtel Interests'** means the Group Airtel Interests of the Bharti Group from time to time;

**'Bharti Representative'** means the entity nominated by BE from time to time for the purposes of giving various consents on behalf of the Bharti Entities under these Specified Articles to MacRitchie;

**'BIPL'** means Bharti Infotel Private Limited (earlier known as Bharti Enterprises Private Limited and Bharti Enterprises Limited), a company incorporated in India whose registered office is at Qutab Ambience, H-5/12, Mehrauli Road, New Delhi – 110030, India;

**'BTL Sale Shares'** means the 2,397,314 BTL Shares acquired by MacRitchie from ICIL on the Completion Date, representing 11.01% of the issued voting capital of BTL as at the Completion Date;

**'BTL Shareholders Agreement'** means a shareholders agreement dated 12 September 2000 (as amended) to which BIPL, BE, ICIL, Pastel and BTL are parties;

**'BTL Qualifying Interest'** means shares representing not less than 9% of the then issued equity share capital in BTL from time to time;

**'Completion Date'** means July 17, 2007;

**'Control'** means, in relation to any Person (the **Relevant Person**), the ability of another Person (the **Controller**) to ensure that the activities and business of the Relevant Person are conducted in accordance with the wishes of the Controller, and a person shall be deemed to have Control of a body corporate or partnership if that person possesses or is entitled to acquire (i) the majority of the issued share capital in that body corporate; and/or (ii) the majority of the voting rights in that body corporate or partnership; and/or (iii) the right to receive the majority of the income of that body corporate or partnership on any distribution by it of all of its income or the majority of its assets on a winding up; and/or (iv) the right to appoint a majority of the directors (or equivalent officers) to the Board (or equivalent body) of that body corporate or partnership, and/or (v) the right as a general partner of a limited partnership to conduct ordinary matters connected with the business of that limited partnership and **'Controlling Interest'** shall be construed accordingly provided however, that so long as Bharti Entities that are members of the Bharti Group have the right to nominate that minimum number of directors as is necessary to constitute a simple majority of the Board under Article 116(b), and the Founder BE Partners continue to have a Controlling Interest in BE, then the Bharti Group shall be deemed to possess a Controlling Interest in BTL;

**'Direct Shareholding'** means, in relation to a Person and a company, the percentage of the issued equity shares held directly by such Person in that company expressed as a percentage of the total issued equity shares of that company;

**'General Reserved Matters'** means the matters referred to and which require written approval of MacRitchie in accordance with Article 187(b);

**'Group'** means:

- (a) in relation to MacRitchie, the MacRitchie Group;
- (b) in relation to any of the Bharti Entities, the Bharti Group; and
- (c) in relation to Pastel, the STI Group;

**'Group Airtel Interests'** means, in relation to each of the MacRitchie Group, the Bharti Group (and for the purposes of this definition only the term 'Bharti Group' shall be deemed to include the Founder BE Partners) or the STI Group the aggregate of the total Direct Shareholdings of members of such Group in the issued equity shares of Bharti Airtel and the Indirect Airtel Interests of the members of such Group, expressed as a percentage of the issued equity shares in Bharti Airtel (including any interests held through participatory notes), without any duplication or double counting of Direct Shareholdings or Indirect Airtel Interests among such members of such Group so that for example, if in a group consisting of Group members A, B, C and D, Group member A holds the following interests:

- (a) 80% of the issued equity shares in member B, which in turn holds 40% of the issued equity shares in member C, which in turn holds 10% of the issued equity shares in Bharti Airtel;
- (b) 50% of the issued equity shares in group member D which in turn holds 5% of the issued equity shares in Bharti Airtel;
- (c) a Direct Shareholding of 1% in Bharti Airtel; and
- (d) a 10% shareholding in entity X (which is not a member of such group) which itself has a 2% Direct Shareholding in Bharti Airtel,

then such Group shall be deemed to hold aggregate Direct Shareholdings in Bharti Airtel and Indirect Airtel Interests of 6.7% ie.  $((80\% \times 40\% \times 10\%) + (50\% \times 5\%) + (1\%))$ , since the Indirect Airtel Interest referred to in (d) is held through entity X which is not a member of the Group;

**'ICIL'** means Indian Continent Investment Limited, a company incorporated in Mauritius whose registered office is at 10 Frere Felix de Valois Street, Port Louis, Mauritius;

**'Independently Operated Company'** means, in relation to Temasek Holdings (Private) Limited, any Subsidiary of Temasek Holdings (Private) Limited whose directors customarily act independently from, and not in accordance with the directions or instructions (other than by the exercise of votes as a shareholder) of, Temasek Holdings (Private) Limited, including for example, Singapore Technologies Telemedia Pte Ltd in which as at the August 8, 2008, Temasek Holdings (Private) Limited holds 100% of the shares, but which is nonetheless a company whose directors customarily act independently from, and not in accordance with the directions or instructions (other than by the exercise of votes as a shareholder) of, Temasek Holdings (Private) Limited;

**'Indian Takeover Code'** means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997, as may be amended from time to time;

**'Indirect Airtel Interest'** means, in relation to a member of the Bharti Group (and for the purposes of this definition only the term 'Bharti Group' shall be deemed to include the Founder BE Partners),

member of the MacRitchie Group or member of the STI Group, the effective economic interest held indirectly by such Person in the issued equity shares of Bharti Airtel (but only to the extent that such indirect shareholding interests are held through other members of the Bharti Group, MacRitchie Group or the STI Group, respectively (or through BTL) expressed as a percentage, so that for example, if such group member holds a Partnership Interest in partnership A which represents 80% of the Partnership Interests of all partners in such partnership, which in turn holds 60% of the issued equity shares in company B which in turn holds 10% of the issued equity shares in Bharti Airtel, and such group member also holds 50% of the issued equity shares in company C which in turn holds 5% of the issued equity shares in Bharti Airtel then such group member shall be deemed to hold an effective economic interest in the issued equity shares of Bharti Airtel of 7.3% ie.  $((80\% \times 60\% \times 10\%) + (50\% \times 5\%))$ ;

**'Intermediate Parent'** means any future direct or indirect Subsidiary of BTL which holds directly or indirectly any shares in Bharti Airtel;

**'MacRitchie'** means MacRitchie Investments Pte. Ltd. a company incorporated in Singapore whose registered office is at 60B Orchard Road, #06-18 Tower 2, The Atrium@Orchard, Singapore 238891;

**'MacRitchie BTL Nominee'** has the meaning given to that term in Article 187(a);

**'MacRitchie Group'** means and includes MacRitchie and any Subsidiary of MacRitchie and any Parent or Subsidiary of any such Parent of MacRitchie from time to time except:

- (a) any companies that are listed on any recognized stock exchange; and
- (b) any Independently Operated Company,

and for the avoidance of doubt not including any member of the STI Group, and the term **'member of the MacRitchie Group'** means any one of them;

**'MacRitchie Group Airtel Interests'** means the Group Airtel Interests of the MacRitchie Group from time to time;

**'MacRitchie Representative'** means the representative nominated by MacRitchie from time to time for the purposes of giving various consents under these Specified Articles with full authority to approve (or not approve, as the case may be), on behalf of MacRitchie, the General Reserved Matters and Special Reserved Matters, in accordance with the terms of these Specified Articles, and for so long as MacRitchie appoints a nominee director to the Board, MacRitchie shall nominate such nominee director as such representative;

**'Parties'** means BIPL, BE, ICIL, Pastel, MacRitchie and BTL together with any future Shareholders, and the term **'Party'** means any one of them;

**'Partnership Interest'** means in relation to a partner in a partnership, the interest held by that partner as a partner in such partnership including in the underlying profits of the partnership and in any Indirect Airtel Interest held by the partnership;

**'Pastel'** means Pastel Limited, a company incorporated in Mauritius whose registered office is at Level 3 Alexander House, 35 Cybercity, Ebene, Mauritius, or, as the case may be, any other shareholder who is an STI Shareholder;

**'Permitted Bharti Airtel Acquisitions'** means any proposed acquisition by BTL of further shares in Bharti Airtel:

- (a) in relation to which funding (whether by way of subscription for shares or other securities, taking up of rights under a rights issue, the provision of shareholder loans, the provision of

guarantees or other surety or otherwise) is not required or, in the case of a rights issue, requested to be provided by MacRitchie;

- (b) to be made pursuant to any rights issue or other pro rata or pre-emptive offering of shares by Bharti Airtel on a pro rata basis to all shareholders, which is in turn to be funded by way of a rights issue by BTL made in accordance with Article 5; or
- (c) where such acquisition of shares in Bharti Airtel is required to defend against a possible takeover of Bharti Airtel;

**'Permitted Transferee'** means in relation to a transfer of BTL Shares:

- (a) where the transferor is a member of the STI Group, another member of the STI Group;
- (b) where the transferor is a member of the Bharti Group, another member of the Bharti Group; and
- (c) where the transferor is a member of the MacRitchie Group, another member of the MacRitchie Group;

**'Qualifying BTL Shares'** means,

- (a) in relation to MacRitchie or Pastel, BTL Shares which it acquired from members of the Bharti Group, or issued in favour of it by BTL;
- (b) in relation to any future transferee of the BTL Shares of MacRitchie or Pastel (as the case may be) (**'Transferee'**), any BTL Shares issued in favour of it by BTL or acquired by it either:
  - (i) directly from members of the Bharti Group; or
  - (ii) from MacRitchie or Pastel (as the case may be), or another Transferee, where such BTL Shares were originally acquired from members of the Bharti Group or issued in favour of Pastel or MacRitchie by BTL (whether by MacRitchie or Pastel (as the case may be) or any previous Transferee);

**'Shareholder'** for the purpose of these Specified Articles only, means, as at August 8, 2008, each of the Parties (other than BTL) provided that any transferee of BTL Shares shall upon executing any deed of accession required by any shareholders agreement between the Parties be treated as a Shareholder, and these Specified Articles shall be construed accordingly;

**'Special Reserved Matters'** means the matters referred to and which require written approval of MacRitchie in accordance with Article 187(c);

**'STI Entities'** means STI and any Permitted Transferee to whom BTL Shares have been Transferred by any such entity in accordance with the terms of these Articles and the BTL Shareholders Agreement, and any of them;

**'Tag Along End Date'** means the date on which MacRitchie or any future transferee of its BTL Shares ceases to hold Qualifying BTL Shares;

**'Trading Day'** means any day when the National Stock Exchange of India is open for trading; and

**'Transfer'** means any sale, gift, pledge, assignment, transfer, transfer in trust, grant of any Encumbrance over, or disposition of shares in a company by any Person or disposition of the Partnership Interest of any Person in any manner whatsoever, whether voluntarily or involuntarily, including without limitation, by way of any attachment, assignment for the benefit of creditors or transfer by



operation of law or otherwise and the terms '**Transferred**' and '**Transferring**' shall be construed accordingly.

**184.** Terms defined in these Articles (other than these Specified Articles) shall have the same meaning and construction in these Specified Articles except as otherwise provided in these Specified Articles. Capitalised terms used in the Specified Articles but not defined in the Articles will have the meaning given to such terms in a certain second supplemental agreement to the BTL Shareholders Agreement which are deemed to be incorporated and form an integral part of these Articles.

**185.** In these Specified Articles, except where the context otherwise requires:

- (1) Intentionally Omitted;
- (2) a reference to an enactment or statutory provision shall include a reference to any subordinate legislation made under the relevant enactment or statutory provision and is a reference to that enactment, statutory provision or subordinate legislation as from time to time amended, consolidated, modified, re enacted or replaced;
- (3) words in the singular shall include the plural and vice versa and references to one gender include other genders;
- (4) a reference to a clause, sub clause or paragraph (other than to a schedule to a statutory provision) shall be a reference to a clause, sub clause or paragraph (as the case may be) of or to these Articles;
- (5) if a period of time is specified as from a given day, or from the day of an act or event, it shall be calculated exclusive of that day;
- (6) references to writing shall include any modes of reproducing words in any legible form and shall include email except where expressly stated otherwise;
- (7) a reference to "includes" or "including" shall mean "includes without limitation" or "including without limitation";
- (8) Intentionally Omitted;
- (9) the headings in these Specified Articles are for convenience only and shall not affect their interpretation;
- (10) Intentionally Omitted; and
- (11) a company is a "Subsidiary" of another Person (its "Parent") if that Parent, directly or indirectly, through one or more Subsidiaries:
  - a. holds or otherwise interested in a majority of the voting rights in it;
  - b. is a member or shareholder of it and has the right to appoint or remove a majority of its board of directors or equivalent managing body;
  - c. is a member or shareholder of it and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in it; or
  - d. has the right to exercise a dominant influence over it, for example by having the right to give directions with respect to its operating and financial policies, with which directions its directors are obliged to comply.

**186. BTL Articles and BAL Articles**

- (a) Without prejudice to MacRitchie's rights under these Specified Articles and the obligations of the other Parties under these Specified Articles, MacRitchie acknowledges the existence of the Articles and the BAL Articles and the rights and obligations of the Parties thereto as varied, in the case of the Articles, by these Specified Articles. Without prejudice to MacRitchie's rights and the obligations of the other Parties under these Specified Articles, MacRitchie further acknowledges that its rights under the Specified Articles shall be without prejudice to the existing rights of the Parties (as varied by the Specified Articles) and the BAL Articles.
- (b) Article 40 and the requirement to present a Transferee Certificate is hereby waived in respect of:
  - (i) Intentionally Omitted;
  - (ii) any future acquisition of BTL Shares by MacRitchie, including any acquisitions of the BTL Shares from any Bharti Entities or STI Entities under these Specified Articles; and
  - (iii) any future transfer by MacRitchie of its BTL Shares to any Person (and any further transfers by any such transferees).
- (c) Intentionally Omitted.
- (d) In furtherance of the principle set out in Article 186(a), the Bharti Entities and Pastel acknowledge and agree that unless otherwise expressly agreed herein, nothing contained in these Specified Articles shall vary, supersede, replace or prejudice their respective rights and obligations under the BTL Shareholders Agreement, the Articles (other than the Specified Articles) and the BAL Articles which shall remain in full force and effect and in particular (without limitation to the generality of the foregoing), the Bharti Entities and Pastel acknowledge and agree that, except to the extent expressly varied and/or waived under these Specified Articles, they shall always observe and comply with their respective rights and obligations under Articles 7, 8 and 33 to 55 and Articles IV and IX of the BTL Shareholders Agreement.

**187. Rights of MacRitchie**

**MacRitchie shall have the following rights with respect to BTL and Bharti Airtel:**

- (a) **Board seat:** Notwithstanding any restriction on the number of directors that may be appointed to the Board under these Articles (including Article 114), on and from the Completion Date, MacRitchie shall, for so long as it holds a BTL Qualifying Interest, be entitled to appoint one (1) nominee to act as a director on the Board (**'MacRitchie BTL Nominee'**) and shall have the right to remove and replace such director from time to time, and, if such MacRitchie BTL Nominee is unable to attend any Board meeting he shall be entitled to appoint one person to act as his alternate in accordance with the Act.
- (b) **General Reserved Matters:** On and from the Completion Date for so long as MacRitchie holds a BTL Qualifying Interest, the following matters shall, in addition to requiring approval by resolution of the Board and the shareholders of BTL, require the prior written consent of MacRitchie (acting through the MacRitchie Representative) and no resolutions shall be passed in relation to any such matters by the Board or the shareholders of BTL (including each of the Shareholders) without such written consent first being obtained in accordance with the procedures set out in Articles 188(10) and (11):
  - any investment by BTL in any new business, or BTL carrying on any new business or making any acquisition by BTL of any shares, debentures or other securities in any