

BHARTI BT INTERNET LIMITED
Internet & Broad Band Services

BHARTI BT INTERNET LIMITED

DIRECTORS' REPORT

The Directors have pleasure in presenting the Fourth Annual Report and the Audited Accounts for the financial year ended 31st March 2002.

Financial Review:

The Key financial indicators for the year ending March 31, 2002, are as under :

Particulars	For the year ended March 31, 2002 (Rs.)	For the year ended March 31, 2001 (Rs.)
Sales and other Income	5,09,344,575	172,828,853
Expenditure	7,07,007,780	534,049,740
Profit/(Loss) before Finance Expense Depreciation, Amortization, Taxes and Pre-operative expenses	(253,453,397)	(361,220,887)
Profit/(Loss) before Depreciation, Amortization Pre-operative expenses and Taxes	(257,908,774)	(361,079,958)
Depreciation, Amortization and Pre-operative expenses	184,293,664	62,236,580
Profit / (Loss) before Tax	(442,202,438)	(423,316,538)
Deferred Tax	307,411	
Net Profit / Loss after tax	(442,509,849)	(423,316,538)

Operations Review:

In April 2002, a new strategic vision and framework to create a single entity has paved the way to merger of Bharti's Internet, VSAT and Broadband businesses into a single company – **Bharti BT Internet Limited** which is being rechristened as Bharti Broadband Networks Limited. This reflects the Group's pro-activeness to align its business activities to dynamic market requirements, and ensure the highest standards of service to its customers. It also underscores efforts to put a sharper focus on the broadband market, and to create a common platform for developing integrated business communications solutions for customers.

Future Plans:

The Company has drawn a blueprint for a three-tier architecture to provide broadband services, including Internet, Private Data Networks & VSAT services across the country.

The consumer market on the other hand, will continue to be addressed by the Company through its **Mantra Online** brand – which is today one of the leading consumer Internet brands in the country – both in the retail ISP as well as portal businesses and plans to add Internet Telephony services to its portfolio.

MERGER:

During the year under review the proposal of the merger of Bharti BT Limited, Bharti Broadband Networks Limited and Bharti Telespatial Limited with the Company was approved by Hon'ble High Court of Delhi and Karnataka and the order was registered with the Registrar of Companies NCT of Delhi and Haryana on the March 28, 2002, to give effect to the amalgamation. The merger will synergise the operations of the Company.

In accordance with the scheme of amalgamation, the name of the Company is being changed to Bharti Broadband Networks Limited.

SHARE CAPITAL:

During the year under review, the authorized share capital of the Company was increased to Rs. 60 Crores from Rs. 50 crores. The paid up share capital of the Company, subsequent to the amalgamation of Bharti Telespatial Limited and Bharti Broadband Networks Limited, Bharti BT Limited with your Company, got reduced to Rs.10 Crores as a result of the cancellation of holding of Bharti Telespatial Limited in the company. The reduction in the paid up capital was a part of the scheme of amalgamation.

HUMAN RESOURCES:

The Company places great importance on development of its human resources for its future evolution. Special developmental efforts have been directed to sharpen the knowledge/skills and customer focus of its committed team of employees at all levels.

DIRECTORS:

Mr. Sunil Bharti Mittal is due to retire by rotation and being eligible, has offered himself for re-appointment. The Board recommends his re-appointment as Director of the Company.

AUDITORS' OBSERVATIONS*:

The Auditors' observations are self-explanatory and are suitably explained in the Notes to Accounts.

AUDITORS:

The Statutory Auditors of the Company, M/s. Price Waterhouse & Co., Chartered Accountants, shall retire at the ensuing Annual General Meeting and have expressed their unwillingness to be re-appointed. M/s. Price Waterhouse, Chartered Accountants have given their consent to act as Auditors of the Company from the conclusion of this meeting to the concluding of the next Annual General Meeting. 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. The Directors recommend their appointment as the Statutory Auditors.

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.

STATUTORY STATEMENTS:

The Statement pursuant to the provisions of section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 is annexed hereto and forms part of the Report.

The other disclosures required to be made in terms of section 217(1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to conservation of Energy, Research and Development and Technology Absorption are not applicable.

The Company earned foreign exchange of Rs. 0.2 Million during the year under review. However, there was a foreign exchange outgo of Rs. 283.31 Million as compared to an outgo of Rs. 39.73 Million in the previous year.

DIRECTORS' RESPONSIBILITY STATEMENT – SECTION 217(2AA)**The Directors' Confirm:**

- that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- that the Directors have selected such accounting policies and applied them consistently and made judgements 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, 2002 and of the profit and loss account of the Company for that period;
- that 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;
- that the Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT:

The Directors wish to place on record their sincere appreciation for the valuable contribution and dedicated efforts put in by all the employees and for assistance provided by the Bankers and other associates during the year.

On behalf of the board

Place : New Delhi **RAJAN BHARTI MITTAL** **AKHIL GUPTA**
Date : June 29, 2002 Director Director

ANNEXURE TO DIRECTORS' REPORT

Statement of particulars under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 for the year ended March 31, 2002 and forming part of the Directors Report.

Sl. No.	Name	Designation	Qualification(s)	Age (In years)	Date of commencement of employment	Total Experience (In years)	Gross Remuneration (In Rs.)	Previous Employment / Designation
(A) EMPLOYED FOR THE FULL FINANCIAL YEAR								
1.	Ashok Juneja	Chief Executive Officer	B. Tech., PGDM	45	01.10.00	23	5,813,111	Bharti Cellular Ltd.- Director (Special Project)
2.	Rajiv Sharma	Chief Operating Officer	BA, MBA	44	29.12.00	21	2,859,226	GMS Technologies - CEO
(B) EMPLOYED FOR PART OF THE FINANCIAL YEAR								
1.	Naresh Pandey	Chief Financial Officer	B.Com, ACS, ACA	39	24.07.01	19	1,750,935	HCL Perov Systems - CFO
2.	Sanjiv Mittal	Chief Executive Officer	B. Tech. M.B.A.	46	21.03.00	22	1,109,807	Tally Solution Pvt. Ltd.

Notes

- Gross remuneration comprises of Salary received during the year, Taxable Allowances, Company's contribution to Provident Fund, Company's contribution to Superannuation and taxable value of perquisites.
- None of the employees mentioned above is a relative of any of the Directors of the company.
- None of the employees mentioned above hold 2% or more share capital of the company.

AUDITORS' REPORT

To The Members of Bharti BT Internet Limited

We have audited the attached Balance Sheet of Bharti BT Internet Limited, as at March 31, 2002, and also the relative Profit and Loss Account for the year ended on that date, both of 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.

We have conducted our audit in accordance with 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.

Attention is drawn to Note 5 on Schedule 22. As indicated in the said note, the accumulated losses and miscellaneous expenses to the extent not written off, of the Company as at March 31, 2002, exceeded its share capital. However, based on the remedial steps being taken by the management and improvement in operating results and the continuing support by the holding Company as mentioned in the aforesaid note and in the Directors' Report, these accounts have been drawn on the assumption that the Company will continue as a going concern.

We did not audit the financial statements of certain Divisions of the Company, whose financial statements reflect total assets of Rs. 304,676,284 as at March 31, 2002, and total revenues of Rs. 320,358,119 for the year then ended. These financial statements have been audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the Divisions, is based solely on the report of the other auditors.

In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account together with the notes thereon/attached thereto and the Statement on Significant Accounting Policies give in the prescribed manner the information required by 'The Companies Act, 1956,' of India (the 'Act'), and also give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2002; and
- (b) in the case of the Profit and Loss Account, of the loss for the year ended on that date

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Company as required by law, so far as appears from our examination of these books and the aforementioned Balance Sheet and Profit and loss Account are in agreement therewith.

Read with Note 10 on Schedule 22 regarding related party disclosures being as identified and certified by the management, in our opinion,

the Balance Sheet and Profit and Loss Account have been prepared in compliance with the applicable accounting standards referred to in Section 211 (3C) of the Act.

Based on the written representations received from the Company on behalf of the Directors, as on March 31, 2002, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2002, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

As required by the Manufacturing and Other Companies (Auditor's Report) Order 1988, dated September 7, 1988, issued by the Central Government of India in terms of Section 227 (4A) of the Act and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:

- 6.1. (a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
- (b) The fixed assets of the Company have been physically verified during the year by the management and no material discrepancies between the book records and the physical inventory have been noticed.
- 6.2 The fixed assets of the Company have not been revalued during the year.
- 6.3 The stocks of traded goods have been physically verified by the management during the year except for stock lying with third parties. In our opinion the frequency of verification is reasonable.
- 6.4 In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- 6.5 The discrepancies between the physical stocks and the book stocks which have been properly dealt with in the books of account were not material.
- 6.6 In our opinion the valuation of stocks of finished goods, stores, spare parts and raw materials has been fair and proper in accordance with the normally accepted accounting principles in India and is on the same basis as in the preceding year.
- 6.7 In our opinion, the terms and conditions of unsecured interest free loans taken by the Company from the holding Company and a Company listed in the register maintained under Section 301 of the Act, are prima facie not prejudicial to the interests of the Company. The Company has not taken any other loans from companies, firms or other parties listed in the register maintained under Section 301 of the Act.
- 6.8 In our opinion the rates of interest and other terms and conditions of an unsecured loan, granted by the Company to a company listed in the register maintained under Section 301 of the Act are prima facie not prejudicial to the interest of the Company. The Company has not given any other loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Act.

- 6.9 The parties to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts as stipulated and are also regular in payment of interest (as applicable) in all cases.
- 6.10 In our opinion in general there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for purchase of plant and machinery, equipment and similar assets and with regard to sale of goods. The Company is in the process of improving the internal control procedures regarding provision of services.
- 6.11 In our opinion purchase of goods and materials and sale of goods, materials and service, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year Rs. 50,000/- or more in value in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials, or services and related agreements in respect of sales made at negotiated prices.
- 6.12 The Company has a system of determining unserviceable or damaged stores and finished goods on the basis of technical evaluation and on such basis, in our opinion, adequate provision for the loss has been made in the accounts.
- 6.13 The Company has not accepted any deposits from the public.
- 6.14 In our opinion, the Company's present internal audit system is generally commensurate with its size and nature of business.
- 6.15 The Company has regularly deposited, during the year, Provident Fund and Employees' State Insurance dues with the appropriate authorities in India.
- 6.16 At the last day of the accounting year there were no amounts outstanding in respect of undisputed Income Tax, Wealth Tax, Sales Tax and Custom Duty which were due for more than six months from the date they became applicable.

- 6.17 During the course of our examination of books of account carried out in accordance with generally accepted auditing practices, we have not come across any personal expenses other than those payable under contractual obligations or in accordance with the generally accepted business practices, which have been charged to expenditure in the Profit and Loss Account, nor have we been informed of any such case by the management.
- 6.18 In respect of services rendered:
 - (i) In our opinion, the Company has a reasonable system of recording receipts, issue and consumption of stores and allocating stores consumed to the relative jobs, commensurate with the size and nature of its business;
 - (ii) Considering the nature of services rendered and the basis of billing, it is not considered necessary to have a system of allocation of man hours to the related jobs;
 - (iii) In our opinion, there is a reasonable system of authorization at proper levels with necessary controls on the issue of stores and the related system of internal control of the company is commensurate with the size of the Company and the nature of its business;
- 6.19 In respect of trading activities, damaged goods have been determined and adequate provision has been made in the accounts for the loss arising on the items so determined.
- 6.20 The other clauses of the order are not applicable to the Company's activities for the year and accordingly we are not commenting on the same.

U. RAJEEV
Partner

For and on behalf of
PRICE WATERHOUSE & CO.
Chartered Accountants

Place: New Delhi
Dated: June 29, 2002

BALANCE SHEET AS AT MARCH 31,2002

	Schedule No.	As at March 31, 2002 (Rs.)	As at March 31, 2001 (Rs.)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	100,000,000	500,000,000
Reserves & Surplus	2	876,446,293	563,646,818
Loan Fund			
Secured loan	3	2,948,222	
Unsecured Loan	4	1,410,173,843	
Total		<u>2,389,568,358</u>	<u>1,063,646,818</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	941,796,999	489,381,783
Less : Depreciation		419,305,838	88,376,097
Net Block		<u>522,491,161</u>	<u>401,005,686</u>
Capital work in progress (including Capital Advances)		61,730,544	46,806,688
Total Fixed Assets		<u>584,221,705</u>	<u>447,812,374</u>
Investments	6	23,102	-
Current Assets, Loans & Advances			
Inventories	7	15,339,303	1,453,394
Sundry Debtors	8	75,022,043	23,165,890
Cash and Bank Balances	9	7,510,542	10,455,701
Loans and Advances	10	86,217,566	142,413,626
		<u>184,089,454</u>	<u>177,488,611</u>
Less : Current liabilities & Provisions			
Liabilities	11	300,713,751	117,011,140
Provisions		6,285,771	698,074
		<u>306,999,522</u>	<u>117,709,214</u>
Net Current assets		<u>(122,910,068)</u>	<u>59,779,397</u>
Miscellaneous Expenditure (to the extent not written off or adjusted)	12	18,114,685	-
Profit & Loss Account	2	1,910,118,934	556,055,047
Total		<u>2,389,568,358</u>	<u>1,063,646,818</u>
Significant Accounting Policies	21		
Notes to the accounts	22		

This is the Balance Sheet referred to in our report of even date

U. RAJEEV
For and on behalf of
PRICE WATERHOUSE & CO.
Chartered Accountants

Place: New Delhi
Date : June 29, 2002

The Schedules referred to above form an integral part of the Balance Sheet

On behalf of the Board

RAJAN BHARTI MITTAL
Director

AKHIL GUPTA
Director

NARESH PANDEY
Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,2002

	Schedule No.	Year ended March 31, 2002 (Rs.)	Year ended March 31, 2001 (Rs.)
Income			
Service Revenue	13	404,218,680	153,732,333
Sale of Goods		104,467,013	17,427,993
Other Income	14	658,882	1,668,527
		<u>509,344,575</u>	<u>172,828,853</u>
Expenditure			
Network Operating Expenditure	15	282,858,281	237,400,321
Cost of sale of goods	16	145,078,633	14,999,937
Personnel expenses	17	103,935,989	71,813,206
Sales & Marketing	18	29,932,045	154,156,991
Administrative & Other expenses	19	145,202,832	55,679,285
		<u>707,007,780</u>	<u>534,049,740</u>
Operating Loss before License Fee, Finance Expenses, Depreciation, Amortisation & Tax		<u>(197,663,205)</u>	<u>(361,220,887)</u>
Licence Fee		55,790,192	-
Finance Expense (Net)	20	4,455,377	(140,929)
Loss before Depreciation, Amortisation & Tax		<u>(257,908,774)</u>	<u>(361,079,958)</u>
Depreciation		179,362,254	62,236,580
Amortisation		4,931,410	-
Loss before Tax		<u>(442,202,438)</u>	<u>(423,316,538)</u>
Provision for Tax		307,411	-
Loss for the Year		<u>(442,509,849)</u>	<u>(423,316,538)</u>
Loss brought forward from Earlier Years		(556,055,047)	(132,738,509)
Less: Loss acquired under a scheme of amalgamation (Refer note 11 on Schedule 22)		(179,398,466)	-
Less: Difference of consideration and value of net identifiable assets acquired under a scheme of amalgamation (Refer note 11 on Schedule 22)		(732,155,572)	-
Loss carried forward to the Balance Sheet		<u>(1,910,118,934)</u>	<u>(556,055,047)</u>
Earning per Share (Loss)	22 (12)	(44.25)	(15.01)
Significant Accounting Policies	21		
Notes to the accounts	22		

This is the Profit & Loss Account referred to in our report of even date

U. RAJEEV
For and on behalf of
PRICE WATERHOUSE & CO.
Chartered Accountants

Place: New Delhi
Date : June 29, 2002

The Schedules referred to above form an integral part of the Profit & Loss Account

On behalf of the Board

RAJAN BHARTI MITTAL
Director

AKHIL GUPTA
Director

NARESH PANDEY
Company Secretary

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Particulars	As at March 31, 2002 (Rs.)	As at March 31, 2001 (Rs.)
SCHEDULE 1		
Share Capital		
Authorised 60,000,000 Equity shares of Rs. 10 each (Previous year 50,000,000 Equity shares of Rs. 10 each fully paid up)	600,000,000	500,000,000
Issued, Subscribed and Paid up (Refer Note 3 on Schedule 22) 10,000,000 Equity shares of Rs. 10 each fully paid up The above 10,000,000 shares are allotted as fully paid up pursuant to the scheme of amalgamation without payments being received in cash (Previous year 50,000,000 Equity shares of Rs. 10 each fully paid up)	100,000,000	500,000,000
	<u>100,000,000</u>	<u>500,000,000</u>
SCHEDULE 2		
Reserves & Surplus		
Share Premium Opening balance Add: Additions during the year Add: Acquired under a scheme of amalgamation (Refer Note 11 on Schedule 22)	563,646,818 - 312,799,475	163,399,930 400,246,888 -
	<u>876,446,293</u>	<u>563,646,818</u>
SCHEDULE 3		
Secured Loan		
Cash credit from a bank (Secured by hypothecation of stocks, all present and future book debts, outstanding moneys receivables, claim bills, contracts, engagements)	2,948,222	-
	<u>2,948,222</u>	<u>-</u>
SCHEDULE 4		
Unsecured Loan		
Loan from Bharti Televentures Limited, the holding Company Others	1,397,061,887 13,111,956	- -
	<u>1,410,173,843</u>	<u>-</u>

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

SCHEDULE - 5

FIXED ASSETS

(Refer Note 2 and 3 on Schedule 21 and Note 9 on Schedule 22)

Particulars	Gross Block			Depreciation			Net Block		(Amount Rs)
	As at April 1, 2001	Assets acquired on merger	Additions during the year	Sale/ Adjustment	As at March 31, 2002	For the year ****	Sale/ Adjustment	As at March 31, 2002	
Leasehold Land***	-	954,804	-	-	954,804	-	-	954,804	-
Leasehold Improvements	18,390,557	-	3,935,628	389,671	21,936,514	6,019,760	113,146	12,246,779	14,607,436
Building	-	9,680,799	3,781,381	-	13,462,180	625,939	-	11,868,014	-
Leased VSAT Assets	-	41,568,179	-	-	41,568,179	8,859,233	-	4,387,985	-
Plant & Machinery*	270,315,223	198,542,677	106,062,540	13,551,601	561,368,839	65,001,729	1,345,010	373,981,905	237,955,243
Computer Hardware	81,536,289	23,243,194	6,718,636	751,900	110,746,219	39,663,253	221,993	34,260,598	62,200,523
Computer Software	75,301,020	30,163,537	27,076,978	-	132,541,535	42,606,149	-	55,320,754	52,011,799
Air Conditioner	7,602,697	-	471,429	231,049	7,843,077	785,383	40,545	5,796,931	6,301,389
Office Equipment	9,382,461	494,683	103,121	33,800	9,946,465	2,065,915	3,315	4,628,064	6,181,282
Generator	4,679,804	-	279,705	230,000	4,729,509	448,910	6,679	3,616,232	4,008,758
Furniture & Fixture	22,173,732	12,338,641	2,600,155	412,850	36,699,678	13,478,559	85,503	15,429,095	17,739,256
Vehicle	-	575,004	-	575,004	-	(192,576)	247,866	-	-
Total :	489,381,783	317,561,518	151,029,573	16,175,875	941,796,999	179,362,254	2,064,057	522,491,161	401,005,686
Capital Work in Progress **									46,806,688
Total								61,730,544	447,812,374
Previous Year as at 31-3-2001	163,038,083	-	326,368,700	25,000	489,381,783	62,236,580	1,032	88,376,097	401,005,686

* Additions during the year include a loss of Rs.375,209 on account of foreign exchange fluctuation (Previous Year loss of Rs. 791,556)

** Capital Work in Progress include a loss of Rs.180,179 on account of foreign exchange fluctuation (Previous Year gain of Rs. 76,662)

*** Leasehold land represents land acquired on lease cum sale basis from Karnataka Industrial Areas Development Board

**** Net of excess depreciation charged in earlier years written back Rs. 818,528 (Previous Year Nil)

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Particulars	As at March 31, 2002 (Rs.)	As at March 31, 2001 (Rs.)
SCHEDULE 6		
Investments		
(Refer Note 12 on Schedule 21)		
(Long term, non trade, unquoted, at cost)		
Government Securities		
Indira Vikas Patra	3,000	-
(Current, non trade, quoted, at lower of cost or fair value)		
Pioneer ITI Mutual Fund	20,102	-
14,760 Units (Previous Year: Nil) of Rs. 20,102 (Previous Year: Nil)		
{25,790.021 units (Previous year Nil) of Rs.35,000,000 (Previous year Nil)		
purchased and 25,775.261 units (Previous year Nil) of Rs.35,125,966		
(Previous year Nil) sold during the year}	23,102	-
Aggregate market value of quoted investment	20,718	-
SCHEDULE 7		
Inventory		
(Refer Note 6 on Schedule 21)		
Stock in Trade	15,339,303	1,453,394
	15,339,303	1,453,394
SCHEDULE 8		
Sundry Debtors		
(Unsecured considered good unless otherwise stated)		
(Refer Note 4 on Schedule 21)		
Debts outstanding for a period exceeding six months		
- Considered Doubtful	53,507,904	2,344,073
	53,507,904	2,344,073
Less: Provision for doubtful debts	(53,507,904)	(2,344,073)
	-	-
Other debts		
Considered Good	75,022,043	23,165,890
(includes secured Rs. 500,928, previous year Rs. 2,430,264)		
Considered Doubtful	6,733,526	1,713,534
	81,755,569	24,879,424
Less: Provision for doubtful debts	(6,733,526)	(1,713,534)
	75,022,043	23,165,890
	75,022,043	23,165,890
SCHEDULE 9		
Cash & Bank Balance		
Cash in hand	156,574	114,827
Cheques in hand	1,242,503	2,301,220
Balances with Scheduled Banks		
- in Current Accounts	3,417,051	1,516,282
- in Fixed deposits	2,606,118	4,870,372
- in Margin Money	88,296	1,653,000
	7,510,542	10,455,701
SCHEDULE 10		
Loans & Advances		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	80,295,395	141,577,412
Interest accrued on investment	140	37,924
Tax Deducted at Source/Advance Tax	5,922,031	798,290
	86,217,566	142,413,626

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Particulars	As at March 31, 2002 (Rs.)	As at March 31, 2001 (Rs.)
SCHEDULE 11		
Current liabilities & provisions		
Current Liabilities		
Sundry Creditors		
- Due to Small Scale Industries (Refer Note 7 on Schedule 22)	-	-
- Others	191,821,625	102,383,944
Advance Billing and Prepaid Card Revenue	102,419,435	11,542,326
Other Liabilities	6,472,691	3,084,870
	300,713,751	117,011,140
Provisions		
(Refer Note 7&8 on Schedule 21)		
Gratuity	771,567	299,702
Leave encashment	1,039,279	398,372
Warranty	3,888,793	-
Inocme Tax	586,132	-
	6,285,771	698,074
	306,999,522	117,709,214
SCHEDULE 12		
Miscellaneous Expenditure		
(to the extent not written off/adjusted)		
Deferred Employee Compensation Benefit		
(Refer Note 9 on Schedule 21)		
Opening balance	-	-
- Additions during the year	23,046,095	-
- Amortisation during the period	4,931,410	-
Closing Balance	18,114,685	-
	18,114,685	-
Particulars	For the year ended March 31, 2002 (Rs.)	For the year ended March 31, 2001 (Rs.)
SCHEDULE 13		
Service Revenue		
(Refer note 4 on Schedule 21 and Note 4 on Schedule 22)		
Service/ Billing Revenue	373,625,885	146,815,158
(Gross of Tax deducted at source Rs.905,150 , Previous Year Rs. 235,787)		
Advertisement Revenue	5,151,754	6,917,175
(Gross of Tax deducted at source Rs. 23,844, Previous Year Rs. 54,586)		
Lease Rentals	25,441,041	-
	404,218,680	153,732,333
SCHEDULE 14		
Other Income		
Profit on Sale of Investment	146,068	28,578
Miscellaneous receipts	449,500	1,177,879
Liability no longer required written back	63,314	462,070
	658,882	1,668,527
SCHEDULE 15		
Network Operating Expenditure		
Installation charges	2,359,187	-
VSAT maintenance and warranty charges	10,414,798	-
Communication and space segment charges	41,575,813	-
Internet Access & Bandwidth charges	137,797,365	157,477,103
(Net of Rs. 23,760 thousand written back pertaining to earlier periods)		
PSTN Rentals	63,071,018	45,775,559
Registration Fees	4,705,189	16,663,183
Electricity & Water	9,544,858	4,737,999
Insurance	426,833	258,551
Stores & Spares Consumed	20,105	2,125,179
Repair & Maintenance	12,943,115	10,362,747
	282,858,281	237,400,321

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Particulars	For the year ended March 31, 2002 (Rs.)	For the year ended March 31, 2001 (Rs.)
SCHEDULE 16		
Cost of Goods Sold		
Traded Equipment & Spares		
Opening Stock	1,453,394	–
Add: Stock Acquired under a scheme Amalgamation	52,926,088	–
Add : Purchases	110,585,033	16,453,331
Less: VSAT sets/ Sub-net given on lease, capitalised	4,546,579	–
	160,417,936	16,453,331
Less : Closing Stock {net of write down Rs. 52,248,168 (Previous year Nil)}	15,339,303	1,453,394
Total Cost of Goods Sold	145,078,633	14,999,937
SCHEDULE 17		
Personnel Expenses (Refer Note 7 on Schedule 21)		
Salaries	89,075,106	59,641,497
Contribution to Provident and Other Funds	4,897,882	3,441,721
Staff Welfare Expenses	3,494,399	2,617,819
Recruitment & Training Expenses	6,468,602	6,112,169
	103,935,989	71,813,206
SCHEDULE 18		
Sales & Marketing expenses		
Advertisement & Marketing Expenses	20,481,463	124,798,326
Sales Commission and Incentive	6,690,501	5,278,587
Business Promotion	1,557,425	10,263,092
Other selling & distribution expenses	1,202,656	13,816,986
	29,932,045	154,156,991
SCHEDULE 19		
Administration & Other expenses		
Legal & Professional Charges	4,731,112	5,815,846
Rates, Fees and Taxes	4,645,414	2,074,226
Electricity & Water	1,719,375	1,579,333
Telephone, Telex and Postage	11,501,452	6,360,386
Printing and Stationery	2,729,744	2,810,085
Travelling and Conveyance	15,479,005	8,499,365
Rent	14,458,134	12,167,502
Repairs and Maintenance	12,206,104	6,729,187
Recovery & Collection Charges	279,392	196,091
Provision for doubtful debts	49,518,307	3,814,231
Loss on Sale of assets	5,350,650	5,218
Carriage & Cartage	3,046,285	1,761,705
Miscellaneous amounts/advances written off (net of liabilities Rs. 3,437,574 no longer required written back)	6,428,381	–
Billing & Software expenses	5,763,176	666,750
Charity & Donation	–	869,176
Miscellaneous Expenses	7,346,301	2,330,184
	145,202,832	55,679,285
SCHEDULE 20		
Finance Expense (net)		
Interest Expense and Foreign Exchange Loss		
– On Loan/ OD from Bank	1,925,840	–
Other Finance Charges	2,810,926	1,267,704
Loss on Foreign Exchange Fluctuation	953,556	196,551
	5,690,322	1,464,255
Less: Interest Income		
Interest income		
– from investments	145,962	963,029
(Gross of Tax deducted at source Rs.42,084, Previous Year Rs. 79,012)		
– others	1,088,983	642,155
(Gross of Tax deducted at source Rs. 6,194, Previous Year Rs. Nil)		
	4,455,377	(140,929)

SCHEDULE: 21

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. The accounts are prepared under the historical cost convention in accordance with the accounting standards issued by the Institute of Chartered Accountants of India and relevant presentational requirements of the Companies Act, 1956.

2. **FIXED ASSETS**

Fixed Assets are stated at cost of acquisition and subsequent improvements thereto, including taxes, duties, freight and other incidental expenses related to their acquisition and installation.

Capital work in progress is stated at cost.

3. **DEPRECIATION**

Depreciation is provided on straight-line method at the rates prescribed by Schedule XIV to the Companies Act, 1956, except for the following on which depreciation is provided on straight-line method to write off their cost over their estimated useful lives. The depreciation rates are as follows:

Item	Rate of Depreciation
Computers, Servers and Software	33.33%
Furniture & Fixture, Office Equipment and Vehicle	20%
Airconditioners and Generators	10%
Building	5%

Leased assets are written off over the period of the primary lease. Software up to Rs. 0.10 million is written off in the year of purchase. Assets costing less than Rs. 5,000 are depreciated at 100% in the year of purchase.

4. **REVENUE RECOGNITION**

Revenue from traded goods is recognised at the point of dispatch of goods to customers based on their confirmed orders or when title is transferred on endorsement and delivery of shipping documents in case of high sea sales.

Service Revenues comprise revenues from registration, Installation and provision of Internet & Satellite service. Registration fee is recognised at the time of dispatch and invoicing of Start Up Kits. Installation charge is recognised as revenue on satisfactory completion of installation of hardware and service revenue is recognised from the date of satisfactory installation of equipment and software at the customer site and provisioning of Internet & Satellite services.

Revenue from prepaid dialup packs is recognised on the actual usage basis and is net of sales return and discount.

Advertisement revenues are on the advertisements served on the Company's website and also include third party promotions and advertisements on Start Up Kits, which is recognised on provision of services as per contract.

Provision for doubtful debts is made for dues outstanding for more than 90 Days and dues from customers who have been deactivated other than those covered by security deposits.

5. **FOREIGN CURRENCY TRANSACTION**

Foreign currency transactions are accounted at exchange rates prevailing on the date of transaction. Monetary items are restated at year end foreign exchange rates. Resultant exchange differences arising on payment or conversion of liabilities are recognised as income or expense in the year in which they arise except in respect of liabilities for acquisition of fixed assets, where such exchange difference is adjusted in the carrying cost of the respective fixed assets.

6. **INVENTORY**

Inventories are valued at lower of cost and net realisable value. Cost is determined on a weighted average basis.

7. **RETIREMENT BENEFITS**

Contribution to provident fund made at predetermined rates are charged to profit and loss account. The Company has provided for the liability on account of unavailed earned leave and gratuity liability under the Payment of Gratuity Act, 1972, payable to its employees as per Actuarial Valuation done on the basis of projected unit credit method. In Satellite Division the contributions to gratuity administered by the Life Insurance Corporation of India, are made at predetermined rates and charged to the Profit and loss account.

8. **WARRANTY**

Provision for warranty is based on past experience and technical estimates.

9. **EMPLOYEE STOCK OPTION SCHEME**

The aggregate amount of liability on account of Employee Stock Option Plan as ascertained at year end is being carried forward as Deferred Employee Compensation Benefit under Miscellaneous Expenditure to be written off on a straight line basis over the related vesting period of individual option.

10. **LEASES**

Lease rentals in respect of assets taken on 'Operating Lease' are charged to the Profit and Loss Account on an accrual basis.

11. **LICENCE FEE**

Fixed amount of license fee payable based on number of Very small Aperture Terminal (V-SAT) installed are charged off to Profit & Loss Account on time proportionate basis.

With effect from October 1, 2002, variable license fee computed as a percentage of revenue share prescribed by National Telecom Policy-1999, is being charged off to the Profit and Loss Account in the year in which the related revenue arises.

12. INVESTMENTS

Long term Investments are valued at cost. Provision is made for diminution in value to recognise a decline, if any, other than of temporary nature. Current Investments are valued at lower of cost and fair market value.

13. EARNING PER SHARE

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

14. TAXATION

Tax expense for the period, comprising current tax and deferred tax is included in determining the net profit/(loss) for the period.

However, in the year of transition, the accumulated deferred tax liability at the beginning of the year has been recognised with a corresponding charge to the Reserves in accordance with Accounting Standard 22 issued by the Institute of Chartered Accountants of India.

Deferred tax assets are recognised for all deductible timing differences and carried forward to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax asset to the extent it pertains to unabsorbed loss/ depreciation, is recognised only to the extent that there is virtual certainty of realisation based on expected profitability in the future as estimated by the Company.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the balance sheet date.

15. SEGMENT REPORTING

- (a) Primary Segment:
The Company operates only in one business segment viz. 'Integrated Broadband solutions.'
- (b) Secondary Segment:
The Company caters mainly to the needs of Indian market there are no reportable geographical segments.

SCHEDULE 22

NOTES TO ACCOUNTS

	2001-2002 (in '000)	2000-2001 (in '000)
1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	13,490	48,090
2. Contingent Liabilities:		
Bank Guarantees (Including guarantees given on behalf of Bharti Telesonic Ltd. Rs. 5,430 thousand {previous year Rs. 17,880 thousand}).	44,100	39,810
(The collateral security issued to the bank for the Performance Bank Guarantee has been given by Bharti Telecom Limited by way of Corporate Guarantee to the extent of Rs. 20,000 thousand.)		
(The Satellite Division, erstwhile Bharti BT Ltd., has marked a lien on the non-fund based limit sanction to it by UTI Bank Ltd., Bangalore up to the extent of Rs. 16,980 thousand for Bharti Comtel Ltd., associate company.)		
Other Contingent Liability	Nil	2,150
3. Issued, subscribed and paid up capital include 10,000 thousand equity shares (Previous year Nil) of Rs. 10/- each fully paid up, aggregating to Rs. 100,000 thousand (Previous year Nil) held by Bharti Tele-Ventures Ltd, the holding company.		
4. The Company has changed the accounting policy of recognising revenue from sale of Dial-up packs on dispatch basis to recognising revenue on the actual usage basis in order to comply with provisions of Accounting Standard- 9 issued by the Institute of Chartered Accountants of India. Had the Company followed the same policy in the previous year the loss for the period would have been lower by Rs.14,850 thousand, and the Income would have been higher by the same amount with a corresponding impact on net assets of the Company.		
5. As at the year end, the Company's accumulated losses and miscellaneous expenditure (to the extent not written off or adjusted) have exceeded its share capital. Considering that erosion of equity is not unusual in the initial operating years of a sizable infrastructure project, and taking into consideration the financial re-structuring effected by the Company, the continuing support of the holding Company and the improvement in operating results and other measures taken to ensure the long-term prospects and operations of the Company, the accounts for the year have been prepared on a going concern basis.		
6. Keeping in view the available taxable profits to the Company in the future, on a conservative basis, the deferred tax asset has not been recognised in the accounts.		
7. There is no small scale industrial undertaking to whom the Company owes any amount as at March 31, 2002.		
8. The Company has applied to the Registrar of the Companies for change of name under Section 21 of the Companies Act, to Bharti Broadband Networks Limited.		
9. During the year, the Company has reviewed the useful life of its fixed assets (including fixed assets acquired under a scheme of amalgamation) and has revised the estimated useful life w.e.f. April 1, 2001. Had the Company followed the same depreciation rates as in the previous years, depreciation charge for the year would have been higher by Rs. 6,800 thousand with consequential impact on the net assets of the Company.		

10. Related Party transaction:

- (a) In accordance with the requirement of Accounting Standard (AS) – 18 on Related Party Disclosures, the names of the related parties where control exists and/or with whom transactions have taken place during the year and description of relationship, as identified and certified by the management are:

Directors

Mr Sunil Bharti Mittal
Mr Rajan Bharti Mittal
Mr Akhil Gupta

Other:

Name of Related Party	Relationship
Bharti Tele-Ventures Limited	Holding Company
Bharti Telenet Limited	Fellow Subsidiary
Bharti Comtel Limited	Fellow Subsidiary
Bharti Cellular Limited	Fellow Subsidiary
Bharti Mobinet Limited	Fellow Subsidiary
Bharti Mobitel Limited	Fellow Subsidiary

Name of Related Party

SC Cellular Holdings Limited	Fellow Subsidiary
Bharti Mobile Limited	Fellow Subsidiary
Bharti Telesonic Limited	Fellow Subsidiary
Bharti Aquanet Limited	Fellow Subsidiary
JD Projects Limited	Fellow Subsidiary
Bharti i2i Limited	Associate Company
Network i2i limited	Associate Company
Bharti Enterprises Private Limited	Associate Company
Bharti Telecom Limited	Associate Company
Bharti Telecom Finance Limited	Associate Company
Bharti Telesoft Limited	Associate Company
Bharti Teletech Limited	Associate Company
Bharti Infotrac Limited	Associate Company
Bharti Systel Limited	Associate Company
Goa Telecommunications and systems Limited	Associate Company
Bharti Healthcare Limited	Associate Company
Bharti Global Limited	Associate Company
Telecom (Seychelles) Limited	Associate Company
Indian Ocean Telecom Limited	Associate Company
Bharti Overseas Trading Company	Partnership in which Directors are interested

10. (b) Transactions with Related Parties

(in Rupees)

Nature of Transaction	Bharti Telenet Ltd.	Bharti Telesonic Ltd.	Bharti Telesoft Ltd.	Bharti Teletech Ltd.	Bharti Tele-Ventures Ltd.	Bharti Mobile Ltd.	Bharti Aquanet Ltd.
Relationship	Fellow Subsidiary	Fellow Subsidiary	Associate Company	Associate Company	Holding Company	Fellow Subsidiary	Fellow Subsidiary
Balance as on 01.04.2001	3,384,356	201,440	770,726	(26,862)	–	82,266	–
Balance acquired under a scheme of amalgamation	–	–	–	–	(1,207,462,227)	–	–
Sale/transfer of assets to Related parties	6,209,460	333,397	–	–	332,211	–	–
Amount received against sale of assets	–	(297,604)	–	–	–	–	–
Purchase of assets from Related parties	–	–	(120,670)	(11,245)	–	–	–
Purchase of services from Related parties	–	(1,543,799)	–	–	–	–	–
Payment against the assets purchased	–	–	–	36,688	–	–	–
Security Deposit paid	–	–	–	–	10,000	–	–
Salary related expenses paid	–	–	–	–	529,725	–	–
Sales made to related parties	28,392,584	209,538	441,227	556,135	3,816,152	4,132,311	–
Amount received from related parties	(132,900)	–	(870,726)	(302,522)	–	(648,750)	–
Expenses paid by related parties on behalf of the Company	(2,997)	(683,492)	(48,013)	(156,771)	(7,445,657)	(524,120)	–
Funds received from related parties	(53,499,645)	(5,888,987)	(307,148)	–	(207,232,158)	(2,815,076)	–
Funds transferred to related parties	–	6,067,795	1,547,831	156,771	1,562,843	–	–
Expenses paid by the Company on behalf of related parties	167,565	280,202	–	–	16,157,131	647,383	17,186
Other adjustments	25,582	(10,550)	–	–	2,726,531	(166,611)	–
Balance as on 31.03.2002	(15,455,995)	(1,332,060)	1,413,227	252,194	(1,397,005,449)	707,403	17,186

Nature of Transaction	Bharti Healthcare Ltd.	Bharti Comtel Ltd.	Bharti Mobinet Ltd.	Bharti Cellular Ltd.	Bharti Infotrac Ltd.	Bharti Telecom Ltd.	Bharti Mobitel Ltd.
Relationship	Associate Company	Fellow Subsidiary	Fellow Subsidiary	Fellow Subsidiary	Associate Company	Associate Company	Fellow Subsidiary
Balance as on 01.04.2001	103,357	68,313	–	258,076	–	–	–
Balance acquired under a scheme of amalgamation	–	–	–	–	–	218,460	–
Sale/transfer of assets to Related parties	–	–	–	–	5,496,182	–	–
Security Deposit paid	–	–	–	–	2,949,250	–	–
Salary related expenses paid	–	10,363,862	–	63,788	–	–	–
Sales made to related parties	11,622	1,331,069	441,584	4,047,180	114,320	–	10,500
Amount received from related parties	(11,622)	–	–	(1,834,140)	(5,370,192)	–	–
Expenses paid by related parties on behalf of the Company	(13,411)	(313,125)	–	(414,045)	(195,000)	–	–
Funds received from related parties	(78,347)	(101,944,659)	(717,444)	(34,162,886)	–	–	(45,000)
Funds transferred to related parties	–	48,925,703	–	–	–	–	–
Expenses paid by the Company on behalf of related parties	89,997	11,906,257	–	697,832	836,639	–	–
Payments made on behalf of related parties	–	15,935,431	–	7,276,276	–	–	–
Other adjustments	1,215	–	(38,556)	(883,126)	(3,191,912)	–	–
Balance as on 31.03.2002	102,811	(13,727,149)	(314,416)	(24,951,045)	639,287	218,460	(34,500)

Note 1 : Figures in brackets represents credit entries/balances.

Note 2 : Balance as on March 31, 2002, includes balances in Debtor, Loans and advances.

11. Pursuant to the Amalgamation of Bharti Broadband Networks Ltd. (BBNL), Bharti BT Ltd. (BBTL) and Bharti Telespatial Ltd. (BTSL) with the Company, as approved by the Honorable High Court of Delhi by its order dated January 15, 2002, and Honorable High Court of Karnataka by its order dated December 13, 2001, which became effective on March 28, 2002, on receipt of Certificate of Registration of Orders of Court from the Registrar of the Companies, NCT of Delhi and Haryana, all the properties, assets and liabilities of erstwhile BBNL, BBTL and BTSL were transferred to and vested in the Company with effect from the appointed date i.e. April 1, 2001.

The Scheme of Amalgamation has been accounted for under the Pooling of Interest Method i.e. assets, liabilities and reserves of the erstwhile BBNL, BBTL and BTSL have been recorded in the Company's books at their book value to the erstwhile companies. The value of net assets acquired effective from April 1, 2001, and calculation of difference between consideration and value of net identifiable assets acquired is set out below:

(Amount in '000 Rupees)

Particulars	BBNL	BTSL	BBTL	Total
Fixed Assets (including CWIP and net of accumulated depreciation)	2415	-	178,181	180,596
Current Assets	2,696	3,583	185,323	191,602
100% Interest acquired in the capital of the Company	-	1,006,510	-	1,006,510
100% Interest in the capital of Bharti BT Ltd.	-	438,023	-	438,023
Marketable Investments acquired	-	-	6	6
Less : Liabilities acquired	(17,660)	(1,242,452)	(110,847)	(1,370,959)
Less : Share Premium taken over	0	(193,423)	(119,376)	(312,799)
Less: Accumulated Reserve taken over	12,549	(476)	167,325	179,398
Net Assets acquired as on April 1, 2001 (A)	0	11,765	300,612	312,377
Book Value of Equity shares issued by the Company (B)	0	100,000	-	100,000
Cost of Equity shares in the Bharti BT Limited (C)	-	-	438,023	438,023
Difference between consideration and value of net identifiable assets acquired charged to Reserves & Surplus (D)=(B+C-A)	0	88,235	137,411	225,646
Add: Difference between Share Capital in the Company outstanding on the date of amalgamation and cost of Equity acquired as a result of amalgamation of BTSL with the Company (E)	-	-	-	506,510
Total Difference between consideration and value of net identifiable assets acquired charged to Reserves & Surplus (D)+(E)				732,156

12. Earning per share:

	2001-2002	2000-2001
Opening number of shares	50,000,000	16,340,000
Closing number of shares	10,000,000	50,000,000
Weighted Average number of shares outstanding	10,000,000	28,202,675
Profit (loss) after tax (in Rupees)	(442,509,849)	(423,316,538)
EPS (in Rupees)*	(44.25)	(15.01)

* Also refer Note 13 on Schedule 21.

13. Additional information pursuant to provisions of part II of Schedule VI to the Companies Act, 1956.

(a) Details of purchases and sales:

Particulars	Purchases # *				Sales			
	2001-2002		2000-2001		2001-2002		2000-2001	
	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.
(i) TDMA VSATs Assembly sets (incl. s/w)	33	3,667,137	-	-	14	3,499,004	-	-
(ii) PAMA VSATs Assembly sets @		18,926,753	-	-		19,517,477	-	-
(iii) Others		11,415,802	-	-		13,968,586	-	-
(iv) Gateways @		49,935,894	-	-		45,467,143	-	-
(v) Broadband Interactive Terminal	101	7,092,346	-	-	31	4,522,212	-	-
(vi) Internet Modem & Others	538	15,000,523	2158	16,453,331	539	17,492,591	1973	17,427,993
Total		106,038,455		16,453,331		104,467,013		17,427,993

(b) Details of inventories:

Particulars	As at 31.03.2002		As at 31.03.2001	
	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.
	(i) TDMA VSAT Assembly sets	145	Nil	-
(ii) PAMA VSAT [@] Assembly sets		12,959,034	-	-
(iii) Others [@]		965,507	-	-
(iv) Gateways @		201,213	-	-

(v) Broadband Interactive Terminal	70	Nil	-
(vi) Internet Modem & Others**	30	1,213,549	185
TOTAL		15,339,303	1,453,394

*excludes 14 BIT, nil VSAT set/ Sub-net capitalised

** 4 Modem and 153 other items have been capitalised from the opening inventory

@ In view of heterogeneous nature of PAMA VSATs, quantitative particulars have not been disclosed.

Purchases and inventories disclosed above exclude goods in transit.

	2001-2002 Rs.	2000-2001 Rs.
(c) CIF value of imports		
Capital goods	100,468,081	99,634,728
Capital Stores & Spares	Nil	1,328,831
Traded goods	57,028,237	386,098
(d) Expenditure in foreign currency		
Travel	723,195	427,463
Bandwidth Charges	119,612,525	36,486,898
Subscription and Membership	355,415	233,450
Software Expenses	243,571	367,529
Content Charges	1,571,685	2,215,190
Domain Registration Charges	8,448	Nil
Training Expenses	424,426	Nil
V-sat maintenance and warranty Charges	3,134,026	Nil
(e) Earnings in foreign exchange		
Others	200,000	Nil

14. Amount due from the companies under the same management as defined under section 370 (1) (B) of the companies Act, 1956, as at March 2002, is as follows:

(a) Amounts included in Loans & Advances (Refer schedule 10):

Company Name	Year Ended March 31, 2002 (maximum amount due during the year under loan and advances if other than closing balance) (Rs.)	Year Ended March 31, 2001 (maximum amount due during the year under loan and advances if other than closing balance) (Rs.)
Bharti Cellular Ltd.	Nil (258,520)	169,447
Bharti Aquanet Limited	17,186	Nil
Bharti Tele-Ventures Ltd.	Nil (678,636)	Nil (103,305,238)
Bharti Telenet Ltd.	312,373	184,356
Bharti Comtel Ltd.	3,181,958 (52,930,632)	68,313
Bharti Telesonic Ltd.	Nil (558,633)	201,440
Bharti Mobile Ltd.	Nil (149,457)	88,943
Bharti Telesoft Limited **	NA	409,726(934,802)
Bharti Telecom Limited **	NA	Nil (3,810,803)
Bharti Health Care Limited **	NA	103,357
Bharti Duraline Limited **	NA	21,669
Bharti Telespatial Limited *	NA	50,526,750
Bharti BT Limited *	NA	Nil (19,913,523)

(b) Amounts included in Debtors (Refer schedule 8):

Company Name	Year Ended March 31, 2002 (Rs.)	Year Ended March 31, 2001 (Rs.)
Bharti Cellular Ltd.	2,062,379	116,250
Bharti Tele-Venture Ltd.	56,438	Nil
Bharti Telenet Ltd.	7,742,420	3,200,000
Bharti Mobile Ltd.	707,403	Nil
Bharti Telesoft Limited**	N.A.	361,000
Bharti Telecom Limited**	N.A.	12,000
Bharti Duraline Limited**	N.A.	15,000

*Merged with the company under the scheme of Amalgamation.

**As informed by management leased to a company under the same management.

15. Remuneration to Auditors

	Year Ended March 31, 2002 (Rs.)	Year Ended March 31, 2001 (Rs.)
Audit Fees*	**1,375,500	400,000
Other Services*	492,250	Nil
Reimbursement of Expenses*	34,880	15,340

*Amount for the year ended March 31, 2002 includes amount paid to Branch Auditors.

**Includes Rs. 78,500/- paid for the previous year.

16. Pursuant to the amalgamation of erstwhile Bharti Telespatial Limited, Bharti BT Limited and Bharti Broadband Networks Limited with the company, previous year figure have been reassociated/reclassified in the opening balances of the current year wherever necessary, therefore to that extent previous years figures are not comparable with the current year.

17. Previous year's figures have been reclassified, wherever necessary, to conform to the current year's classification.

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2002 AND MARCH 31, 2001

	31.03.2002 Rs.	31.03.2001 Rs.
A. Cash flow from operating activities:	(442,202,438)	(423,316,538)
Net (loss)/profit before tax but after exceptional/extraordinary items		
Adjustments for:		
Depreciation	179,362,254	62,236,580
Interest Expense	1,925,840	-
Interest Income	(1,234,945)	(1,605,184)
(Profit)/Loss on Fixed Assets sold	5,350,650	5,218
(Profit)/Loss on sale of Investments	(146,068)	(28,578)
Deferred revenue expenditure written off	4,931,410	-
Debts / Advances Written off	6,428,381	-
Provision for Bad & Doubtful Debts	49,518,307	3,814,231
Liability no longer required written back	(63,314)	(462,070)
Provision for Gratuity & Leave Encashment	194,075	325,658
Provision for Inventory for obsolete/ damaged stock	52,248,168	-
Provision for warranty	(3,011,335)	-
Operating profit before working capital changes	(146,699,015)	(359,030,683)
Adjustments for changes in working capital :		
- (INCREASE)/DECREASE in Sundry Debtors	(38,239,514)	(11,041,662)
- (INCREASE)/DECREASE in Other Receivables	70,128,856	(66,457,943)
- (INCREASE)/DECREASE in Inventories	(13,169,500)	(1,453,394)
- INCREASE/(DECREASE) in Trade and Other Payables	89,485,775	67,258,600
Advance given to BTVL - ESOP Trust as per ESOP Scheme	(57,000,000)	-
Cash generated from operations	(95,493,398)	(370,725,082)
- Taxes (Paid) / Received (Net of TDS)	(1,418,724)	(667,637)
Net cash from operating activities	(96,912,122)	(371,392,719)
B. Cash flow from Investing activities:		
Purchase of fixed assets		
Additions during the period	(151,029,573)	(326,368,700)
Capital Work in Progress		
Additions during the period	1,742,424	(25,545,267)
Proceeds from Sale of fixed assets	8,761,167	18,750
Proceeds from Sale of Investments	35,129,466	9,943,948
Purchase of investments	(35,000,000)	-
Interest Received (Revenue)	1,230,645	1,589,100
Net cash used in investing activities	(139,165,871)	(340,362,169)
C. Cash flow from financing activities:		
Proceeds from fresh issue of Share Capital (including Share Premium)	-	712,346,888
Proceeds from short term borrowings	195,067,110	-
Interest Paid	(1,925,840)	-
Net cash used in financing activities	193,141,270	712,346,888
Net Increase/(Decrease) in Cash & Cash Equivalents	(42,936,723)	592,000
Cash and cash equivalents as at the beginning of the year	10,455,701	9,863,701
Cash and Cash Equivalents Acquired on Acquisition	39,991,564	-
Cash and cash equivalents as at the end of the year	7,510,542	10,455,701
Cash and cash equivalents comprise		
Cash, Cheques & Drafts (in hand) and Remittances in transit	1,399,077	2,416,047
Savings account with Post Office		
Balance with Scheduled Banks	6,111,465	8,039,654
	7,510,542	10,455,701

Notes :

- The above Cash flow statement has been prepared under the indirect method setout in AS-3 issued by the Institute of Chartered Accountants of India.
- Figures in brackets indicate cash outgo.
- Previous period figures have been regrouped and recast wherever necessary to conform to the current period classification.
- Following Assets / liabilities acquired under a scheme of amalgamation have not been considered in the above Cash Flow Statement for a purchase consideration of 10 million fully paid up equity shares in the Company :

Fixed Assets (including CWIP and net of accumulated depreciation)	180,596,254
Current Assets (other than cash)	151,610,518
Marketable Securities	6,500
Current Liabilities	102,377,697
Loan Fund	1,268,581,702
Share Premium	312,799,475

On behalf of the Board

RAJAN BHARTI MITTAL
DirectorAKHIL GUPTA
Director

AUDITORS' CERTIFICATE

The above Cash Flow Statement has been compiled from and is based on the audited accounts of Bharti BT Internet Limited for the year ended March 31, 2002 reported upon by us on 29/6/2002. According to the information & explanations given, the aforesaid Cash Flow Statement has been prepared in consonance with the requirements of the Accounting Standard (AS) - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India and the reallocations required for the purpose are as made by the Company.

U. RAJEEV
PartnerFor and on behalf of
PRICE WATERHOUSE & CO.
Chartered AccountantsPlace: New Delhi
Date : June 29, 2002

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	9 4 3 7 0	State Code	5 5
Balance Sheet Date	3 1 - 0 3 - 0 2		
	Date Month Year		

II. Capital raised during the year (Amount in thousands)

Public Issue

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Bonus Issue

--	--	--	--	--	--	--	--	--	--

Rights Issue

--	--	--	--	--	--	--	--	--	--

Private Placement

	1	0	0	0	0	0			
--	---	---	---	---	---	---	--	--	--

III. Position of mobilisation and deployment of funds (Amount in thousands)

Total Liabilities

	2	3	8	9	5	6	8
--	---	---	---	---	---	---	---

Sources of funds

Paid-Up Capital

		1	0	0	0	0	0
--	--	---	---	---	---	---	---

Secured Loans

			2	9	4	8
--	--	--	---	---	---	---

Application of funds

Net Fixed Assets

		5	8	4	2	2	1
--	--	---	---	---	---	---	---

Net Current Assets

	(-)	1	2	2	9	1	0
--	-----	---	---	---	---	---	---

Accumulated Losses

	1	9	1	0	1	1	9
--	---	---	---	---	---	---	---

Total Assets

	2	3	8	9	5	6	8
--	---	---	---	---	---	---	---

Reserves & Surplus

	8	7	6	4	4	6
--	---	---	---	---	---	---

Unsecured Loans

	1	4	1	0	1	7	4
--	---	---	---	---	---	---	---

Investments

						2	3
--	--	--	--	--	--	---	---

Misc. Expenditure

			1	8	1	1	5
--	--	--	---	---	---	---	---

IV. Performance of the Company (Amount in thousands)

Turnover

	5	0	9	3	4	5
--	---	---	---	---	---	---

Profit / (Loss) Before Tax

	(-)	4	4	2	2	0	2
--	-----	---	---	---	---	---	---

Earnings Per Share in Rs.

	(-)	4	4	. 2	5
--	-----	---	---	-----	---

Total Expenditure

	9	5	1	5	4	7
--	---	---	---	---	---	---

Profit / (Loss) After Tax

	(-)	4	4	2	5	1	0
--	-----	---	---	---	---	---	---

V. Generic Names of three principal products / services of the Company (as per monetary terms)

Item Code No. (ITC Code)	N O T A P P L I C A B L E
Product Description	P R O V I D I N G I N T E G R A T E D
	N E T W O R K S O L U T I O N
	S E R V I C E S

On behalf of the Board

RAJAN BHARTI MITTAL
DirectorAKHIL GUPTA
DirectorPlace: New Delhi
Date : June 29, 2002