

Bharti Cellular Limited

Directors' Report

The Directors have pleasure in presenting the Twelfth Annual Report and Audited Accounts for the financial year ending March 31, 2004.

BUSINESS REVIEW

The year under review witnessed major improvements in the Company's performance. The 9 new circles acquired last year have stabilized. We have achieved reasonably strong position in the other new circles. In the old circles, we have further consolidated our leadership position. Additionally, we have acquired licences to operate in 6 new circles and an existing operator in Rajasthan and soon will have a truly national presence.

The mobile market in India grew by 140% and Bharti Cellular grew by nearly 100% in the same period.

The year also saw the emergence of the CDMA operators as new players. The unified licensing regime announced during the year further formalized their entry as fully mobile operators. The year also saw the introduction of the Interconnect Usage Charges (IUC) regime in May 2003, which made incoming calls free. Then in February 2004, the modified IUC regime was applied which imposed an Access Deficit Charge (ADC) on mobile operators, thereby making calls from mobiles more expensive.

The industry also saw intense M&A activities with Regional GSM players merging into National players.

The company has successfully integrated its 15 circles and rolled out various national level programs. It also entered in cost optimization through strategic initiatives like outsourcing in Information Technology, Call Center and Network operations.

REVIEW OF OPERATIONS

Management

The Mobility Office (MO) structure was completely operational with most of the senior and middle level positions in place. The management structure is a matrix of Regional Strategic Business Units (RSBU) and functional heads. The RSBU's consist of various circle operations and are aggregated into 7 geographical regions. This structure facilitates evolving strategies that provide economies of scale at the same time allowing customization to circle specific initiatives for successful execution.

A Mobility board was constituted of 8 members, 4 from the MO and 4 from the RSBU's, to take key strategic decisions.

Financial Indicators

During the year, the Company continued to grow and strengthened its position as the market leader in its service areas with significant market share and image parameters.

Net Revenues for the year were Rs. 21,549 Million compared to Rs. 14,845 Million in the previous year. Net Profit went up to Rs. 1,311 Million against a net loss of Rs. 2,080 Million last year. The

EBITDA margin for the business was 27% compared to 20% last year. Some of the initiatives taken in the current year on right sourcing should translate into even better results going forward.

Particulars	As on March 31, 2004 (Rs. in Thousand)	As on March 31, 2003 (Rs. in Thousand)
Services Revenue and other income	21,549,151	14,845,253
Profit before Finance Expenses, Depreciation and Amortisation (EBITDA after Licence Fee)	5,856,443	3,020,338
Finance Expenses	1,475,130	1,636,298
Depreciation & Amortization	3,172,808	2,204,886
Profit/(Loss) before tax	711,391	(2,080,342)
Taxation	(663,439)	–
Net Profit/(Loss) after tax	1,374,830	(2,080,342)
Transfer to Debenture Redemption Reserve	(63,750)	–
Profit/(Loss) brought forward from the earlier years	(7,186,888)	1,828,331
Profit/(Loss) carried to the Balance Sheet	(5,875,808)	(7,186,888)

* Previous year figures have been regrouped/rearranged, wherever necessary to make them comparable with current year's figures.

DIVIDEND

In view of the past-accumulated losses, the Directors' of the Company are unable to recommend any dividend for the financial year under review.

New services/Circles

Later in the year, the Company acquired licenses to start operations in the circles of Jammu and Kashmir, Bihar, Orissa, and Uttar Pradesh (East), West Bengal, Assam and North East.

A suite of new services was launched during the year that was targeted at users of all profiles. Services like Easy Charge, SMS and ATM based recharges, 646 based Hindi services, Bollywood and cricket based downloadable content, ringtones, games etc. were launched and met with success.

Brand and Marketing

The current year saw resurgence in the perception of Airtel. One of the key strategies was to develop the brand as a source of competitive advantage, making it the pull factor for realization of all other strategies.

Celebrities like Sachin Tendulkar and Shah Rukh Khan endorsing our brand had a positive impact. Further, we merged the prepaid and postpaid brands into one.

Subscriber Base

During the Financial Year ended March 31, 2004, the Company added 3.43 Mn. customers to take the customer base to 6.5 Mn. This helped the company maintain its significant market position with 19.5% of the wireless market at close of the year.

Customer Service and Quality

Delivering customer delight, establishing service as a key differentiator for Bharti in the market and adopting a customer life cycle approach to hand-hold customers through their lives on the network was the key mantra for Customer service. Programs like Kabhi Bhi, Kahin Bhi, anywhere payments, e-Bill etc. have been efforts in this direction.

Additionally, about 130 Black Belt and Green Belt projects were completed and have led to better Customer Satisfaction scores. Initiatives like Business Process Management System that allow measuring the sigma scores and standardize various processes and Lean Sigma that allow taking six sigma to the frontline staff and facilitate quicker turnaround of all frontline staff were also initiated in the year.

Finance and Collections

Systems, processes and organizational realignment helped better manage collections and reduce the bad debts levels over the year.

Our efforts at outsourcing and working in close synchronization with our principal vendors like Ericsson, Nokia, IBM should lead to better cost efficiency and increased EBITDA margin.

Revenue enhancement and revenue maximization measures like international roaming on prepaid, STD/ISD penetration, Grace Reduction schemes, Mobile PCO and acquisition programs were executed to cash in on some untapped sources of revenues.

Awards and Recognition

The Company received a number of awards including the Global Superbrand, the Brand Excellence and Service Excellence awards at the India Brand Summit and the Best Cellular Service provider by Voice and Data.

Future Plans

The Indian Mobile market dynamics are redefining conventional business principles and we at Bharti Mobility aim to excel by implementing innovative strategies and policies to drive profitability and stickiness in the wireless market.

The launch of new Greenfield circles and mergers and acquisitions would lead to further growth and expansion.

Coming through the fire fighting stage in the last year, the focus this year is to prepare the company to become a world-class organization. To this end, we have identified certain key strategies:

- Deliver superior network voice and data quality
- Outstanding customer service
- Ease of billing and recharge
- Have extensive distribution depth and quality
- And be the preferred brand.

These will be build upon:

- Planning for scalability
- Functional alignment to enhance productivity
- Improved customer interfacing processes
- Regular reviews/best practices sharing across the company.

It will also be our endeavor to:

- Facilitate employee empowerment, promote enthusiastic teamwork and effective outsourcing.
- We expect that this will allow us to dominate the high-end customer base for greater revenue market share.

We are confident that this approach of institutionalization will give us a solid foundation for the future and help us attain our vision to be globally admired for telecom services that delight customers.

Fixed Deposits

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

Auditors Report

The Auditors' Report to Accounts has been duly considered by the Board and clarification, wherever necessary, is contained in the Notes on Accounts section.

Audit Committee

In terms of provisions of Section 292A of the Companies Act, 1956, the Company has constituted a Committee of the Board known as 'Audit Committee' consisting of following Directors of the Company:

1. Mr. Rajan Bharti Mittal - Chairman
2. Mr. Akhil Gupta
3. Mr. Viresh Dayal

Auditors

The Statutory Auditors of the Company M/s. Price Waterhouse, Chartered Accountants shall retire at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment. A Certificate has been received from M/s. Price Waterhouse confirming therein that their appointment, if made,

will be within the limits prescribed u/s 224(1B) of the Companies Act, 1956. The Directors recommend their re-appointment as the Statutory Auditors.

Directors

Mr. Rajan Bharti Mittal and Mr. Akhil Gupta are due to retire by rotation at the Twelfth Annual General Meeting and being eligible, have offered themselves for re-appointment. The Board recommends their re-appointment as Directors of the Company.

Consequent upon repayment of the entire loan, IDBI has withdrawn the nomination of Mr. Ravindra Gupta, the IDBI nominee Director. The Company places on record appreciation for the valuable contribution made by Mr. Ravindra Gupta during his tenure as Director of the Company.

Employees

The employees of the Company have contributed most significantly to the growth and development and have been the cornerstone of its success. Equally the Company has endeavored to remain an employer of choice, characterized by a progressive management style with fully empowered teams across the company.

The Company's HR department constantly works on launching various initiatives on an on going basis to attract and retain qualified, talented and competent personnel and ensures that the employees are motivated.

Statutory Statements

The Statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particular of Employees) Rules, 1975 is annexed hereto and forms part of the Report.

COMPANIES' DISCLOSURE OF PARTICULAR IN THE REPORT OF BOARD RULES, 1988.

- (A) Conservation of Energy: The clause for the disclosure of conservation of energy is not applicable to the Company.
- (B) Technology Absorption: The Company is providing cellular services of Global Mobile System of Communication (GSM) standard. It doesn't require absorption of the technology.
- (C) Foreign Exchange Earnings and Outflow:

(Rs. in Millions)

Particulars	Year ended (31.03.2004)	Year ended (31.03.2003)
Foreign Exchange Earnings	700.66	210.22
Foreign Exchange Outflow	1079.62	700.64

SUBSIDIARY COMPANY

The information required under Section 212 of the Companies Act, 1956, in respect of subsidiary Company is attached to the Report.

DIRECTORS' RESPONSIBILITY STATEMENT - SECTION 217(2AA)

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- they 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 March 31, 2004 and of the profit and loss account of the Company for that period;
- they have 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;
- they have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors' wish place on record appreciation for the assistance and co-operation extended by Lenders, Financial Institutions, Bankers, Vendors, Business Partners and Customers, various agencies and the Government of India especially the Department of Telecommunications, State Governments where Company's operations are existing, supporting the Company's various projects.

The Directors' would also like to place on record their sincere appreciation for the valuable contribution, unstinted efforts and the spirit of dedication shown by the employees of the Company at all levels.

On behalf of the Board

Place : New Delhi
Date : April 21, 2004

SUNIL BHARTI MITTAL
Chairman and Managing 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, 2004 and forming part of the Directors' Report.

Sl. No.	Name	Designation	Nature of employment, whether contractual or otherwise	Nature of duties of the employee	Qualification(s)	Age (in years)	Date of Commencement of Employment	Total experience (in years)	Gross Remuneration (in Rs.)	Previous employment/Designation
1	Sunil B. Mittal	Chairman & Managing Director	Contractual	General Management	Graduate	46	01-Apr-03	18	48,651,484	-
2	Sanjay Nandrajog	Chief Executive Officer & Director Mobility (North Central)	Permanent	Operations	B.Tech. (Chem), MBA, PGDM	41	08-Jan-03	17	5,582,983	Pepsi/Market Unit Director
3	P. Swaminathan	Chief Executive Officer & Director Mobility (Southern Region)	Permanent	Operations	B.Tech., PGDM	48	01-Apr-03	25	3,440,082	Bharti Telcelar Ltd./CEO, MP
4	Deepak Gulati	Chief Executive Officer (Eastern Region)	Permanent	Operations	B.Sc., MBA	43	15-Jun-98	22	4,029,461	Bharti Cellular Ltd./Chief Executive, Special Project
5	Vinod Sawhney	Chief Executive Officer & Director Mobility (Northern Region)	Permanent	Operations	BE (Mech.), PGDBM	45	15-Jul-02	20	4,963,815	Spice Communications, Punjab, Managing Director
6	Arvind Mehra	Chief Operating Officer (UP-West)	Permanent	Operations	B.Com., FCA, FCS	40	17-Dec-01	21	2,523,474	Caltex Lubricants India Ltd./CFO & Co. Secretary
7	Sarvjit Singh Dhillon	Group CFO & Director Mobility	Contractual	Finance	B.A., (Hons.) FCA, BE, MBA	37	29-Jun-01	16	8,669,145	British Telecom/ED & CFO
8	Rajiv Jaitly	Chief Operating Officer - Delhi	Permanent	Operations	B.Sc., MBA	43	18-Mar-02	19	3,455,098	Data Access India Ltd./Executive Vice President
9	Norman Price	Group Chief Technical Officer	Contractual	Technical	B.Com., PGDM	41	19-Apr-02	18	13,375,747	Naxtal Partners, U.S./Director Engineering & Operations
10	S. Venkatesan	Chief Financial Officer	Permanent	Finance	B.Com., PGDM (IMA), ACS, AICWA, M.E.	44	27-Apr-95	23	2,701,396	Bharti Mobile Ltd. Chemical/CFO and Company Secretary
11	Shiv Raichand	Chief Technical Officer	Permanent	Technical	M.E.	54	07-Aug-01	33.5	4,046,685	Escotel Mobile Communications Ltd., CTO
12	Harish K. Gandhi	Vice President - HR	Permanent	Human Resource	MBA, LLB	47	01-Nov-02	24	3,508,589	Bharti Tele-Ventures Ltd./BTNL (Corporate Office), Vice President - HR
13	Sanjay Bawja	Chief Financial Officer	Permanent	Fin. & Accts.	CA, ICWA	43	01-Feb-01	18.2	3,326,468	FTV/VP Finance
14	Bhaskar Chakraborty	Sr. Vice President	Permanent	Commercial	PGDBM, Dip. in Materials	45	19-May-97	25	3,703,926	Bharti Tele-Ventures Ltd., Vice President - Mark.
15	Col. V. S. Rawat	Sr. Vice President	Permanent	Technical	Dip. in Materials (BE (Telecom), M.E. & Telecom)	55	07-Aug-01	35.7	4,134,961	BPL Cellular Ltd./CFO
16	V. Venkatesh	Vice President	Permanent	CSD	PGDM (MCA)	34	04-Jan-03	18.2	4,388,925	Bharti Tele-Ventures Ltd./Vice President Brightroad Inc. Co-founder & COO
17	Mohit Bhargava	Vice President	Permanent	Marketing	MBA, MS	34	18-Jan-02	13.2	2,538,156	Bharti Mohbet Ltd., GM (HRD & A) Chennai
18	Maclean Barbael	Vice President	Permanent	HR	MBA	39	13-Dec-00	15.3	2,538,321	Bharti Mohbet Ltd., GM (HRD & A) Chennai
19	Sugumar J.	Chief Technical Officer	Permanent	Technical	BE (Electronics)	38	24-Jul-00	47	2,451,982	BPL Mobile Communications
20	Christopher Almeida	VP - Sales & Marketing	Permanent	Sales & Marketing	MBA	42	01-Oct-01	18	2,679,632	Business Standard Ltd./Vice President - E-Business
21	BC. Bhardwaj	Chief Technical Officer	Permanent	Technical	M.Sc., M.Tech.	41	04-Oct-01	19	2,847,920	Convergels Corporation/Director RF Engineering
22	Vivek Vyavaharkar	Chief Technical Officer	Permanent	Technical	B.E.	53	01-Oct-01	29	3,469,508	BPL Cellular/Technical Head
23	P. H. Rao	Chief Executive Officer	Permanent	Operations	B.Sc. Dip. (Electrical)	59	18-Jan-00	39	2,083,353	Compton Greaves Ltd./President
1	Atul Joshi	Chief Operating Officer-Gujarat	Permanent	Operations	MA, MBA	40	26-Jun-03	17	3,031,087	Max New York Life Insurance Company/Director Supplementary Distribution
2	Anil Bisdal	Chief Marketing Officer & Director Mobility	Permanent	Marketing	BE (Mech.), MBA	43	26-Jun-03	19	5,944,906	DHL International/Communication Director Asia Pacific
3	Jayant Khosla	Chief Executive Officer-Mumbai	Permanent	Operations	BE (Hon.), MBA	40	22-Mar-04	17	1,168,373	Coca Cola India/VP Operations, Mumbai
4	Indar Bajaj	Chief Operating Officer (Maharashtra & Goa Circle)	Permanent	Operations	B.Com., MBA	40	02-Nov-98	16	3,971,224	Bharti BT Internet Ltd./GM Sales
5	Atul Jhamb	Chief Operating Officer (Mumbai Circle)	Permanent	Operations	B.Sc., M.M.S.	42	21-Feb-00	16	3,814,828	American Express Bank, Mumbai/ Director Marketing
6	Pahlbar Pani	Chief Executive Officer- (Gujarat & MP)	Permanent	Operations	BE, PGDM	44	14-Sep-01	22	1,906,170	IT Services Corp. Pvt. Limited/ Chief Executive Officer
7	Shardul Mathur	Vice President - Marketing	Permanent	Marketing	B.E., MBA	43	27-Jan-04	19	449,391	RPL Ltd./Vice President
8	K. P. Datta	Vice President	Permanent	HR	B. Com.	50	14-Sep-00	15.0	1,116,597	GE Capital
9	Pratik Para	Vice President	Permanent	Marketing	MBA	35	01-Dec-01	5.5	4,420,652	HLL/Marketing Manager
10	Mohit Bector	Vice President	Permanent	Marketing	MBA, BA	36	17-Dec-01	5.5	2,569,085	Net Decisions Ltd.
11	S. K. Sharma	Head Quality	Permanent	Six Sigma	B. Tech.	42	09-May-03	26.9	2,510,520	GE Capital/VP - Quality
12	Anurag Prashar	Chief Service Delivery Officer	Permanent	CSD	BE, PGDBM	48	16-Jul-03	16.7	3,075,875	XEROX Mod. Corp. Ltd./Executive Director Customer Service Support
13	Pritam Kakliya	Vice President	Permanent	Technical	BE	44	01-Oct-96	21.0	1,784,388	Hofmel Ltd./Vice President
14	Sarajit Banerjee	Senior Vice President	Permanent	HR	MBA	43	01-Nov-01	17.4	2,638,631	Reliance Infocomm./Head Key National Accounts
15	Sunil Tandon	Head Consumer Business	Permanent	Marketing	B.Tech., MBA	43	04-Nov-03	17.4	3,045,942	Reliance Infocomm./Head Key National Accounts
16	Vivek Bali	Head Consumer Business	Permanent	Marketing	BA, MBA	43	04-Nov-03	22.4	1,859,938	Reliance Infocomm./Head Key National Accounts
17	S. Swarnakrishnan	Vice President	Permanent	Technical	BE, M.Sc. Engg., PGDBA	51	01-Dec-03	25.4	832,377	Think Business Networks Pvt. Ltd./VP International Business
18	Jyoti Verma	Vice President	Permanent	Marketing	Dip. in Auto Engg., MMM	51	01-Dec-03	15.2	614,237	HCL Infosystems/Manager-Marketing
19	Radhika Balasubramanian	Head - CSD (GM - CSD)	Permanent	CSD	MM	43	02-Jun-03	17	2,437,018	Reliance Infocomm Ltd./Head-Circle Coordination Customer Care
20	Sanjay Jog	Sr. Vice President - Human Resource	Permanent	HR	MBA	43	15-Jul-02	15	966,371	Ernst & Young, Associate Director

Notes: 1. Gross remuneration comprises of Salary, Taxable Allowances, Company's contribution to Provident Fund and taxable value of perquisites.

2. The employee would qualify for being included in Category (A) or (B) on the following basis:

For (A) if the aggregate remuneration drawn by him during the year was not less than Rs. 24,00,000 p.a.

For (B) if the aggregate remuneration drawn by him during the part of the year was not less than Rs. 2,00,000 p.a.

3. None of the employees mentioned above hold 2% or more share capital of the Company.

4. None of the employees mentioned above hold 2% or more share capital of the Company.

5. The designation - 'Director' wherever prefixed describing the area of responsibility occurring in the above Statement is not a Board position except that of Mr. Sunil Bharti Mittal who is the Managing Director of the Company.

Auditors' Report

To The Members of Bharti Cellular Limited

1. We have audited the attached Balance Sheet of Bharti Cellular Limited, as at March 31, 2004, the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we further report that:
 - (i)
 - (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed assets of the Company are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and physical inventory have been noticed other than in some circles where the Company is in the process of reconciling the book records and the physical inventory and accordingly, we are unable to comment on discrepancies, if any, that may be identified.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
 - (ii)
 - (a) The inventory of the Company has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
 - (iii)
 - (a) As indicated in Note 20 in Schedule 23, the Company has granted interest free unsecured loan (and advances) to its wholly owned subsidiary covered in the register maintained under Section 301 of the Act. The year end balance of such loan aggregates to Rs. 4,243,716 thousand. The Company has taken unsecured loan from its holding company covered in the register maintained under Section 301 of the Act. The year end balance of such loan aggregates to Rs. 17,726,220 thousand.
 - (b) In our opinion, the rate of interest in respect of loan taken, and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
 - (c) As per the information made available to us, the aforesaid loans granted/taken by the Company are repayable on demand and repayments made during the year are as mutually agreed.
 - (d) In respect of the aforesaid loans, there is no overdue amount more than Rupees One Lakh.
 - (iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
 - (v) In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered into the register in pursuance of Section 301 of Act. Accordingly, clause (v)(b) of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company for the current year.
 - (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
 - (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
 - (viii) We have broadly reviewed the books of account maintained by the Company in respect of services where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records

- with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sale tax, income-tax, customs duty, wealth-tax, excise duty and cess which have not been deposited on account of any dispute other than disputed Income Tax, sales tax, excise duty and customs duty dues aggregating to Rs. 2,654,635 thousand as indicated in Note 3(ii)(a) of Schedule 23.
- (x) Accumulated losses of the Company as at March 31, 2004 exceeds the net worth of the Company as at that date. However, the Company has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture-holders as at the Balance Sheet date.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, and according to the information and explanations given to us, the provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to Company.
- (xiv) In our opinion, the Company has maintained proper records of transactions and contracts relating to dealing or trading in shares, securities, debentures and other investments during the year and timely entries have been made therein. Further such securities have been held by the Company in its own name or are in the process of transfer in its name, except to the extent of the exemption granted under Section 49 of the Act.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
- (xvi) In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- (xvii) On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment, and vice versa.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- (xix) The Company has created securities in respect of debentures issued and outstanding at the year-end.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no fraud (i.e. intentional material misstatements resulting from fraudulent financial reporting and misappropriation of assets) on or by the Company has been noticed or reported during the year by the Company other than to the extent of Rs. 4,752 thousand as reported in Note 23 on Schedule 23.
4. Further to our comments in paragraph 3 above, we report that:
- (a) 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;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- (e) On the basis of written representations received from the directors as on March 31, 2004 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2004 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2004;
- (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

U. RAJEEV
Partner

Membership No. F87191
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Place : New Delhi
Dated : April 21, 2004

Balance Sheet as at March 31, 2004

	Schedule No.	As at March 31, 2004 (Rs. '000)	As at March 31, 2003 (Rs. '000)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1,061,085	1,061,085
Reserves and Surplus	2	735,324	671,574
Loan Funds			
Secured Loans	3	25,619,369	20,040,583
Unsecured Loans	4	19,542,918	20,655,002
		<u>46,958,696</u>	<u>42,428,244</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	43,823,121	32,763,657
Less: Depreciation		<u>10,625,191</u>	<u>7,015,070</u>
Net Block		33,197,930	25,748,587
Capital Work-in-Progress		1,859,742	1,525,467
		<u>35,057,672</u>	<u>27,274,054</u>
Preoperative Expenditure pending allocation	6	5,009	–
		<u>35,062,681</u>	<u>27,274,054</u>
Investments	7	5,779,201	5,781,692
Deferred Tax Asset (Net) (Refer Note 12 on Schedule 22 and Note 9 on Schedule 23)		1,218,337	554,898
Current Assets, Loans and Advances			
Inventories	8	121,303	92,199
Sundry Debtors	9	2,085,131	1,700,922
Cash and Bank Balances	10	421,193	331,513
Other Current Assets, Loans and Advances	11	7,463,005	7,658,931
		<u>10,090,632</u>	<u>9,783,565</u>
Less: Current Liabilities and Provisions	12		
Current Liabilities		11,029,729	8,162,540
Provisions		58,631	36,114
		<u>11,088,360</u>	<u>8,198,654</u>
Net Current Assets		(997,728)	1,584,911
Miscellaneous Expenditure (to the extent not written off or adjusted)	13	20,397	45,801
Profit and Loss Account		5,875,808	7,186,888
		<u>46,958,696</u>	<u>42,428,244</u>
Statement of Significant Accounting Policies	22		
Notes to Accounts	23		

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

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

On behalf of the Board

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

SUNIL BHARTI MITTAL
Chairman & Managing Director

AKHIL GUPTA
Director

C.P. JOSHI
Company Secretary

SARVJIT SINGH DHILLON
Chief Financial Officer

Place : New Delhi
Date : April 21, 2004

Profit and Loss Account for the year ended March 31, 2004

	Schedule No.	For the year ended March 31, 2004 (Rs. '000)	For the year ended March 31, 2003 (Rs. '000)
INCOME			
Service Revenue (Refer Note 8 on Schedule 23)		21,027,937	14,692,299
Sale of Goods		303,855	137,660
Other Income	14	217,359	15,294
		<u>21,549,151</u>	<u>14,845,253</u>
EXPENDITURE			
Access Charges		4,429,894	3,329,363
Network Operating	15	2,177,139	1,345,349
Cost of Sales of Goods	16	333,392	146,392
Personnel	17	1,490,694	972,371
Sales and Marketing	18	2,196,366	2,012,519
Administrative and Others	19	2,327,353	2,245,397
		<u>12,954,838</u>	<u>10,051,391</u>
Operating Profit before Licence Fee and Spectrum charges (revenue share), Finance Expense (Net), Depreciation, Amortisation, Preoperative expenditure written off, Charity and Donation, Goodwill written off, Significant non-frequently occurring items and Taxation		8,594,313	4,793,862
Licence fee and Spectrum charges (revenue share)		<u>2,737,870</u>	<u>1,773,524</u>
Operating Profit before Finance Expense (Net), Depreciation, Amortisation, Preoperative expenditure written off, Charity and Donation, Goodwill written off, Significant non-frequently occurring items and Taxation		5,856,443	3,020,338
Finance Expenses (Net)	20	1,475,130	1,636,298
Depreciation		3,172,808	2,204,886
Amortisation	21	461,748	356,026
Preoperative Expenditure written off	6	25,225	366,012
Charity and Donation		<u>10,141</u>	<u>8,220</u>
Profit/(Loss) before Goodwill written off, Significant non-frequently occurring items and Taxation		711,391	(1,551,104)
Goodwill written off		<u>—</u>	<u>187,274</u>
Profit/(Loss) before Significant non-frequently occurring items and Taxation		711,391	(1,738,378)
Significant non-frequently occurring items		<u>—</u>	<u>341,964</u>
Profit/(Loss) before Tax		711,391	(2,080,342)
Tax Expense		(663,439)	—
Deferred Tax			
(Refer Note 12 on Schedule 22 and Note 9 on Schedule 23)			
Profit/(Loss) after Tax		<u>1,374,830</u>	<u>(2,080,342)</u>
Transfer to Debenture Redemption Reserve	2	<u>(63,750)</u>	<u>—</u>
		1,311,080	(2,080,342)
Profit/(Loss) brought forward from earlier years		(7,186,888)	1,828,331
Losses acquired under schemes of amalgamation		—	(2,047,741)
Difference of consideration and value of net assets acquired under schemes of amalgamation		<u>—</u>	<u>(4,887,136)</u>
Profit/(Loss) carried to the Balance Sheet		<u>(5,875,808)</u>	<u>(7,186,888)</u>
Earnings per share		12.96	(19.61)
(Basic and Diluted)			
(Refer Note 16 on Schedule 22 and Note 10 on Schedule 23)			
Significant Accounting Policies	22		
Notes to Accounts	23		

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

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

On behalf of the Board

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

SUNIL BHARTI MITTAL
Chairman & Managing Director

AKHIL GUPTA
Director

C.P. JOSHI
Company Secretary

SARVJIT SINGH DHILLON
Chief Financial Officer

Place : New Delhi
Date : April 21, 2004

Cash Flow Statement for the year ended March 31, 2004

(Rs. '000)

	For the year ended March 31, 2004	For the year ended March 31, 2003
A. Cash flow from operating activities :		
Net (loss)/profit before tax but after exceptional/extraordinary items	711,391	(2,080,342)
Adjustments for:		
Depreciation	3,172,808	2,204,886
Interest Expense	1,514,430	1,647,061
Interest Income	(6,035)	(1,035)
(Profit)/Loss on Fixed Assets sold	372	(667)
(Profit)/Loss on sale of Investments	(47,121)	(9,938)
ESOP Expenditure written off	20,600	21,772
Pre-operative Expenditure Written off	74	21,719
Preliminary Expenditure Written off	–	6
Licence fee written off	441,148	334,248
Provision for Doubtful Debts/Advances (Net of writebacks)	424,106	1,212,634
Debts/Advances Written off	244,302	4,770
Provision for Gratuity and Leave Encashment	22,517	21,708
Unrealised foreign exchange (gain)/loss	(86,363)	210
(Gain)/Loss from swap arrangements	(56,457)	–
Significant non-frequently occurring items	–	341,964
Goodwill written off	–	187,274
Operating profit before working capital changes	6,355,772	3,906,270
Adjustments for changes in working capital :		
– (Increase)/Decrease in Sundry Debtors	(965,120)	(2,334,111)
– (Increase)/Decrease in Other Receivables	334,462	(4,831,784)
– (Increase)/Decrease in Inventories	(29,104)	(66,565)
– Increase/(Decrease) in Trade and Other Payables	3,108,246	(459,085)
Cash generated from operations	8,804,256	(3,785,275)
– Taxes (Paid) / Received	(134,416)	9,695
Net cash from operating activities	8,669,840	(3,775,580)
B. Cash flow from investing activities :		
Adjustments for changes in :		
Purchase of fixed assets	(11,139,666)	(8,047,970)
Proceeds from Sale of Fixed Assets	136,807	1,476
Proceeds from Sale of Investments	7,406,956	2,771,304
Purchase of Investments	(7,357,343)	(5,516,511)
Licence fee paid for new circles	(632,500)	–
Interest Received (Revenue)	5,585	1,098
Net cash used in investing activities	(11,580,161)	(10,790,603)
C. Cash flow from financing activities :		
Proceeds from long term borrowings		
Receipts	9,253,521	21,796,888
Payments	(4,924,736)	(7,348,670)
Proceeds from short term borrowings		
Net movement in cash credit facilities and short term loans	137,917	1,680,350
Interest Paid	(1,523,158)	(1,596,339)
Gain from swap arrangements	56,457	–
Net cash used in financing activities	3,000,001	14,532,229

Cash Flow Statement for the year ended March 31, 2004

(Rs. '000)

	For the year ended March 31, 2004	For the year ended March 31, 2003
Net Increase/(Decrease) in Cash and Cash Equivalents	89,680	(33,954)
Opening Cash and Cash Equivalents	331,513	229,743
Cash and Cash Equivalents Acquired on Acquisition	–	135,724
Cash and Cash Equivalents as at March 31, 2004	421,193	331,513
Cash and Cash Equivalents comprise		
Cash, Cheques and Drafts (in hand) and Remittances in Transit	164,936	121,421
Balance with Scheduled Banks	256,257	210,092

Notes :

- Figures in brackets indicate cash outgo.
- Previous period figures have been regrouped and recast wherever necessary to conform to the current period classification.
- Cash and cash equivalents includes Rs.115 thousand (Previous year Rs. 66,680 thousand) which are not available for use by the Company. (Refer Schedule 10 in the accounts)
- The following Assets/Liabilities acquired for a purchase consideration of Nil (Previous year 1,108,450) fully paid up Equity Shares of Rs. 10 each in the Company under the scheme of amalgamation/arrangement, have not been considered in the above Cash Flow Statement:

	For the year ended March 31, 2004	For the year ended March 31, 2003
Fixed Assets (including CWIP and Pre-operative expenditure and net off accumulated depreciation)	–	2,892,868
Investments	–	3,026,103
Unamortised Licence Fee	–	402,968
Current Assets (Other than cash)	–	2,204,984
Current Liabilities and Provisions	–	1,552,771
Loan Funds	–	6,191,776
Security Deposits	–	297,704
Share Premium	–	670,974
Deferred Tax Asset	–	628,727
Miscellaneous Expenditure (to the extent not written off or adjusted)	–	35,525

This is the Cash Flow Statement referred to in our report of even date.

The Schedule referred to above form an integral part of the Cash Flow Statement

On behalf of the Board

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

SUNIL BHARTI MITTAL
Chairman & Managing Director

AKHIL GUPTA
Director

C.P. JOSHI
Company Secretary

SARVJIT SINGH DHILLON
Chief Financial Officer

Place : New Delhi
Date : April 21, 2004

Schedules Annexed to and forming part of Accounts

Particulars	As at March 31, 2004 (Rs. '000)	As at March 31, 2003 (Rs. '000)
<u>SCHEDULE : 1</u>		
<u>SHARE CAPITAL</u>		
[Refer Note 5 on Schedule 23]		
Authorised		
150,000,000 (Previous year 150,000,000) Equity Shares of Rs. 10 each	1,500,000	1,500,000
Issued, Subscribed and Paid up		
106,108,450 (Previous year 106,108,450) Equity Shares of Rs. 10 each, fully paid up (Of the above shares, 1,108,450 (Previous year 1,108,450) shares are allotted as fully paid up pursuant to the scheme of amalgamation without payments being received in cash)	1,061,085	1,061,085
<u>SCHEDULE : 2</u>		
<u>RESERVES AND SURPLUS</u>		
Share Premium		
Opening balance	671,574	600
Acquired under the scheme of amalgamation	-	670,974
	671,574	671,574
Debenture Redemption Reserve		
Transfer from Profit and Loss Account	63,750	-
Closing balance	63,750	-
	735,324	671,574
<u>SCHEDULE : 3</u>		
<u>SECURED LOANS</u>		
(Refer Note 17(i) on Schedule 23)		
Debentures	255,000	916,667
Loans and Advances from Banks :		
- Term Loan	1,735,000	4,895,000
Other Loans and Advances :		
- Term Loan	23,624,540	14,227,340
- Others	4,829	1,576
	25,619,369	20,040,583
Note : Amount repayable within one year	1,721,536	4,040,194
<u>SCHEDULE : 4</u>		
<u>UNSECURED LOANS</u>		
Short Term Loans and Advances		
From Banks	1,564,214	1,331,953
From Others	17,978,704	18,073,049
Other Loans and Advances		
From Others*	-	1,250,000
	19,542,918	20,655,002
* Note : Amount repayable within one year	-	1,250,000

Schedules Annexed to and forming part of Accounts

(Rs. '000)

Particulars	Gross Block Value			Depreciation/Amortisation			Net Block	
	As at April 1, 2003	As at Addition during the year	Sale/Adjustment during the year	As at March 31, 2004	As at April 1, 2003	For the year	As at March 31, 2004	As at March 31, 2003
INTANGIBLE ASSETS								
Licence Fees	8,504,151	632,500	-	9,136,651	867,257	441,148	7,828,246	7,636,894
Software	30,936	-	-	30,936	16,231	10,311	4,394	14,705
TANGIBLE FIXED ASSETS								
Leasehold Land	26,858	765	-	27,623	1,151	299	26,173	25,707
Freehold Land	70,056	251	-	70,307	-	-	70,307	70,056
Plant and Machinery	21,226,139	9,313,590	131,889	30,407,840	4,943,966	2,504,055	22,960,657	16,282,173
Building	728,766	1,820	-	730,586	90,901	36,527	603,158	637,865
Leasehold Improvements	47,180	10,147	-	57,327	23,127	3,466	30,734	24,053
Office Equipment	201,226	43,518	1,762	242,982	136,217	38,948	68,716	65,009
Computer	1,749,845	1,184,189	1,902	2,932,132	855,714	553,658	1,523,138	894,131
Vehicle	10,057	6,631	5,017	11,671	7,503	1,152	4,644	2,554
Vehicles on Finance Lease	2,709	-	-	2,709	512	178	2,019	2,197
Furniture and Fixture	165,734	7,140	517	172,357	72,491	24,288	75,744	93,243
TOTAL	32,763,657	11,200,551	141,087	43,823,121	7,015,070	3,614,030	33,197,930	25,748,587
Capital Work-in-Progress							1,859,742	1,525,467
GRAND TOTAL	32,763,657	11,200,551	141,087	43,823,121	7,015,070	3,614,030	35,057,672	27,274,054
Previous Year	14,369,060	18,401,019	6,422	32,763,657	2,520,584	4,500,099	25,748,587	

Notes:

- Additions to Plant and Machinery during the year include Rs. 232,331 thousand being gain (Previous year Rs. 78,848 thousand loss) on account of fluctuation in Exchange rate for purchase of Fixed Assets
- Capital Work-in-Progress as on March 31, 2004 is net of Rs. 37,179 thousand being gain (Previous year includes Rs. 2,456 thousand gain) on account of fluctuation in Exchange rate.
- Capital Work-in-Progress includes capital advances of Rs. 139,226 thousand (Previous year Rs. 67,947 thousand) and Goods in Transit of Rs. 311,821 thousand (Previous year Rs. 80,913 thousand).
- Freehold Land and Building includes Rs. 26,468 thousand (Previous year Rs. 26,320 thousand) and Rs. 85,529 thousand (Previous year Rs. 72,210 thousand) respectively in respect of which registration of title in favour of Company is pending.
- Additions to Plant and Machinery includes Rs. Nil (Previous year Rs. 379,789 thousand) allocated from pre-operative expenditure for mobility circles which have commenced commercial operations during the current year (Refer Schedule 6).
- The remaining amortisation period of the License Fees as at March 31, 2004 ranges between 10 to 18 years.

Schedules Annexed to and forming part of Accounts

Particulars	As at March 31, 2004 (Rs. '000)	As at March 31, 2003 (Rs. '000)
SCHEDULE : 6		
PRE-OPERATIVE EXPENDITURE PENDING ALLOCATION		
(Refer Note 10 on Schedule 22)		
Opening Balance	–	158,133
Additions during the period		
Network Operating Expenses		
Insurance	–	2,734
Repairs and Maintenance – Plant and Machinery	216	5,013
Power and Fuel	20	22,446
Rental	675	42,798
Leased Line Charges	–	12,600
Others	393	103,458
Sub-total	1,304	189,049
Personnel Expenses		
Salaries, Wages and Bonus	9,647	105,225
Contribution to Provident and Other Funds	606	8,267
Staff Welfare Expenses	188	5,173
Recruitment and Training Expenses	7,606	14,431
Sub-total	18,047	133,096
Selling Expenses		
Advertisement and Marketing Expenses	16	142,578
Other Selling and Distribution Expenses	4	8,814
Sub-total	20	151,392
Administrative and Other Expenses		
Legal and Professional Charges	565	11,164
Rates and Taxes	8	837
Power and Fuel	95	8,468
Travelling and Conveyance	6,481	19,384
Rent Expenses	2,146	8,458
Repairs and Maintenance – Plant and Machinery	–	2,005
– Other	978	3,453
Insurance Expenses	–	966
Miscellaneous Expenses	466	22,431
Collection and Recovery Charges	–	93
Sub-total	10,739	77,259
Finance Expenses		
Other Bank/Finance Charges	50	15,274
Depreciation	74	19,506
Amortisation of ESOP Cost	–	2,214
Less : Other Income	–	122
	30,234	745,801
Less : Allocated to Fixed Assets	–	379,789
Less : Transferred to Profit and Loss Account	25,225	366,012
Total Pre-operative Expenditure Pending Allocation	5,009	–
Total amount carried to Balance Sheet	5,009	–

Schedules Annexed to and forming part of Accounts

Particulars	As at March 31, 2004 (Rs. '000)	As at March 31, 2003 (Rs. '000)
<u>SCHEDULE : 7</u>		
<u>INVESTMENTS</u>		
(Refer Note 6 on Schedule 22 and Note 16(b) on Schedule 23)		
Current		
Other than Trade (Quoted)		
Mutual Funds and Bonds	–	2,755,589
Long Term		
Trade (Unquoted)		
550,000,000 (Previous year 407,000,000) Equity Shares of Rs. 10 each fully paid up in Bharti Mobile Ltd.	5,779,201	3,026,103
	<u>5,779,201</u>	<u>5,781,692</u>
<i>Aggregate Market Value of Quoted Investments</i>	–	<u>2,765,336</u>
<u>SCHEDULE : 8</u>		
<u>INVENTORY</u>		
(Refer Note 5 on Schedule 22 and Note 14 on Schedule 23)		
Simcards	121,206	92,114
Others	97	85
	<u>121,303</u>	<u>92,199</u>
<u>SCHEDULE : 9</u>		
<u>SUNDRY DEBTORS</u>		
(Refer Note 4 on Schedule 22 and Note 7 on Schedule 23)		
(Unsecured, considered good unless otherwise stated)		
Billing Debtors :		
Debts outstanding for a period exceeding six months		
– considered good	204,990	114,883
– considered doubtful	1,654,627	586,018
Less : Provision	<u>(1,654,627)</u>	<u>(586,018)</u>
	204,990	114,883
Other debts		
– considered good	597,303	1,259,796
– considered doubtful	295,876	923,921
Less : Provision	<u>(295,876)</u>	<u>(923,921)</u>
	597,303	1,259,796
Other Debtors :		
Debts outstanding for a period exceeding six months		
– considered good	15,227	35,601
– considered doubtful	42,228	77,584
Less : Provision	<u>(42,228)</u>	<u>(77,584)</u>
	15,227	35,601
Other debts		
– considered good	1,267,611	290,642
– considered doubtful	29,181	11,417
Less : Provision	<u>(29,181)</u>	<u>(11,417)</u>
	1,267,611	290,642
	<u>2,085,131</u>	<u>1,700,922</u>

Schedules Annexed to and forming part of Accounts

Particulars	As at March 31, 2004 (Rs. '000)	As at March 31, 2003 (Rs. '000)
<u>SCHEDULE : 10</u>		
<u>CASH AND BANK BALANCES</u>		
Cash in Hand	19,801	11,347
Cheques in Hand	145,135	110,074
Balances in Scheduled Banks		
– in Current Account	255,233	139,257
– in Fixed Deposits *	1,015	67,376
– in Deposit Account as Margin Money	9	3,459
	<u>421,193</u>	<u>331,513</u>

* Includes Rs.106 thousand Fixed Deposit pledged with Sales Tax Authorities, (Previous year Rs. 66,680 thousand) pledged with TDSAT

SCHEDULE : 11
OTHER CURRENT ASSETS, LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

Advances recoverable in cash or in kind or for value to be received;

Considered good *	2,481,083	1,445,158	
Considered doubtful	3,580	2,444	
Less : Provision	<u>(3,580)</u>	<u>(2,444)</u>	1,445,158
Advances and Loans to Subsidiaries	4,243,716		5,742,996
Accrued Billing Revenue	479,540		319,102
Advance to ESOP Trust	85,603		118,093
Advance Tax [Net of provision for tax Rs. 195,497 thousand (Previous year Rs. 195,497 thousand)]	168,344		33,533
Balances with Custom Authorities	4,615		–
Interest Accrued on Investment	104		49
	<u>7,463,005</u>		<u>7,658,931</u>

* Includes Rs. 189,000 thousand advance against share application in subsidiary Bharti Mobile Limited.

Schedules Annexed to and forming part of Accounts

Particulars	As at March 31, 2004 (Rs. '000)		As at March 31, 2003 (Rs. '000)	
SCHEDULE : 12				
CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities				
Sundry Creditors				
Due to Small Scale Industrial Undertaking* (Refer Note 18 on Schedule 23)	4,676		3,368	
Due to Others (Refer Note 17 (ii) on Schedule 23)	<u>8,001,570</u>	8,006,246	<u>5,775,800</u>	5,779,168
Advance Billing and Prepaid Card Revenue		1,237,237		598,016
Interest accrued but not due on loans		206,929		215,657
Other Liabilities		415,594		313,549
Advance Received from customers		24,856		18,148
Security Deposits (Refer Note 7 on Schedule 23)		1,138,867		1,238,002
		<u>11,029,729</u>		<u>8,162,540</u>
* The above information has been compiled in respect of parties to the extent they could be identified as Small Scale and ancillary undertakings on the basis of information available with the company				
Provisions (Refer Note 9 on Schedule 22)				
Gratuity		23,563		14,480
Leave Encashment		33,836		20,402
Provision for Wealth Tax		1,232		1,232
		<u>58,631</u>		<u>36,114</u>
		<u>11,088,360</u>		<u>8,198,654</u>
SCHEDULE : 13				
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted) (Refer Note 13 on Schedule 22)				
Deferred Employee Compensation Expense				
Opening Balance :		45,802		69,135
Add : Acquired under the scheme of amalgamation		-		35,525
Add : Adjustment during the year		(4,805)		(34,873)
Less : Amortisation for the year*		20,600		23,986
Closing Balance		<u>20,397</u>		<u>45,801</u>
*Net of write-backs				
Deferred Revenue Expenditure				
Opening Balance :		-		6
Less : Charged off during the year		-		6
Closing Balance		<u>-</u>		<u>-</u>
		<u>20,397</u>		<u>45,801</u>

Schedules Annexed to and forming part of Accounts

Particulars	For the year ended March 31, 2004 (Rs. '000)	For the year ended March 31, 2003 (Rs. '000)
<u>SCHEDULE : 14</u>		
<u>OTHER INCOME</u>		
Miscellaneous Income	90,270	14,627
Liabilities/Provisions no longer required written back	127,089	–
Profit on Sale of Assets (Net)	–	667
	217,359	15,294
<u>SCHEDULE : 15</u>		
<u>NETWORK OPERATING EXPENDITURE</u>		
Power and Fuel	472,867	306,670
Rent	456,665	290,865
Insurance	19,716	14,207
Repair and Maintenance – Plant and Machinery	527,187	254,867
Leased Line Charges	322,783	232,016
Others	377,921	246,724
	2,177,139	1,345,349
<u>SCHEDULE : 16</u>		
<u>COST OF SALES - HAND SETS AND SIMCARDS</u>		
(Refer Note 14 on Schedule 23)		
Opening Stock	92,199	14,496
Add : Purchases	435,312	383,829
Acquired under the scheme of amalgamation	–	11,137
Less : Simcard Utilisation	55,929	169,969
Less : Internal issues/capitalised	16,887	902
Less : Closing Stock	121,303	92,199
	333,392	146,392
<u>SCHEDULE : 17</u>		
<u>PERSONNEL EXPENDITURE</u>		
Salaries, Wages and Bonus *	1,279,609	828,573
Contribution to Provident and Other Funds	54,537	36,524
Staff Welfare	72,266	44,017
Recruitment and Training	84,282	63,257
	1,490,694	972,371
* Excluding amortisation of Deferred ESOP Cost		
<u>SCHEDULE : 18</u>		
<u>SALES AND MARKETING EXPENDITURE</u>		
Advertisement and Marketing Expenses	1,331,271	1,182,066
Other Selling and Distribution Expenses	809,166	660,484
Simcard utilisation	55,929	169,969
	2,196,366	2,012,519

Schedules Annexed to and forming part of Accounts

Particulars	For the year ended March 31, 2004 (Rs. '000)	For the year ended March 31, 2003 (Rs. '000)
<u>SCHEDULE : 19</u>		
<u>ADMINISTRATIVE AND OTHER EXPENDITURE</u>		
Legal and Professional Charges	500,672	162,501
Rates and Taxes	12,075	20,267
Power and Fuel	49,586	42,713
Travelling and Conveyance	127,641	102,507
Rent	80,615	68,814
Repairs and Maintenance – Buildings	24,682	13,552
– Plant and Machinery	7,137	10,234
– Others	113,656	87,007
Insurance	2,390	5,989
Provision for Doubtful Debts/Advances	668,408	1,212,634
Provision for Doubtful Debts/Advances written back	(244,302)	–
Bad debts written off	244,302	4,770
Miscellaneous Expenses	468,850	371,284
Collection and Recovery Charges	271,269	143,125
Loss on Sale of Assets (Net)	372	–
	2,327,353	2,245,397
<u>SCHEDULE : 20</u>		
<u>FINANCE EXPENSES (NET)</u>		
Interest Expense :		
– On Term Loan	1,087,398	1,179,629
– On Debentures	68,161	155,656
– On Others	358,871	219,312
Other Finance Charges	156,676	92,464
Exchange Fluctuation loss (Net)	–	210
	1,671,106	1,647,271
Less Income :		
Profit/(loss) on Sale of Current Investments	47,121	9,938
Interest Income :		
From Current Investments (Other than Trade) [Gross of TDS Rs. 395 thousand (Previous year Rs. 1,986 thousand)]	2,130	338
Exchange Fluctuation Gain (Net)	86,363	–
Gains from swap arrangements	56,457	–
Other Finance Income	3,905	697
	195,976	10,973
	1,475,130	1,636,298
<u>SCHEDULE : 21</u>		
<u>AMORTISATION</u>		
(Refer Note 7 and Note 13 on Schedule 22)		
Licence Fee (Refer Schedule 5)	441,148	334,248
Personnel – Deferred ESOP Cost	20,600	21,772
Preliminary Expenses	–	6
	461,748	356,026

Schedules Annexed to and forming part of Accounts

SCHEDULE : 22

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Company in respect of these financial statements, are set out below.

1. BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956 as adopted consistently by the Company.

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 acquisition and installation.

The fixed component of license fee payable by the Company upon migration to the National Telecom Policy (NTP 1999), i.e. Entry Fee and the one time license fee paid by the Company for acquiring new licences (post NTP-99) has been capitalised as an asset.

Capital work-in-progress is stated at cost.

3. DEPRECIATION/AMORTISATION

Depreciation is provided on straight-line method at the rates and in the manner prescribed by Schedule XIV to the Companies Act, 1956 on all assets, except for the following on which depreciation is provided on straight-line method to write off the cost of the fixed assets over their estimated useful lives.

The depreciation rates are as follows:

	Rate of Depreciation per annum
Building	5%
Plant and Machinery	6.67% /10.00%
Office Equipment	20.00%/50.00%
Computer/Software	33.33%
Vehicles	20.00%
Furniture and Fixtures	20.00%
Leasehold Land	Period of lease
Leasehold Improvements	Period of lease or 10 years whichever is less

Assets individually costing Rs. 5 thousand or less are fully depreciated in the month of purchase. Software up to Rs. 500 thousand is written off in the year of purchase.

Additional depreciation is provided as appropriate, towards diminution in value of assets.

The Entry Fee capitalised is being amortised equally over the period of the licence and the one time licence fee is being amortised equally over the balance period of licence from the date of commencement of commercial operations.

4. REVENUE RECOGNITION AND RECEIVABLES

Billing and revenue on account of sale of goods is recognised on completion of provision of services and despatch of goods respectively. Billing Revenue includes income on roaming commission and access charges passed on to other operators, and is net of discounts and waivers.

Provision for doubtful debts is made for dues outstanding for more than 90 days in case of active subscribers and dues from customers who have been deactivated, other than those covered by security deposits or in specific cases where management is of the view that the amounts are recoverable.

Provision for doubtful debts, in case of Other Telecom Operators on account of Interconnect Usage Charges (IUC), is made for dues outstanding more than 120 days from the date of billing after considering any amount payable to that operator pertaining to the same period.

Unbilled receivables represent revenues recognized from the bill cycle date to the end of each month. These are billed in subsequent periods as per the terms of the billing plans.

Investing and Other Activities: Income on account of interest and other activities are recognised on an accrual basis. Dividends are accounted for when the right to receive the payment is established.

5. INVENTORIES

Inventories are valued at the lower of cost on a First in First Out basis or net realisable value.

6. INVESTMENT

Current Investments are valued at lower of cost and fair market value.

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

Schedules Annexed to and forming part of Accounts

7. LICENCE FEES – REVENUE SHARE

With effect from August 1, 1999 the variable Licence fee computed at prescribed rates of revenue share is being charged to the Profit and Loss Account in the year in which the related revenue arises. Revenue for this purpose comprises adjusted gross revenue as per the license agreement of the license area to which the licence pertains and does not include any amount of income/expenditure included in corporate office and president office for which separate division accounts are maintained.

8. TRANSLATION OF ITEMS IN FOREIGN CURRENCY

Transactions in Foreign Currency are recorded at the exchange rate prevailing at the date of the 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 asset.

All foreign currency liabilities covered by forward contracts are restated at the forward cover rates. The gains/losses arising from such restatement are recognised over the period of such contract.

9. RETIREMENT BENEFITS

Contribution to provident fund is made at predetermined rates and is charged to Profit and Loss Account. Provision for the liability on account of unavailed earned leave and gratuity is made as per actuarial valuation at the year-end, as per projected unit credit method.

10. PRE-OPERATIVE EXPENDITURE

Expenditure incurred by the Company from the date of acquisition of license for a new circle, up to the date of commencement of commercial operations of circle, not directly attributable to fixed assets are charged to the Profit and Loss Account in the year in which such expenditure is incurred.

11. LEASES

Lease Rentals in respect of assets taken on 'Operating Lease' are charged to the Profit and Loss Account on straight-line basis over the lease term.

Assets taken on Finance Lease are accounted for as assets of the Company. Lease rentals payable are apportioned between principal and interest using the internal rate of return method and finance charge is recognised accordingly.

12. TAXATION

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

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

Deferred tax assets to the extent they pertain to brought forward losses and unabsorbed depreciation, are 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.

13. MISCELLANEOUS EXPENDITURE

(a) Preliminary expenses and Deferred Revenue Expenditure are charged to the Profit and Loss Account on commencement of commercial operations.

(b) Employee Stock Option Plan ('ESOP') - The aggregate amount of liability on account of ESOP 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 options.

14. BORROWING COST

Borrowing costs attributable to the acquisition or construction of a qualifying asset is capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

15. SEGMENTAL REPORTING

a) Primary Segment:

The Company operates only in one business segment viz. Cellular Mobile Telephony Services

b) Secondary Segment:

The Company caters only to the needs of Indian market representing a singular economic environment with similar risks and rewards and hence there are no reportable geographical segments.

16. 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. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares.

Schedules Annexed to and forming part of Accounts

SCHEDULE: 23

NOTES TO ACCOUNTS

1. On February 11, 2004 Bharti Cellular Limited signed and received Unified Access Licences to provide services in 5 new circles, which include Uttar Pradesh (East), Bihar, Orissa, West Bengal & Andaman & Nicobar and Jammu and Kashmir. BCL has also received the Letter of Intent (LOI) for the Rajasthan circle. The Company has applied to the Department of Telecommunications (DoT) for converting its Cellular Mobile Telephone Services (CMTS) licences in existing circles to Unified Access Licences and is in the process of setting up its fixed line operations in Mumbai and Delhi circle.
2. Pursuant to the acquisition of 26% stake in Bharti Mobile Limited from Telia Overseas AB, by the Company, the latter has become the wholly owned subsidiary of the Company.
3. (i) Estimated amount of contracts to be executed on capital account and not provided for (net of advances) Rs. 3,812,805 thousand (Previous year Rs. 1,931,407 thousand).
(ii) Contingent Liability

	As at March 31, 2004 (Rs. '000)	As at March 31, 2003 (Rs. '000)
Sales Tax, Service Tax and Income Tax	2,458,505	1,782,916
Others	384,488	62,929
	<u>2,842,993</u>	<u>1,845,845</u>

Of the above, details of unpaid amounts together with forum where dispute is pending as at March 31, 2004 is set out below :

Nature of the Statute	Rs. '000	Forum where dispute is pending
Sales Tax	21,054	Pending with Supreme Court of India
	1,012,582	Rs. 881,047 thousand is pending with High Court
	114,246	Rs. 131,535 thousand is pending with Appellate Tribunal
	14,088	Rs. 38,551 thousand pending at High Court
	1,094,335	Rs. 416 thousand pending at DCCT Appellate Stage
	27,081	Rs. 7,504 thousand pending at West Bengal Appellate and Revisional Board
	147,526	Rs. 233 thousand pending at ACCT Appellate Stage
Income Tax	147,526	Pending before Assistant Appellate Commissioner
Excise and Customs Duty	15,192	Pending before high court for extension of orders
	2,084	Rs. 24,250 thousand pending before Allahabad High Court
	201,915	Rs. 2,636 thousand Deputy Commissioner – Trade Tax
	201,915	Rs. 140 thousand Tribune Ghaziabad
	201,915	Rs. 55 thousand Assistant Commissioner – Trade Tax – Noida
	201,915	CIT Appeals
	201,915	Commissioner – Income Tax
	201,915	Deputy Commissioner – Income Tax
	201,915	1. Rs. 11,235 thousand pending with Commissioner – Central Excise, Thane Commissionerate
	201,915	2. Rs. 15,331 thousand Commissioner – Central Excise, Parel, Mumbai II Commissionerate
	201,915	3. Rs. 2,408 thousand Commissioner – Central Excise, Raigad Commissionerate
	201,915	4. Rs. 144,507 thousand pending with Commissioner – Central Excise, Bandra, Mumbai V Commissionerate
	201,915	5. Rs. 28,434 thousand Commissioner – Central Excise, Churchgate, Mumbai IV Commissionerate
The Customs Act	4,532	Rs. 1,648 thousand Hearing completed. Orders awaited – Departmental Appeal
	4,532	Rs. 2,884 thousand – Department Appeal
Total	2,654,635	

Schedules Annexed to and forming part of Accounts

- (b) Bank guarantees given by the Company's bankers Rs. 1,705,930 thousand (Previous year Rs. 987,860 thousand).
Guarantee to the extent of Rs. Nil (Previous year Rs.20,000 thousand) are secured against the first ranking pari-passu charge on immovable assets and movable current assets both present and future.
- (c) In a case involving the Uttar Pradesh Trade Tax Department and the DoT, the Supreme Court of India has ruled that a telephone connection along with a telephone set provided by a Company rendering basic services tantamount to a "transfer of right to use the telephone system" and the rentals collected by DoT towards this right to use should suffer sales tax. Subsequent to the passing of this order, the Cellular Operators as well as the basic operators agitated the same issue before the Supreme Court by way of a Petition under Article 32 of the Constitution. The Hon'ble Supreme Court, inspite of its own judgment, admitted the Petitions and vide orders dated September 25, 2003 referred the matter to a larger bench for determination of dispute on merits and further directed that in future there shall be no coercion for recovery of any dues. In so far as the assessments already completed as on September 25, 2003 the Hon'ble Supreme Court directed that the operators should file statutory appeals against the assessment orders.
The sales tax department, all across the country, has raised demands on cellular mobile operators including the Company amounting to Rs.2,203,500 thousand included in Note 3 (ii) (a) above (Previous year Nil). Demands raised have been challenged before the respective high courts and the Company has obtained interim stays against enforcement of the demands.
- (d) The Central Excise department has raised show cause notices to Delhi, Mumbai and Kolkata circles of the Company amounting to Rs. 195,000 thousand (Previous year Rs. Nil) on an allegation that erection of a cell site amounts to manufacture of telecommunication equipments and hence duty @ 16% ought to have been paid on the total value of the equipment installed at the cell site. Adjudication of these notices is yet to take place.
A similar Show Cause Notice was issued to Himachal Pradesh circle raising a demand of Rs. 13,700 thousand (Previous year Rs. Nil). The notice was adjudicated by the Commissioner of Central Excise, Chandigarh who vide orders dated December 5, 2003 held that mere placement of equipment at a cell site and connecting them through wires and cables does not amount to manufacture. The show cause notice and the demand has thus been quashed. The Company believes that other Commissionerates cannot overlook the view taken by Commissionerate at Chandigarh and hence similar order is expected at Delhi, Mumbai and Kolkata also.
4. The Company and Bharti Mobile Limited (BML) have filed petitions in the High Court of Delhi under Sections 391 and 394 of the Companies Act, 1956 to seek sanction of the Court to the proposed scheme of amalgamation of BML with BCL. The statutory meetings of the creditors of BML and BCL were duly held and the requisite majority approved the proposed scheme. Both the petitions are listed for hearing on May 11, 2004.
5. Issued, Subscribed and Paid up capital includes 105,745,500 (Previous year 105,745,500) equity shares of Rs. 10/- each aggregating to Rs. 1,057,455 thousand (Previous year Rs. 1,057,455 thousand) held by Bharti Tele-Ventures Ltd. the holding company, (and/or its nominees).
6. (a) Loans received from the Holding Company are repayable on demand.
(b) Bharti Tele-Ventures Limited (Holding Company) has given an undertaking to financial institutions for non-disposal of its shareholding in the Company in consideration of financial assistance given by financial institutions.
7. Rs. 1,138,867 thousand (Previous year Rs. 1,238,002 thousand) included under Current Liabilities, represents refundable security deposits received from subscribers on activation of connections granted thereto and are repayable on disconnection, net of outstanding, if any. Sundry debtors are secured to the extent of the amount outstanding against individual subscribers by way of Security Deposit received from them.
8. Billing Revenue in the Profit and Loss Account is net of Rebates and Discounts Rs. 518,286 thousand (Previous year Rs. 126,907 thousand).
9. The net Deferred Tax Asset/(Liability) as on March 31, 2004 amounts to Rs. 1,218,337 thousand (Previous year Rs. 554,898 thousand). The amount has been arrived at as follows:

Schedules Annexed to and forming part of Accounts

	(Rs. '000)
	2003-2004
	2002-2003
Deferred Tax Assets/(Liabilities) arising from :	
(i) Expenses charged in the financial statements but allowable as deductions in future years under the Income Tax Act	583,460
(ii) Unabsorbed depreciation allowance and unabsorbed business loss carried forward (to the extent considered realizable)	325,144
(iii) Difference between carrying amount of fixed assets and Licence fees in the financial statements and the Income Tax Return.	309,733
Net Deferred Tax Asset/(Liability)	1,218,337
	(1,150,538)
	554,898

The Tax impact for the above purpose has been arrived at by applying a tax rate of 35.875% being the prevailing tax rate for Indian companies under the Income Tax Act, 1961.

10. Earnings per Share

a) Calculation of Weighted average number of Equity Shares of Rs.10/- each

	2003-2004	2002-2003
Number of equity shares at the beginning of the year	106,108,450	105,000,000
Number of equity shares outstanding at the end of the year	106,108,450	106,108,450
b) Weighted average number of equity shares outstanding during the year	106,108,450	106,108,450
c) Net Profit/(Loss) after tax available for equity Shareholders (Rs. Thousand)	1,374,830	(2,080,342)
d) Basic and Diluted Earnings (in Rs.) Per Share	12.96	(19.61)

Note: The numbers of shares have been mentioned in full.

11. Expenditure/Earnings in Foreign Currency (on accrual basis)

	Year ended March 31, 2004 (Rs. '000)	Year ended March 31, 2003 (Rs. '000)
Expenditure :		
Travelling	1,114	2,597
Roaming Charges	172,148	151,537
Professional and Consultancy	24,577	4,483
Membership and Subscription	2,262	3,099
Staff Training and Others	147	2,093
Upfront fees/Interest	720,741	476,581
Advertisement Expenses	79,430	59,867
Miscellaneous	79,199	383
Earnings:		
Roaming Revenue	700,656	210,223
	Year ended March 31, 2004 (Rs. '000)	Year ended March 31, 2003 (Rs. '000)

12. CIF Value of Imports

Capital Goods	6,199,651	6,808,532
Total	6,199,651	6,808,532

Schedules Annexed to and forming part of Accounts

13. Auditors Remuneration

	Year ended March 31, 2004 (Rs. '000)	Year ended March 31, 2003 (Rs. '000)
Audit Fee*	10,300	9,267
Certification Fee	4,092	1,055
Reimbursement of Expenses	1,790	563

* Excluding Service Tax

14. Quantitative information – Trading Goods

	Year ended March 31, 2004 (Rs. '000)		Year ended March 31, 2003 (Rs. '000)	
	Quantity	Value	Quantity	Value
Handsets				
Opening Stock	45	85	40	42
Purchases	4	55	106	945
Internal Issues/Capitalisation	5	43	101	–
Closing Stock	44	97	45	85
Sim cards				
Opening Stock	1,040,905	92,114	132,036	14,454
Purchases	8,650,575	435,257	4,235,080	394,021
Sales/Internal Utilisations*	7,721,634	303,855	3,326,211	137,660
Closing Stock	1,969,846	121,206	1,040,905	92,114

* Excludes value of Simcards issued free of cost.

Note : The quantity has been mentioned in full numbers.

15. Remuneration paid/payable to Managing Director

	Year ended March 31, 2004 (Rs. '000)	Year ended March 31, 2003 (Rs. '000)
Salary and Allowances	50,862	24,350
Retiral benefits	2,766	–

Excess remuneration paid to Whole-time Directors pending approval of Central Government for earlier years is Rs. 4,063 thousand (Previous year Rs. 4,063 thousand).

16. Details of Investment purchased/sold during the year

a) Investments purchased and sold during the year

Name of the Investment	Units	(Rs. '000)		
		Opening Balance	Purchased during the year	Sale/redemption Proceeds
JM HIGH LIQUIDITY FUND	9,079,194	151,280	–	152,308
GRINDLAYS CASH FUND	21,279,660	238,547	–	239,769
GRINDLAYS FLOATING RATE FUND	5,030,315	50,303	–	50,676
TEMPLETON INDIA TREASURY MANAGEMENT	32,960	49,144	–	49,685
TEMPLETON INDIA SHORT TERM INCOME PLAN	228,721	250,000	–	251,741
KOTAK M MF LIQUID SCHEME	13,436,116	161,220	–	162,613
KOTAK M MF LIQUID INSTITUTIONAL	12,418,791	150,051	–	150,358

Schedules Annexed to and forming part of Accounts

(Rs. '000)				
Name of the Investment	Units	Opening Balance	Purchased during the year	Sale/redemption Proceeds
DEUTSCHE INSTA CASH PLUS	4,978,196	50,000	–	50,676
JM INCOME FUND	12,379,302	300,000	–	307,057
ALLIANCE MF	20,438,576	301,752	–	303,598
PRUDENTIAL ICICI LIQUID PLAN	12,201,043	180,307	–	182,664
PRUDENTIAL ICICI FLOATING RATE PLAN	10,000,000	100,000	–	100,345
SBI MF	7,420,379	100,000	–	101,361
ILFS LIQUID MF	13,426,466	150,318	–	173,165
ILFS LIQUID MF	6,263,568	–	101,745	80,783
HDFC LIQUID MF	4,180,672	50,000	–	50,748
DSP ML FUND	10,384,517	152,500	–	154,075
DSP ML FUND	679,121	–	10,000	10,076
UTI MMMF	1,184,441	20,000	–	20,540
DEUTSCHE PREMIER BOND	30,322,300	300,168	–	316,768
TEMPLETON INDIA MF-LIQUID	6,556	–	10,000	10,006
DEUTSCHE MF-STP	9,706,476	–	100,000	100,074
GRINDLAYS MF-INCOME	6,700,931	–	100,000	100,121
ALLIANCE MF-STP-I PLAN	9,970,686	–	100,000	100,039
PRUDENTIAL ICICI MF-INCOME I-PLAN	7,998,166	–	150,000	150,291
ALLIANCE MF-INCOME	6,861,942	–	150,000	150,183
JM MF-INCOME	9,940,555	–	250,000	250,457
DEUTSCHE MF-INCOME-I PLAN	23,942,461	–	250,000	250,493
KMMF BOND STP	15,976,142	–	180,000	180,216
DSPML SHORT TERM FUND	16,415,569	–	180,000	180,259
IL&FS SHORT TERM FUND	15,615,240	–	180,000	180,216
TEMPLETON SHORT TERM FUND	27,486,412	–	310,000	310,357
KMMF SHORT TERM PLAN	20,492,293	–	257,500	257,779
GRINDLAYS FLOATING RATE	25,710,183	–	265,000	265,296
GRINDLAYS CASH PLUS	21,380,313	–	250,000	250,272
BIRLA BOND FUND	17,143,837	–	200,000	200,233
BIRLA CASH PLUS	19,486,156	–	330,000	330,380
TEMPLETON MUTUAL FUND (TMA)	172,643	–	270,000	270,299
HSBC CASH FUND	25,520,572	–	270,000	270,299
PRUDENTIAL ICICI STP	16,899,599	–	200,000	200,218
KMMF BOND STP	19,516,176	–	220,000	220,149
DEUTSCHE SHORT TERM	4,701,060	–	50,000	50,066
DEUTSCHE FLOATING RATE	5,946,776	–	60,000	60,067
PRUDENTIAL ICICI FLOATING RATE	15,408,024	–	160,000	160,180
		2,755,590	4,604,245	7,406,956

Schedules Annexed to and forming part of Accounts

b) Investments held as on March 31, 2004

(Rs. '000)		
Particulars/Investment	No./Units	Cost as on March 31, 2004
Investment in Subsidiaries :		
Bharti Mobile Limited		
Opening Balance as on 01-04-2003	407,000,000	3,026,103
Addition*	143,000,000	2,753,098
Closing Balance as on 31-04-2004	550,000,000	5,779,201

* Pursuant to the acquisition of 26% stake in Bharti Mobile Limited from Telia Overseas AB, Refer Note 2 on Schedule 23.

17. (i) Details of Secured Loans

Particulars	Amount Outstanding (Rs. '000)	Security Charges
Rupee Loan from financial institutions Rs. 2,500,000 thousand repayable in 10 half yearly installments beginning March 2007	2,500,000	<ul style="list-style-type: none"> • First ranking pari-passu charge on all present and future tangible movable and freehold immovable assets owned by the Company including plant and machinery, office equipment, furniture and fixtures fittings, spares, tools and accessories vehicles. • All rights, titles, interests in the accounts, and monies deposited and investments made there from and in project documents, book debts and insurance policies. • The loan also have a charge on all present and future movable assets and all rights, title, interest in monies, debts and investments there from, project documents and insurance policies of the assets of the Punjab Circle of Bharti Mobile Limited (BML), the subsidiary company. • The loan is further secured by corporate guarantee given by BTVL. • First ranking pari-passu charge on all present and future tangible movable and freehold immovable assets owned by the Company including plant and machinery, office equipment, furniture and fixtures fittings, spares, tools and accessories vehicles. • All rights, titles, interests in the accounts, and monies deposited and investments made there from and in project documents, book debts and insurance policies.
Rupee Loan Rs. 1,250,000 thousand repayable in 10 half yearly installments beginning April 2003	700,000	
Rupee Loan Rs. 1,150,000 thousand repayable in 10 half yearly installments beginning June 2003	920,000	
Rupee Loan Rs. 450,000 thousand repayable in 10 half yearly installments beginning June 2003	360,000	
Rupee Loan Rs. 1,500,000 thousand repayable in 10 half yearly installments beginning May 2005	1,500,000	
Rupee Loan Rs. 500,000 thousand repayable in 4 half yearly installments beginning November 2004	500,000	
Rupee Loan Rs. 500,000 thousand repayable in 4 half yearly installments beginning March 2005	400,000	

Schedules Annexed to and forming part of Accounts

Particulars	Amount Outstanding (Rs. '000)	Security Charges
Rupee Loan Rs. 500,000 thousand repayable in three installments on completion of 18, 27 and 36 months	335,000	<ul style="list-style-type: none"> The loan also have a charge on all present and future movable assets and all rights, title, interest in monies, debts and investments there from, project documents and insurance policies of the assets of the Punjab Circle of Bharti Mobile Limited (BML), the subsidiary company. The loan is further secured by corporate guarantee given by BTVL.
Rupee Loan Rs. 500,000 thousand repayable in 4 half yearly installments beginning September 2005	500,000	
Foreign Currency Term Loan of USD 86,110 thousand repayable in 20 half yearly installments beginning December 2002	3,514,176	<ul style="list-style-type: none"> First ranking pari passu charge on all present and future tangible movable and freehold immovable assets owned by the Company including plant and machinery, office equipment, furniture and fixtures fittings, spares, tools and accessories vehicles. All rights, titles, interests in the accounts, and monies deposited and investments made there from and in project documents, book debts and insurance policies.
Foreign Currency Term Loan of USD 37,057 thousand repayable in 20 half yearly installments beginning August 2003	1,564,017	
Foreign Currency Term Loan of USD 37,009 thousand repayable in 20 half yearly installments beginning February 2004.	1,533,379	<ul style="list-style-type: none"> The foreign currency loan also have a charge on all present and future movable assets and all rights, title, interest in monies, debts and investments there from project documents and insurance policies of the assets of the Punjab Circle of Bharti Mobile Limited (BML), the subsidiary company. The loan is further secured by corporate guarantee given by BTVL.
Foreign Currency Term Loan of USD 125,000 thousand repayable in 5 half yearly installments beginning January 2007	5,997,500	
Long Term Foreign Currency Loan of USD 30,000 thousand repayable in 10 half yearly installments beginning July 2006	1,438,500	<ul style="list-style-type: none"> First ranking pari-passu charge on all present and future tangible movable and freehold immovable assets owned by the Company including plant and machinery, office equipment, furniture and fixtures fittings, spares, tools and accessories vehicles. All rights, titles, interests in the accounts, and monies deposited and investments made there from and in project documents, book debts and insurance policies.
Long Term Foreign Currency Loan of USD 10,000 thousand repayable in 13 half yearly installments beginning June 2005	452,675	
Long Term Foreign Currency Loan of USD 12,000 thousand repayable in 13 half yearly installments beginning June 2005	543,210	<ul style="list-style-type: none"> The foreign currency loan also have a charge on all present and future movable assets and all rights, title, interest in monies, debts and investments there from, project documents and insurance policies of the assets of the Punjab Circle of Bharti Mobile Limited (BML), the subsidiary company. The loan is further secured by corporate guarantee given by BTVL.
Long Term Foreign Currency Loan of USD 46,000 thousand repayable in 20 half yearly installments beginning June 2004	1,854,420	
Long Term Foreign Currency Loan of USD 27,956 thousand repayable in 19 half yearly installments beginning June 2004	746,663	

Schedules Annexed to and forming part of Accounts

Particulars	Amount Outstanding (Rs. '000)	Security Charges
13.25% Non-Convertible Debentures Rs.750,000 thousand payable in three half yearly installments starting from May 2003	255,000	<ul style="list-style-type: none"> • Secured by first ranking pari-passu on the whole of movable properties and securities, instruments of the Company including its movable plant and machinery both present and future. • Secured by way of mortgage on its immovable properties in favour of the trustees.
Vehicle Loans from Banks	4,829	<ul style="list-style-type: none"> • Secured By hypothecation of vehicles of the Company.
<p>(ii) An amount of Rs. 1,259,722 thousand (Previous year Rs. Nil) included under Sundry Creditors for which guarantees has been issued by the bankers of the Company is secured against first ranking pari-passu charge on the immovable and movable Fixed Assets and Current Assets both present and future.</p>		
<p>(iii) The Company has pledged its investment in Bharti Mobile Limited, a wholly owned subsidiary to the extent of 281,000,000 shares in respect of the loans and debentures taken by the subsidiary.</p>		

Schedules Annexed to and forming part of Accounts

18. Details of SSI Creditors having outstanding balance for more than 30 days :

Particulars	Amount as on March 31, 2004 (Rs. '000)	Amount as on March 31, 2003 (Rs. '000)
Silver Point Press Private Limited	13	641
Shruti Art Private Limited	551	69
Selvon Instrument Private Limited	872	872
Print House India Private Limited	154	154
Eagle Press Private Limited	-	200
Adhunik Power Systems (P) Limited	35	34
Precision Control Instruments	428	1,211
A.C. Power System	15	189
M/s. Cantech	131	-
M/s. Aristo Printing Press	96	-
M/s. Kumar Printers	57	-
Sai Electricals	117	-
Soumitro Das	1,137	-
S P Projects	648	-
3 Guys	422	-

19. BTVL is currently in litigation with DSS Enterprises Private Limited ('DSS') (0.34 per cent equity interest in the Company ; 4.67 per cent equity interest in erstwhile BMNL as at March 31, 2002) on various counts. This inter alia includes claim for specific performance in respect of agreements to sell the equity interest of DSS in erstwhile Bharti Mobinet Limited (BMNL) to BTVL. The case filed by DSS to enforce the sale of equity shares before Delhi High Court has since been transferred to District Court and is pending consideration of the Ld. Additional District Judge.

20. Related Party Disclosures

In accordance with the requirements 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 relationships, as identified and certified by the management are:

Key Management Personnel

Sunil Bharti Mittal

Other Related Parties

Name of the Related Party	Relationship
Bharti Tele-Ventures Limited	Holding Company
Bharti Infotel Limited	Fellow Subsidiary
Bharti Comtel Limited	Fellow Subsidiary
Bharti Aquanet Limited	Fellow Subsidiary
Bharti Mobile Limited	Subsidiary
Bharti Enterprises Private Limited	Associate Company
Bharti Telecom Limited	Entity having Significant Influence
Bharti Telesoft Limited	Associate Company
Bharti Teletech Limited	Associate Company
Bharti Infotrac Limited	Associate Company
Bharti Systel Limited	Associate Company
Bharti Overseas Trading Company	Associate Partnership Firm
Bharti Telesoft International Private Limited	Associate Company
Teletech Services (India) Private Limited	Associate Company

Schedules Annexed to and forming part of Accounts

Related Party Transaction for 2003-04

Particulars	(Rs. '000)												
	Bharti Infotel Limited	Bharti Mobile Limited	Bharti Teletel Limited	Bharti Aquanet Limited	Bharti Comtel Limited	Bharti Infotrac Limited	Bharti Systel Limited	Bharti Overseas Trading Limited	Bharti Enterprise Private Limited	Bharti Teletel Services (I) Pvt. Limited	Bharti Tele-Ventures Limited	Bharti Telecom Limited	Bharti Telesoft Ind. Pvt. Limited
Opening Balance	(414,384)	5,742,996	246	(5,762)	(67)	(1,881)	229	86	123	(3,733)	—	(17,832,136)	(600)
Funds Transferred/(Received) (net) (Refer Note 3 below)	32,000	(1,981,212)	—	5,762	—	—	(67)	—	—	—	—	336,086	—
Payment made for expenses incurred on our behalf	39	66	—	2,319	—	1,889	—	—	—	167	—	56	1,200
Payment received for expenses incurred	(215)	—	(294)	—	—	—	—	(94)	(123)	—	—	—	—
Sale/transfer of assets	—	478,399	—	—	—	—	—	—	—	—	—	1,925	—
Purchase of Assets	(1,096)	(12,056)	—	—	—	—	—	—	—	—	—	—	—
Expenses incurred on behalf of Group Companies	470,518	1,211,451	118	—	—	—	—	8	—	—	—	5,583	—
Expenses incurred by Group Companies	(452,478)	(1,198,594)	—	(3,119)	—	(1,094)	—	—	—	(408)	—	(247,631)	(600)
Sale of services from Group Company net of payment received (Refer Note 4 below)	518,242	2,693	—	—	—	—	—	—	—	—	—	—	—
Purchase of Services from Group Company net of payment made (Refer Note 5 below)	(660,098)	(711)	—	(929)	(3,262)	1,086	(162)	—	—	1,724	—	—	—
Employee related transaction net of payments made (Refer Note 6 below)	123	684	2	—	—	—	—	—	—	—	—	9,897	—
Closing Balance	(507,349)	4,243,716	72	(1,729)	(3,329)	—	—	—	—	(2,250)	—	(17,726,220)	—
Unsecured Loan	—	—	—	—	—	—	—	—	—	—	—	(17,726,220)	—
Creditors	(507,349)	—	—	(1,729)	(3,329)	—	—	—	—	(2,250)	—	—	—
Loan and Advances	—	4,243,716	72	—	—	—	—	—	—	—	—	—	—
Debtors	—	—	—	—	—	—	—	—	—	—	—	—	—
Closing balance	(507,349)	4,243,716	72	(1,729)	(3,329)	—	—	—	—	(2,250)	—	(17,726,220)	—

Notes :

- The above excludes provision of telephone services free of cost among the Group Companies and free of cost use of Billing System of the company by its wholly owned subsidiary.
- For Managerial Remuneration paid to Key Management personnel refer Note 15 above.

Schedules Annexed to and forming part of Accounts

Particulars	(Rs. '000)														
	Bharti Infotel Limited	Bharti Mobile Limited	Bharti Teletech Limited	Bharti Aquanet Limited	Bharti Comtel Limited	Bharti Inforac Limited	Bharti Systel Limited	Bharti Overseas Trading Limited	Bharti Enterprise Private Limited	Bharti Telesoft Limited	Teletech Services (I) Pvt. Limited	Bharti Tele-Ventures Limited	Bharti Telecom Limited	Bharti Telesoft Intl. Pvt. Limited	
3. Net funds movement															
Funds Transferred	32,000	3,365,507	-	5,762	-	-	-	-	-	-	-	27,611,592	-	-	-
Funds received	-	(5,346,719)	-	-	-	-	(67)	-	-	-	-	(27,275,506)	-	-	-
Funds Transferred/(Received) (net)	32,000	(1,981,212)	-	5,762	-	-	(67)	-	-	-	-	336,086	-	-	-
4. Sale of Services															
Sale of services from Group Company	519,839	2,693	-	55	-	-	-	-	-	-	-	-	-	-	-
Payment received against sale of services	(1,597)	-	-	(55)	-	-	-	-	-	-	-	-	-	-	-
Sale of Services to Group Companies net of payment received	518,242	2,693	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Purchase of Services															
Purchase of Services from Group Company	(1,756,528)	(2,390)	-	(3,717)	(3,279)	(10,488)	(162)	-	-	(58,027)	(26,836)	(161,775)	-	(2,206)	-
Payment made to Group Company for purchase of service rendered	1,096,430	1,679	-	2,788	17	11,574	-	-	-	59,751	26,836	161,775	-	2,206	-
Purchase of Services from Group Companies net of payments made	(660,098)	(711)	-	(929)	(3,262)	1,086	(162)	-	-	1,724	-	-	-	-	-
6. Employee Related Transactions															
Employee related transaction incurred on behalf of Group Companies	380	1,578	2	-	-	-	-	-	-	-	-	10,245	-	-	-
Employee related transaction incurred by Group Company on behalf of us	(257)	(894)	-	-	-	-	-	-	-	-	-	(348)	-	-	-
Employee related transaction net of payments made	123	684	2	-	-	-	-	-	-	-	-	9,897	-	-	-

Schedules Annexed to and forming part of Accounts

Particulars	(Rs. '000)												
	Bharti Infotel Limited	Bharti Mobile Limited	Bharti Teletech Limited	Bharti Aquanet Limited	Bharti Comtel Limited	Bharti Infotrac Limited	Bharti Systel Limited	Bharti Overseas Trading Limited	Bharti Enterprise Private Limited	Bharti Telesoft Limited	Bharti Healthcare Limited	Bharti Tele-Ventures Limited	Bharti Telecom Limited
Opening Balance (Refer Note 2 below)	490,436	78,177	246	-	-	-	-	-	-	(7,332)	412	(10,727,238)	-
Funds Transferred/(Received) (net) (Refer Note 3 below)	(641,965)	5,087,781	-	-	-	-	-	-	-	-	-	(6,458,324)	-
Payment made for expenses incurred on our behalf	15,924	768	-	-	-	-	-	-	-	363	-	(41,483)	-
Payment received for expenses incurred	(2,560)	(14,460)	-	-	-	-	(1,911)	(116)	-	-	-	-	-
Sale/transfer of assets	-	181	-	-	-	-	-	-	-	-	-	183	-
Purchase of Assets	(445)	(150)	-	-	-	-	-	-	-	(9,143)	-	(163)	-
Expenses incurred on behalf of Group Companies	8,652	665,465	-	(5,762)	-	-	1,997	239	-	-	-	29,117	-
Expenses incurred by Group Companies	(39,344)	(74,313)	-	-	(2)	(795)	-	-	-	(973)	-	(634,228)	(600)
Sale of services from Group Company net of payment received (Refer Note 4 below)	24,716	-	-	-	(65)	-	-	-	-	-	-	-	-
Purchase of Services from Group Company net of payment made (Refer Note 5 below)	(269,798)	-	-	-	-	(1,086)	-	-	-	13,343	-	-	-
Others	-	(452)	-	-	-	-	-	-	-	9	(412)	-	-
Closing Balance	(414,384)	5,742,997	246	(5,762)	(67)	(1,881)	229	86	123	(3,733)	-	(17,832,136)	(600)
Unsecured Loan	(235,150)	-	-	(5,762)	-	-	-	-	-	-	-	(17,832,136)	(600)
Creditors	(179,234)	-	-	-	(67)	(1,881)	-	-	-	(3,733)	-	-	-
Loan and Advances	-	5,742,997	246	-	-	-	229	86	123	-	-	-	-
Debtors	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	(414,384)	5,742,997	246	(5,762)	(67)	(1,881)	229	86	123	(3,733)	-	(17,832,136)	(600)

Notes :

- The above excludes provision of telephone services free of cost among the Group Companies.
- For Managerial Remuneration paid to Key Management personnel refer Note 15 above.

Schedules Annexed to and forming part of Accounts

Particulars	(Rs. '000)												
	Bharti Infotel Limited	Bharti Mobile Limited	Bharti Teletech Limited	Bharti Aquanet Limited	Bharti Comtel Limited	Bharti Infotrac Limited	Bharti System Limited	Bharti Overseas Trading Limited	Bharti Enterprise Private Limited	Bharti Telesoft Limited	Bharti Healthcare Limited	Bharti Tele-Ventures Limited	Bharti Telecom Limited
3. Net funds movement													
Funds Transferred	1,108,679	6,510,242	-	-	-	-	-	-	-	-	-	20,431,925	-
Funds received	(1,730,644)	(1,422,461)	-	-	-	-	-	-	-	-	-	(26,890,249)	-
Funds Transferred/(Received) (net)	(641,965)	5,087,781	-	-	-	-	-	-	-	-	-	(6,458,324)	-
4. Sale of Services													
Sale of services from Group Company	24,716	-	-	-	-	-	-	-	-	-	-	-	-
Payment received against sale of services	-	-	-	-	(65)	-	-	-	-	-	-	-	-
Sale of Services to Group Companies net of payment received	24,716	-	-	-	(65)	-	-	-	-	-	-	-	-
5. Purchase of Services													
Purchase of Services from Group Company	(851,560)	-	(100)	-	-	(3,508)	-	-	-	(69,530)	-	-	-
Payment made to Group Company for purchase of service rendered	581,762	-	100	-	-	2,422	-	-	-	82,873	-	-	-
Purchase of Services from Group Companies net of payments made	(269,798)	-	-	-	-	(1,086)	-	-	-	13,343	-	-	-

Schedules Annexed to and forming part of Accounts

21. Leases

Operating Lease

The lease rentals charged during the year for cancellable/non-cancellable leases relating to building premises, VSAT Assets and cell sites as per the agreements and maximum obligation on long-term non-cancellable operating leases are as follows:

	Year ended March 31, 2004 (Rs. '000)	Year ended March 31, 2003 (Rs. '000)
Lease Rentals	537,280	359,679
Obligations on non-cancellable leases :		
Not later than one year	19,162	17,253
Later than one year and not later than five years	15,816	33,069
Total	<u>34,978</u>	<u>50,322</u>

Finance Lease – As Lessee

The Group has taken certain vehicles on Finance lease. The reconciliation between the total of minimum lease payments at Balance Sheet date and their present value is as below:

	Minimum Lease Payments (Rs. '000)	Future Finance Charges (Rs. '000)	Present Value (Rs. '000)
Not later than one year	2,488	213	2,276
Later than one year and not later than five years	145	1	144
Total	<u>2,633</u>	<u>214</u>	<u>2,420</u>

22. As at the year end, the accumulated losses exceed the paid up share capital and reserves of the Company. However, in view of the results of operations of the Company for the year and support from the holding company, the accounts are prepared on a going concern basis.
23. There have been no cases of fraud noticed or reported during the year other than in respect of subscriber frauds aggregating Rs. 4,752 thousand. The Company has initiated necessary action for recovery of these amount; however on a conservative basis, the amount as above has been charged to the Profit and Loss Account under provision for doubtful debts.
24. Previous year's figures have been reclassified/rearranged, wherever necessary to confirm to the current year's classification.

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. State Code

Balance Sheet Date
Date Month Year

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

Public Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Rights Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

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

	Total Liabilities	<input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="6"/>	Total Assets	<input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="6"/>
Sources of funds	Paid up Capital	<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="5"/>	Reserves & Surplus	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="4"/>
	Secured Loans	<input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="9"/>	Unsecured Loans	<input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="8"/>
Application of funds	Net Fixed Assets	<input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="1"/>	Investments	<input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="1"/>
	Net Current Assets	<input "="" type="text" value="("/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value=")"/>	Miscellaneous Expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="7"/>
	Accumulated Losses	<input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="8"/>		

IV. Performance of the Company (Amount in thousands)

Turnover (including other income)	<input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="1"/>	Total Expenditure	<input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="0"/>
Profit/(Loss) Before Tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="1"/>	Profit/(Loss) After Tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="0"/>
Earning per Share in Rs.	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="."/> <input type="text" value="9"/> <input type="text" value="6"/>	Dividend Rate	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

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

Item Code No. (ITC Code)

Product Description

On behalf of the Board

SUNIL BHARTI MITTAL
Chairman & Managing Director

AKHIL GUPTA
Director

C.P. JOSHI
Company Secretary

SARVJIT SINGH DHILLON
Chief Financial Officer

Place : New Delhi
Date : April 21, 2004

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANIES**

1. Name of Subsidiary	Bharti Mobile Limited
2. Financial Year of the Subsidiary ended on :	31-03-2004
3. Shares of the Subsidiary held by the Company on the above dates:	
(a) Nos.	550,000,000
(b) Face Value	Rs.10/-
(c) Extent of Holding	100%*
4. Net aggregate amount of profit/losses of the Subsidiary for the above financial year so far as they concern members of the Company (Rs. '000)	
(a) Dealt with the Accounts of the Company for the year ended 31-03-2004	Nil
(b) Not dealt with in the Accounts of the Company for the year ended 31-03-2004	1,817,490
5. Net aggregate amount of profits/(Losses) for the previous financial years of the Subsidiary, since it became a Subsidiary so far as they concern the members of the Company (Rs. '000)	
(a) Dealt with in the Accounts of the Company for the year ended 31-03-2003	Nil
(b) Not dealt with in the Accounts of the Company for the year ended 31-03-2003	827,439

* Acquired 26% during the year ended March 2004.

On behalf of the Board

SUNIL BHARTI MITTAL
Chairman & Managing Director

AKHIL GUPTA
Director

C.P. JOSHI
Company Secretary

SARVJIT SINGH DHILLON
Chief Financial Officer

Place : New Delhi
Date : April 21, 2004