

# BHARTI CELLULAR LIMITED

# DIRECTORS' REPORT

The Directors have pleasure in presenting the Eleventh Annual Report and Audited Accounts for the financial year ending March 31, 2003.

## BUSINESS REVIEW

The year under review witnessed a dramatic increase in scale of business with eight new operations acquiring critical mass. The upward trend in business operations within the Company was mirrored by a corresponding change in the Indian telecom industry as a whole. The GSM market in particular seemed to have taken off the S-curve of market growth, having grown by close to 100% in the year. Bharti Cellular grew by more than 125% in the same period.

The year also featured the controversial entry of Wireless in local loop (WLL) players into the telecom sector. The year also saw rapid-scale GSM growth of the Public Sector Undertakings incumbent, Bharat Sanchar Nigam Limited (BSNL). Thus, the mobile telecom services sector witnessed globally unprecedented levels of competitive intensity.

Tariffs for services also fell substantially in this year, serving as one of the key drivers for the tremendous market growth.

The Company has been successful in integrating all 15 operations into a pan-India business and will continue doing this in the next year also. The fully developed Mobility Office at Gurgaon was an addition to the business structure, with national strategies and plans being developed in this office and being locally executed in the 15 operating units.

## REVIEW OF OPERATIONS

### Management

Mr. Manoj Kohli took over as President of the Mobility business at the end of the year. This followed Mr. Anil Nayar's successful stint as President during the scale-up phase of the business. Manoj was the Joint President with the Group from November 2002. The Mobility Office functional heads were being put in place at the end of the year, to further strengthen the Management of the Mobility Business.

### Financial Indicators

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

Revenues for the year were Rs.14135 Million compared to Rs. 6369 Million in the previous year. Net Loss was Rs. 2080.34 Million as compared to net profit of Rs. 986.28 Million last year. The EBITDA margin for the business was 21.30%. It should be borne in mind that the new operations commenced in this year would have started with negative EBITDAs.

Particulars	For the year ended March 31, 2003 (Rs. in Thousand)	For the year ended March 31, 2002 (Rs. in Thousand)
Sales and Other Income	14,135,168	6,369,133
Profit before Finance Expenses, Depreciation and Amortisation (EBITDA after Licence Fee)	3,012,118	2,365,975
Finance Expenses	1,636,298	342,633
Depreciation and Amortisation	2,560,912	691,156
Profit before Tax	(2,080,342)	1,047,273
Taxation	-	60,990
Profit after Tax	(2,080,342)	986,283

### New services/Circles

No new licences were obtained during this year.

During the year the Company launched cellular services in a phased manner in all the 8 new cellular circles awarded under the 4th cellular bidding. These circles are Mumbai, Gujarat, Maharashtra, Madhya Pradesh, Tamilnadu, Kerala, Uttar Pradesh (West) and Haryana. The services in these new license areas are in the 1800MHz GSM frequency band.

A slew of data services were launched during the year to meet the increasing demand for the same. Services like 646 and Multimedia Messaging Service (MMS) met with considerable amount of success. The Company's General Packet Radio Services (GPRS) services were also launched in this year.

### Subscriber Base

The Company achieved another first when the subscriber base of the metro service area of Delhi crossed the 1 Million mark in June 2003. During the Financial Year ended March 31, 2003, the Company added 1.7 mn customers to take the customer base to close to 3.1mn. This helped the Company maintain its leadership position with 24.2% of the market at close of the year.

### Customer Service and Quality

High level of Customer Service and Six Sigma quality were identified as key success factors for the business, and Company-wide programs were launched for the same. One of the objectives identified was giving customers all over India the same touch, look and feel of a national Company.

### Finance and Collections

Structured systems and processes were set up in the finance and collections function, consequent to which improved collections

levels will result in the next year. A concerted program was also launched to reduce the high levels of bad debts.

Another initiative area identified was increasing cost efficiency of all processes and functions across all circles. This would lead to an optimized level of opex control, the benefits of which will accrue in the next year and be reflected in higher levels of EBITDA margin.

A top-line boosting initiative identified for implementation was a set of revenue enhancement and assurance measures, which would be executed on a project basis to obtain untapped sources of revenues.

#### **Awards & Recognition**

The Company continued on its impressive path, being voted again by Voice and Data as the "Top Cellular Services Provider" in the country for 2002-03.

#### **Future Plans**

The Company will continue on its path of consolidating its leading position in the mobile industry. Special strategies have been designed to ensure this, given the rapid increase in competition during 2002-03. At this delicate juncture of the Indian telecom market, we shall continue to adopt controlled aggression to increase our market share without adversely affecting the quality of our subscriber base.

The Company will consider acquiring some new licences / businesses in 2003-04 to get a jump-start in some circles or to acquire greater scale of operations as and when the opportunities are made available.

The Indian Mobile market dynamics are redefining conventional business principles and we at Bharti Mobility aim to excel by implementing innovative strategies and policies. However, all our strategies shall continue to be rigorously designed around robust revenues and sustainable profits. We are confident that this prudent approach of ours will give us a solid foundation for the future.

#### **Subsidiary Companies**

The Company purchased 26% equity stake held by Telia A.B. in Bharti Mobile Limited on June 6, 2003. By virtue of this acquisition, Bharti Mobile Limited, subsidiary Company having cellular operations in the cellular circles of Andhra Pradesh, Karnataka and Punjab became a wholly owned subsidiary.

#### **Mergers**

SC Cellular Holdings Limited, subsidiary Company and Bharti Mobitel, wholly owned subsidiary amalgamated with the Bharti Cellular Limited on March 31, 2003. The Hon'ble High Court of Delhi sanctioned the scheme on March 10, 2003.

The scheme of arrangement wherein the cellular division of Bharti Telenet Limited (H.P. Division) and the cellular operations comprised in Bharti Mobinet Limited were to merge with Bharti Cellular Limited on August 19, 2003. The Hon'ble High Court of Delhi sanctioned the scheme on July 29, 2003.

#### **Share Capital**

Consequent upon the approval of the scheme of arrangement wherein the cellular division of Bharti Telenet Limited (H.P. Division) and the cellular operations comprised in Bharti Mobinet Limited merged with Bharti Cellular Limited, the paid up share capital of the Company has increased from Rs.1,050,000,000/- to Rs. 1,061,084,500/- by virtue of issue of 1,108,450 equity shares of Rs.10/- each as per the exchange ratio to the shareholders of Bharti Mobinet Limited and Bharti Telenet Limited.

#### **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**

The Company has a duly constituted audit committee in existence since December 1997. The present constitution of the Committee is as under:

1. Mr. Akhil Gupta
2. Mr. Viresh Dayal
3. Mr. Ravindra Gupta (IDBI Nominee)

#### **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. Rakesh Bharti Mittal is due to retire by rotation at the Eleventh Annual General Meeting and being eligible, has offered himself for re-appointment. The Board recommends his re-appointment as Director of the Company.

Mr. Ravindra Gupta was appointed as the IDBI nominee Director in place of Mr. B.K. Taparia.

Mr. Anil Nayar, Mr. Sanjay Kapoor and Mr. B.K. Taparia (IDBI Nominee Director) have ceased to be the Directors of the Company. The Company places on record appreciation for the valuable contribution made by them during their tenure as Directors.

### 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.

To attract and retain qualified, talented and competent personnel, your Company has introduced an Employee Stock Option Scheme, which will act as a major booster to employee motivation.

### 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:

Particulars	For the Year ended March 31, 2003 (Rs. in Thousand)	For the Year ended March 31, 2002 (Rs. in Thousand)
Foreign Exchange Earnings	210,233	281,121
Foreign Exchange Outflow	700,640	209,485

### DIRECTORS' RESPONSIBILITY STATEMENT - SECTION 217(2AA)

#### The Directors' Confirm:

- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;

- ii. 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 31st March, 2003 and of the profit and loss account of the Company for the period;
- iii. they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they had 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, Venders, Business Partners and Customers, Various agencies and the Government of India especially the Department of Telecommunications, state Government 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: September 16, 2003

**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, 2003 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	Previous employment/ Designation
<b>(A) EMPLOYED THROUGHOUT THE FINANCIAL YEAR</b>										
1.	Vivek Y. Vyavaharkar	Chief Technical Officer	Permanent	Technical	B.E.	52	1-Oct-01	28	2,699,304	BPL Cellular/Technical Head
2.	Shiv Ratchand	Chief Technical Officer	Permanent	Technical	M.E.	54	7-Aug-01	32	3,594,982	Escotel/CTO
3.	Rajiv Jaitly	Vice President - Sales	Permanent	Sales	MBA	42	18-Mar-02	17	3,521,955	Data Access (I) Ltd./ Exec. Vice President
4.	Col. V.S. Rawat	Vice President	Permanent	Technical	B.E., M.E. (Electronics & Communications)	54	7-Aug-01	34	3,304,928	BPL Cellular Ltd./CTO
5.	Sanjay Bawaja	Vice President	Permanent	Finance	CA, ICWA	43	1-Feb-01	17	3,292,759	RTVL/VP Finance
6.	Atul Jhamb	Chief Operating Officer (Mumbai Circle)	Permanent	Operations	B.Sc., M.M.S	41	21-Feb-00	15	3,711,617	American Express Bank Mumbai/Director Marketing
7.	Inder Bajaj	Chief Operating Officer (Maharashtra & Goa Circle)	Permanent	Operations	B.Com, MBA	39	21-Feb-00	16	3,327,174	Bharti BT Internet Ltd./ GM, Sales,
8.	Prabhat Pani	Chief Executive Officer - (Gujarat & MP)	Permanent	Operations	BE, PGDM	43	14-Sep-01	21	4,084,944	IT Space Com. Pvt. Limited/ Chief Executive Officer
9.	I.B.Mehra	Chief Executive Officer	Permanent	Operations	B.Com, PGDBM	50	1-Jan-00	26	4,294,387	CEO-BCL, Chandigarh
10.	Saayit Singh Dhillon	Chief Financial Officer - Mobility	Permanent	Finance	B.A. (Hons.), CIMA, MBA	36	29-Jun-01	15	8,294,363	British Telecom/ED & CFO
11.	Pritam Kukillaya	Chief Technical Officer	Permanent	Technical	B.E.	44	01-Oct-96	20	4,087,844	Hofinet Ltd./Vice President
12.	P.H. Rao	Chief Executive Officer	Permanent	Operations	B.Sc., Dip. (Electrical)	58	18-Jan-00	38	5,442,033	Compton Greaves Ltd./ President
13.	Venkatraman S.	Chief Operating Officer	Permanent	Operations	B.Com., PGDM (IIM/A), ACS, AICWA	43	1-Jan-02	22	2,931,614	Skycell/CFO and Company Secretary
14.	Deepak Gulati	Chief Executive	Permanent	Operations	B.Sc., MBA	43	22-Aug-01	20	3,445,248	Bharti Cellular Ltd./Chief Executive, Special Projects
<b>(B) EMPLOYED FOR PART OF THE FINANCIAL YEAR</b>										
1.	Sanjay Jog	Sr. Vice President - Human Resource	Permanent	HR	MBA	43	15-Jul-02	15	2,329,207	Emrs & Young/Associate Director
2.	Ajit Rathi	Chief Technical Officer	Permanent	Technical	BE, MS, LLB	49	18-Sep-01	24	2,275,247	Aircel/Digital/CTO
3.	LT. Col. Lester Herber	Chief Technical Officer	Permanent	Technical	B.T. tech, MS (Tech)	47	21-May-01	25	2,363,652	BPL Cellular Ltd./CTO - Kerala & Tamilnadu
4.	Bhaskar Chakraborty	Sr. Vice President - Commercial	Permanent	Commercial	PGDBM	45	1-Mar-00	24	711,389	Bharti Tele-Ventures Ltd./ VP-Markts.
5.	H.K. Gandhi	Chief Human Resource Officer	Permanent	HR	Graduate, MBA, LLB	47	1-Nov-02	23	1,214,833	BTVL Corporate/VP-HR
6.	Sanjay Kapoor	Executive Director - Western Region	Permanent	Operation	B.Com, MBA	41	1-Jul-98	20	5,242,474	Modi Xerox/Director (Operation Support)
7.	Pawan Kapur	Chief Executive Officer	Permanent	Operation	B.Sc., MBA	52	1-Jul-01	31	1,707,125	Bharti Teletech Limited
8.	Sundar Vishwanathan	Chief Financial Officer - Mobility	Permanent	Finance	B.Com., ACA	44	30-Dec-00	18	3,793,249	Bharti Tele-Ventures Ltd./ Director Finance
9.	Manoj Kohli	Jr. President - Mobility	Permanent	Operation	B.Com., LLB, MBA	45	25-Oct-02	23	3,441,051	Escotel Mobile Communications Ltd./ Executive Director & CEO
10.	Christopher Tobit	Chief Operating Officer - Delhi & UP West	Permanent	Operation	Graduate	39	1-Feb-99	21	281,057	Bharti Mobile Ltd., Karnataka/ General Manager Customer Service
11.	Sanjay Nandrajog	Chief Executive Officer - Delhi & UP West	Permanent	Operation	Bachelor of Technology (Chemical), MBA	41	10-Jan-03	17	1,254,448	Pepsico/Market Unit Director
12.	Vinod Sawhny	Chief Executive Officer	Permanent	Operation	BE (Hons.), Mech., PGDBM	45	9-Sep-02	23	2,924,479	Spice Communications, Punjab/Managing Director
13.	Norman D Price IV	Group Chief Technical Officer	Contractual	Technical		40	19-Apr-02	17	12,597,557	Nextel Partners, US/ Director Engineering & Operations

Note:

- Gross remuneration comprises of Salary, Taxable Allowances, Company's contribution to Provident Fund and taxable value of perquisites.
- 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.m.
- None of the employees mentioned above is a relative of any Directors of the Company.
- None of the employees mentioned above hold 2% or more share capital of the Company.
- The designation - 'Director' wherever prefixed describing the area of responsibility occurring in the above Statement is not a Board position except that of Mr. Sanjay Kapoor.

# 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, 2003, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have 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 Manufacturing and Other Companies (Auditor's Report) Order, 1988 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 as we considered appropriate and according to the information and explanations given to us, we further report that:
  - (i) (a) The Company is in the process of updating its fixed assets records to show full particulars including quantitative details and situation of its fixed assets.
  - (b) The fixed assets of the Company are physically verified during the year by the management according to a phased programme designed to cover all the items over a period of three years. Pursuant to the programme, a physical verification was carried out during the year and this revealed no material discrepancies.
  - (ii) The fixed assets of the Company have not been revalued during the year.
  - (iii) The stock-in-trade of the Company at all its locations have been physically verified by the management at the end of the year.
  - (iv) In our opinion, the procedures of physical verification of the stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - (v) The discrepancies between the physical stocks and the book stocks, which have been properly dealt with in the books of account were not material.
  - (vi) In our opinion, the valuation of stock in trade has been fair and proper in accordance with the normally accepted accounting principles in India, and is on the same basis as in the preceding year.
  - (vii) In our opinion, the terms, rate of interest and conditions of unsecured loans taken by the Company from the holding company and a fellow subsidiary are prima facie not prejudicial to the interests of the Company. The Company has not taken any other loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Act. In terms of sub-section (6) of Section 370 of the Act, provisions of this section are not applicable to a Company on or after October 31, 1998.
  - (viii) The Company has not granted any loans, secured or unsecured to companies firms or other parties listed in the register maintained under Section 301 of the Act. In the terms of sub-section (6) of Section 370 of the Act, provisions of this section are not applicable to a Company on or after October 31, 1998.
  - (ix) In our opinion, the terms and conditions of interest free unsecured loans granted by the Company to its subsidiary is prima facie not prejudicial to the interests of the Company. The Company has not granted any other loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Act. In terms of sub-section (6) of Section 370 of the Act, provisions of this section are not applicable to a Company on or after October 31, 1998.
  - (x) The parties to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts as stipulated and are also regular in payment of interest, where applicable. In those cases, where principal amounts and/or interests are not being paid as stipulated, reasonable steps are being taken by the Company for recovery of the principal or/and interest.
  - (xi) In our opinion, there is, an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for purchase of plant and machinery, equipment and similar assets.
  - (xii) In our opinion, purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act aggregating during the year Rs. 50,000 or more in value in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials or services or the prices at which the transactions for similar goods or services

have been made with other parties except sale of cellular services to Companies listed under Section 301 of the Act which have been made at concessional rates which we understand is on a reciprocal basis other than to the holding company from whom no such services are received.

- (xiii) The Company has not accepted any deposits from the public.
- (xiv) In our opinion, the Company's present internal audit system is generally commensurate with its size and nature of business.
- (xv) The Central Government of India has not prescribed the maintenance of cost records by the Company under Section 209(1)(d) of the Act for any of its activities for the year.
- (xvi) The Company has regularly deposited, during the year, Provident Fund and Employees' State Insurance dues with the appropriate authorities in India.
- (xvii) At the last day of the financial year there was no amount outstanding in respect of undisputed income tax, sales tax, customs duty and excise duty which were due for more than six months from the date they became payable.
- (xviii) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any personal expenses which have been charged to Profit and Loss Account, nor have we been informed of such case by the management other than those payable under contractual obligations and/or accepted business practices.
- (xix) In respect of services rendered:
  - (a) Considering the nature of services rendered and the basis of billing, it is not considered to be necessary to have a system of allocation of consumption of materials and stores to the relative jobs. However, the Company has a reasonable system of recording receipts, issues and consumption of materials and stores.
  - (b) Considering the nature of the services rendered and the basis of billing, it is not necessary to have a system of allocation of man-hours utilised to the relative jobs.
- (xx) In respect of trading activities:  
 Damaged goods have been determined pursuant to the Company's laid down procedures and consequential adjustments, which have not been significant, have been made in the accounts.

The other clauses of the Order are not applicable to the Company's activities for the year and accordingly we are not commenting on the same.

- 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, 2003 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2003 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, 2003;
    - (ii) in the case of the Profit and Loss Account, of the loss 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

For and on behalf of  
**PRICE WATERHOUSE**  
 Chartered Accountants

Place: New Delhi  
 Dated: September 16, 2003

# BALANCE SHEET AS AT MARCH 31, 2003

	Schedule No.	As at March 31, 2003 (Rs. '000)	As at March 31, 2002 (Rs. '000)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	1,061,085	1,050,000
Reserves and Surplus	2	671,574	1,828,931
<b>Loan Funds</b>			
Secured Loans	3	20,040,583	3,630,672
Unsecured Loans	4	20,655,002	14,744,566
<b>Security Deposits</b> (Refer Note 7 on Schedule 24)		1,238,002	675,288
<b>Deferred Tax Liability (Net)</b> (Refer Note 9 on Schedule 24)		–	73,829
		<u>43,666,246</u>	<u>22,003,286</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	24,259,506	6,475,179
Less: Depreciation		6,147,813	2,194,877
Net Block		18,111,693	4,280,302
Capital Work-in-Progress		1,525,467	6,825,053
		<u>19,637,160</u>	<u>11,105,355</u>
<b>Pre-operative Expenditure pending allocation</b>	6	–	158,133
<b>Unamortised Licence Fee</b>	7	7,636,894	7,568,174
<b>Investments</b>	8	5,781,692	7,725,184
<b>Current Assets, Loans and Advances</b>			
Inventories	9	92,199	14,496
Sundry Debtors	10	1,700,922	329,859
Cash and Bank Balances	11	331,513	229,743
Current Assets, Loans and Advances	12	7,658,931	862,746
		<u>9,783,565</u>	<u>1,436,844</u>
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	13	6,924,538	6,048,421
Provisions		36,114	11,125
		<u>6,960,652</u>	<u>6,059,546</u>
<b>Net Current Assets</b>		2,822,913	(4,622,702)
<b>Deferred Tax Asset (Net)</b> (Refer Note 9 on Schedule 24)		554,898	–
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)	14	45,801	69,142
<b>Profit and Loss Account</b>		7,186,888	–
		<u>43,666,246</u>	<u>22,003,286</u>
<b>Statement of Significant Accounting Policies</b>	23		
<b>Notes to Accounts</b>	24		

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: September 16, 2003



# PROFIT AND LOSS ACCOUNT

## FOR THE YEAR ENDED MARCH 31, 2003

	Schedule No.	For the year ended March 31, 2003 (Rs. '000)	For the year ended March 31, 2002 (Rs. '000)
<b>INCOME</b>			
Service Revenue (Refer Note 8 on Schedule 24)		13,982,214	6,337,210
Sale of Goods		137,660	20,742
Other Income	15	15,294	11,181
		<u>14,135,168</u>	<u>6,369,133</u>
<b>EXPENDITURE</b>			
Access Charges		2,619,278	1,255,284
Network Operating	16	1,345,349	323,502
Cost of Sales of Goods	17	146,392	3,982
Personnel	18	972,371	350,631
Sales and Marketing	19	2,012,519	636,359
Administrative and Others	20	2,253,617	490,700
		<u>9,349,526</u>	<u>3,060,458</u>
<b>Operating Profit before Licence Fee and Spectrum Charges (revenue share), Finance Expense (Net), Depreciation, Amortisation, Pre-operative Expenditure written off, Goodwill written off, Significant non-frequently occurring items and Taxation</b>		<u>4,785,642</u>	<u>3,308,675</u>
Licence Fee and Spectrum Charges (Revenue Share)		1,773,524	942,700
<b>Operating Profit before Finance Expense (Net), Depreciation, Amortisation, Pre-operative Expenditure written off, Goodwill written off, Significant non-frequently occurring items and Taxation</b>		<u>3,012,118</u>	<u>2,365,975</u>
Finance Expenses (Net)	21	1,636,298	342,633
Depreciation		2,204,886	626,734
Amortisation	22	356,026	64,422
Pre-operative Expenditure written off	6	366,012	284,913
<b>Profit/(Loss) before Goodwill written off, Significant non-frequently occurring items and Taxation</b>		<u>(1,551,104)</u>	<u>1,047,273</u>
Goodwill written off [Refer Note 2(b)(i) on Schedule 24]		187,274	-
<b>Profit/(Loss) before Significant non-frequently occurring items and Taxation</b>		<u>(1,738,378)</u>	<u>1,047,273</u>
Significant non-frequently occurring items (Refer Note 22 on Schedule 24)		341,964	-
<b>Profit/(Loss) before Tax</b>		<u>(2,080,342)</u>	<u>1,047,273</u>
Tax Expense			
- Current		-	80,000
- Deferred Tax Expense/(Income)		-	(19,010)
(Refer Note 12 on Schedule 23 and Note 9 on Schedule 24)			
<b>Profit/(Loss) after Tax</b>		<u>(2,080,342)</u>	<u>986,283</u>
<b>Profit/(Loss) carried forward from earlier years</b>		<u>1,828,331</u>	<u>975,302</u>
Deferred Tax Asset/(Liability) adjusted against Opening balance		-	(92,839)
Losses acquired under schemes of amalgamation [Refer Note 2(a) and 2(b)(ii) on Schedule 24]		(2,047,741)	(7,074)
Difference of consideration and value of net assets acquired under schemes of amalgamation [Refer Note 2(a) and 2(b)(ii) on Schedule 24]		(4,887,136)	(33,341)
<b>Profit/(Loss) carried to the Balance Sheet</b>		<u>(7,186,888)</u>	<u>1,828,331</u>
<b>Earnings per Share</b> (Basic and Diluted) (Refer Note 16 on Schedule 23 and Note 10 on Schedule 24)		<u>(19.61)</u>	<u>9.39</u>
<b>Significant Accounting Policies</b>	23		
<b>Notes to Accounts</b>	24		

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

Place: New Delhi  
Date: September 16, 2003

SUNIL BHARTI MITTAL  
Chairman & Managing Director

C.P. JOSHI  
Company Secretary

AKHIL GUPTA  
Director

SARVJIT SINGH DHILLON  
Chief Financial Officer

# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2003

(Rs. '000)

	For the year ended March 31, 2003	For the year ended March 31, 2002
<b>A. Cash flow from operating activities:</b>		
Net (loss)/profit before tax but after exceptional/extra-ordinary items	(2,080,342)	1,047,273
<b>Adjustments for:</b>		
Depreciation	2,204,886	626,734
Interest Expense	1,647,061	424,026
Interest Income	(1,035)	(71,482)
(Profit)/Loss on Fixed Assets sold	(667)	4,829
(Profit)/Loss on Sale of Investments	(9,938)	(28,525)
ESOP Expenditure written off	21,772	-
Deferred Revenue Expenditure written off	-	15,133
Pre-operative Expenditure written off	21,719	284,913
Preliminary Expenditure written off	6	-
Licence Fee written off	334,248	49,289
Debts/Advances written off	4,770	128,931
Provision for Bad and Doubtful Debts	1,212,634	(3,988)
Liability no longer required written back	-	(25,849)
Provision for Gratuity and Leave Encashment	21,708	5,237
Unrealised Foreign Exchange (Gain)/Loss	210	(312)
Significant non-frequently occurring items	341,964	-
Goodwill written off	187,274	-
<b>Operating profit before working capital changes</b>	<b>3,906,270</b>	<b>2,456,209</b>
<b>Adjustments for changes in working capital:</b>		
- (INCREASE)/DECREASE in Sundry Debtors	(2,334,111)	(157,235)
- (INCREASE)/DECREASE in Other Receivables	(4,831,784)	(282,393)
- (INCREASE)/DECREASE in Inventories	(66,565)	(10,206)
- INCREASE/(DECREASE) in Trade and Other Payables	(724,095)	3,185,853
- INCREASE/(DECREASE) in Security Deposit from Customers	265,010	(5,137)
<b>Cash generated from operations</b>	<b>(3,785,275)</b>	<b>5,187,091</b>
Increase in Miscellaneous Expenditure	-	(518,921)
- Taxes (Paid)/Received	9,695	(122,068)
<b>Net cash from operating activities</b>	<b>(3,775,580)</b>	<b>4,546,102</b>
<b>B. Cash flow from Investing activities:</b>		
<b>Adjustments for changes in:</b>		
Purchase of Fixed Assets - Additions during the Year	(13,765,578)	(2,078,217)
Capital Work-in-progress - Additions during the Year	5,717,608	(5,419,627)
Proceeds from Sale of Fixed Assets	1,476	5,657
Proceeds from Sale of Investments	2,771,304	4,143,137
Purchase of Investments	(5,516,511)	(2,609,170)
Licence fee paid for new circles	-	(6,906,701)
Interest Received (Revenue)	1,098	163,673
Amount Paid on Acquisition/Investment in subsidiaries	-	(7,724,740)
<b>Net cash used in investing activities</b>	<b>(10,790,603)</b>	<b>(20,425,988)</b>

# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2003

**C. Cash flow from financing activities:**

Proceeds from long term borrowings		
RECEIPTS	21,796,888	2,989,416
PAYMENTS	(7,348,670)	-
Proceeds from short term borrowings		
RECEIPTS	1,680,350	13,457,862
Interest Paid	(1,596,339)	(375,122)
<b>Net cash used in financing activities</b>	<b>14,532,229</b>	<b>16,072,156</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(33,954)</b>	<b>192,270</b>
<b>Opening Cash and Cash Equivalents</b>	<b>229,743</b>	<b>37,473</b>
Cash and Cash Equivalents Acquired on Acquisition	135,724	-
<b>Cash and Cash Equivalents as at March 31, 2003</b>	<b>331,513</b>	<b>229,743</b>
<b>Cash and Cash Equivalents Comprise</b>		
Cash, Cheques and Drafts (in hand) and Remittances in Transit	121,421	52,629
Balance with Scheduled Banks	210,092	177,114

**Notes:**

1. The above Cash flow statement has been prepared under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.
2. Figures in brackets indicate cash outgo.
3. Previous period figures have been regrouped and recast wherever necessary to conform to the current period classification.
4. Cash and cash equivalents includes Rs.66,680 thousand (Previous year Rs. 61,700 thousand) which are not available for use by the Company. (Refer Schedule 11 in the accounts)
5. The following Assets/Liabilities acquired for a purchase consideration of 1,108,450 fully paid up Equity Shares of Rs.10 each in the Company under the schemes of amalgamation/arrangement, have not been considered in the above Cash Flow Statement : (Refer Note 2 on Schedule 24)

Fixed Assets (including CWIP & 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 Schedules 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: September 16, 2003

# SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Particulars	As at March 31, 2003 (Rs. '000)	As at March 31, 2002 (Rs. '000)
<b><u>SCHEDULE : 1</u></b>		
<b><u>SHARE CAPITAL</u></b>		
[Refer Notes 2(c) and Note 5 on Schedule 24]		
<b>Authorised</b>		
150,000,000 (Previous year 150,000,000) Equity Shares of Rs. 10 each	1,500,000	1,500,000
<b>Issued, Subscribed and Paid up</b>		
106,108,450 (Previous year 105,000,000) Equity Shares of Rs. 10 each, fully paid up (Of the above shares, 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	1,050,000
<b><u>SCHEDULE : 2</u></b>		
<b><u>RESERVES AND SURPLUS</u></b>		
<b>Share Premium</b>		
Opening balance	600	-
Acquired under the scheme of amalgamation [Refer Note 2 (a) on Schedule 24]	670,974	-
Additions during the period	-	600
	671,574	600
Profit and Loss Account	-	1,828,331
	671,574	1,828,931
<b><u>SCHEDULE : 3</u></b>		
<b><u>SECURED LOANS</u></b>		
(Refer Note 17 on Schedule 24)		
<b>Debentures</b>	916,667	1,250,000
<b>Loans and Advances from Banks:</b>		
- Term Loan	12,331,000	340,000
- Cash Credit	-	138,672
<b>Other Loans and Advances:</b>		
- Term Loan	6,791,340	1,902,000
- Others	1,576	-
	20,040,583	3,630,672
Note : Amount repayable within one year	4,040,194	2,146,666
<b><u>SCHEDULE : 4</u></b>		
<b><u>UNSECURED LOANS</u></b>		
<b>Short Term Loans and Advances</b>		
From Banks	1,331,953	1,846,704
From Others	18,073,049	12,397,862
<b>Other Loans and Advances</b>		
From Financial Institutions	1,250,000	500,000
	20,655,002	14,744,566
Note: Amount repayable within one year	1,250,000	-

# SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

## SCHEDULE 5 : FIXED ASSETS (At Cost) (Refer Note 2 and 3 on Schedule 23)

(Rs. '000)

Particulars	Gross Block Value					Depreciation					Net Block	
	As at April 1, 2002	Assets acquired on amalgamation	Addition during the year	Sale/ Adjustment during the year	As at March 31, 2003	Accumulated depreciation acquired on amalgamation	For the year	Sale/ adjustment during the year	As at March 31, 2003	As at March 31, 2003	As at March 31, 2002	
Leasehold Land	25,914	-	944	-	26,858	-	296	-	1,151	25,707	25,059	
Freehold Land	69,281	485	290	-	70,056	-	-	-	-	70,056	69,281	
Plant & Machinery	5,198,685	3,376,932	12,650,522	-	21,226,139	1,030,052	2,056,224	125	4,943,966	16,282,173	3,340,870	
Building & Leasehold Improvements	459,088	180,912	135,946	-	775,946	33,674	45,808	-	114,028	661,918	424,542	
Office Equipment	71,562	77,550	53,576	1,462	201,226	62,795	27,882	617	136,217	65,009	25,405	
Computer	607,879	336,735	836,795	628	1,780,781	238,874	409,558	449	871,945	908,836	383,917	
Vehicle	7,477	5,311	-	2,731	10,057	3,823	645	2,540	7,503	2,554	1,902	
Vehicles on Finance Lease	2,123	-	1,991	1,405	2,709	-	523	819	512	2,197	1,315	
Furniture & Fixtures	33,170	47,246	85,514	196	165,734	22,975	25,420	1,063	72,491	93,243	8,011	
<b>TOTAL</b>	<b>6,475,179</b>	<b>4,025,171</b>	<b>13,765,578</b>	<b>6,422</b>	<b>24,259,506</b>	<b>1,392,193</b>	<b>2,566,356</b>	<b>5,613</b>	<b>6,147,813</b>	<b>18,111,693</b>	<b>4,280,302</b>	
Capital Work-in-Progress										<b>1,525,467</b>	<b>6,825,053</b>	
<b>TOTAL</b>	<b>6,475,179</b>	<b>4,025,171</b>	<b>13,765,578</b>	<b>6,422</b>	<b>24,259,506</b>	<b>1,392,193</b>	<b>2,566,356</b>	<b>5,613</b>	<b>6,147,813</b>	<b>19,637,160</b>	<b>11,105,355</b>	
Previous Year	4,250,364	-	2,286,966	62,151	6,475,179	-	635,125	51,664	2,194,877	4,280,302		

## Notes:

- Additions to Plant and Machinery during the year include Rs. 78,848 thousand being loss (Previous year Rs. 27,690 thousand loss) on account of fluctuation in Exchange rate for purchase of Fixed Assets.
- Capital work-in-progress as on March 31, 2003 is net of Rs. 2,456 thousand being gain (Previous year includes Rs. 28,670 thousand loss) on account of fluctuation in Exchange rate.
- Capital work-in-progress includes capital advances of Rs. 67,947 thousand (Previous year Rs. 217,060 thousand) and Goods in Transit of Rs. 80,913 thousand (Previous year Rs. 172,730 thousand).
- Capital work-in-progress as on March 31, 2003 includes Rs. 259,888 thousand acquired under various schemes of amalgamation.
- Freehold Land and Building includes Rs. 26,320 thousand (Previous year Rs. 26,320 thousand) and Rs. 72,210 thousand (Previous year Nil) respectively in respect of which registration of title in favour of Company is pending.
- Refer Note 24 for assets acquired under the various schemes of amalgamation/arrangement.
- Depreciation charge for the year includes a one time accelerated depreciation Rs. 341,964 thousand on reviewing the useful life of specific network equipment. This has been reported as Significant Non-frequently occurring items in the Profit and Loss Statement (Refer Note 22 on Schedule 24).
- Additions to Plant and Machinery includes Rs. 379,789 thousand (Previous year Rs. Nil) allocated from pre-operative expenditure for mobility circles which have commenced commercial operations during the current year (Refer Schedule 6).

# SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Particulars	As at March 31, 2003 (Rs. '000)	As at March 31, 2002 (Rs. '000)
<b>SCHEDULE : 6</b>		
<b>PRE-OPERATIVE EXPENDITURE PENDING ALLOCATION</b>		
(Refer Note 10 on Schedule 23)		
<b>Opening Balance</b>	158,133	-
<b>Additions during the period</b>		
<b>Network Operating Expenses</b>		
Insurance Premium - Exchange/Sites	2,734	1,887
Repairs and Maintenance - Exchange/Sites	5,013	7,165
Power and Fuel	22,446	8,854
Rental Charges	42,798	30,763
Leased Line charges	12,600	6,685
Others	103,458	36,192
<b>Sub-total</b>	189,049	91,546
<b>Personnel Expenses</b>		
Salaries, Wages and Bonus	105,225	137,597
Contribution to Provident and Other Funds	8,267	5,983
Staff Welfare Expenses	5,173	5,312
Recruitment and Training Expenses	14,431	41,554
<b>Sub-total</b>	133,096	190,446
<b>Selling Expenses</b>		
Advertisement and Marketing Expenses	142,578	9,291
Other Selling and Distribution Expenses	8,814	3,202
<b>Sub-total</b>	151,392	12,493
<b>Administrative and Other Expenses</b>		
Legal and Professional Charges	11,164	15,078
Rates, Fees and Taxes	837	4,782
Power and Fuel	8,468	5,751
Travelling and Conveyance	19,384	36,317
Rent Expenses	8,458	-
Repairs and Maintenance Charges	5,458	4,137
Insurance Expenses	966	-
Miscellaneous Expenses	22,431	44,855
Collection and Recovery Charges	93	-
<b>Sub-total</b>	77,259	110,920
<b>Finance Expenses</b>		
Other Bank/Finance Charges	15,274	22,306
<b>Depreciation</b>	19,506	8,392
<b>Amortisation of ESOP Cost</b>	2,214	7,002
<b>Less: Other Income</b>	122	59
	745,801	443,046
Less: Allocated to Fixed Assets	379,789	-
Less: Transferred to Profit and Loss Account	366,012	284,913
<b>Total Pre-operative Expenditure Pending Allocation</b>	-	158,133
<b>Total amount carried to Balance Sheet</b>	-	158,133

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Particulars	As at March 31, 2003 (Rs. '000)	As at March 31, 2002 (Rs. '000)
<b><u>SCHEDULE : 7</u></b>		
<b><u>UNAMORTISED LICENCE FEE</u></b>		
(Refer Note 7 on Schedule 23 and Note 24 on Schedule 24)		
Opening balance	7,568,174	710,762
Add: Acquired under the scheme of amalgamation (Refer Note 2 on Schedule 24)	402,968	–
Add: Paid during the period	–	6,906,701
Less: Amortisation for the period	334,248	49,289
	<b>7,636,894</b>	<b>7,568,174</b>
<b><u>SCHEDULE : 8</u></b>		
<b><u>INVESTMENTS</u></b>		
[Refer Note 6 on Schedule 23 and Note 16(b) on Schedule 24]		
<b>Short Term</b>		
<b>Non-Trade (Quoted)</b>		
Mutual Funds and Bonds	2,755,589	444
<b>Long Term</b>		
<b>Trade (Unquoted)</b>		
(Refer Note 2 on Schedule 24)		
Nil (Previous year 133,466,900) equity shares of Rs. 10 each fully paid up in Bharti Mobinet Ltd. (formerly Skycell Communications Ltd.)	–	4,345,242
407,000,000 (Previous year Nil) equity shares of Rs. 10 each fully paid up in Bharti Mobile Ltd. acquired on amalgamation of SC Cellular Holdings Ltd. with Bharti Cellular Ltd.	3,026,103	–
Nil (Previous year 133,000,000) equity shares of Rs. 10 each fully paid up in Bharti Mobitel Ltd. (formerly Spice Cell Ltd.)	–	3,144,908
Nil (Previous year 11,123,522) equity shares of Rs. 10 each fully paid up in SC Cellular Holdings Ltd.	–	234,590
	<b>5,781,692</b>	<b>7,725,184</b>
<i>Aggregate Market Value of Quoted Investments</i>	2,765,336	464
<i>Aggregate Face Value of Quoted Investments</i>	2,755,589	444
<i>Aggregate Face Value of Unquoted Investments</i>	4,070,000	2,775,904
<b><u>SCHEDULE : 9</u></b>		
<b><u>INVENTORY</u></b>		
(Refer Note 5 on Schedule 23 and Note 14 on Schedule 24)		
Simcards	92,114	14,454
Others	85	42
	<b>92,199</b>	<b>14,496</b>

# SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Particulars	As at March 31, 2003 (Rs. '000)		As at March 31, 2002 (Rs. '000)	
<b>SCHEDULE : 10</b>				
<b>SUNDRY DEBTORS</b>				
(Refer Note 4 on Schedule 23 and Note 7 on Schedule 24)				
(Unsecured, considered good unless otherwise stated)				
<b>Billing Debtors:</b>				
Debts outstanding for a period exceeding six months				
– considered good	114,883		6,248	
– considered doubtful	586,018		27,554	
Less: Provision	(586,018)	114,883	(27,554)	6,248
Other debts				
– considered good	1,259,796		320,823	
– considered doubtful	923,921		10,887	
Less: Provision	(923,921)	1,259,796	(10,887)	320,823
<b>Other Debtors:</b>				
Debts outstanding for a period exceeding six months				
– considered good	35,601		–	
– considered doubtful	77,584		14,522	
Less: Provision	(77,584)	35,601	(14,522)	–
Other debts				
– considered good	290,642		2,788	
– considered doubtful	11,417		–	
Less: Provision	(11,417)	290,642	–	2,788
		<b>1,700,922</b>		<b>329,859</b>
[Excludes bad debts written off from provision for bad debts Rs. 143,343 thousand (Previous year Rs. Nil)]				
<b>SCHEDULE : 11</b>				
<b>CASH AND BANK BALANCES</b>				
Cash in Hand		11,347		8,075
Cheques in Hand		110,074		44,554
<b>Balances in Scheduled Banks</b>				
– in Current Account		139,257		115,035
– in Fixed Deposits		67,376		61,800
– in Deposit Account as Margin Money (Includes Rs. 66,680 thousand Fixed Deposit pledged with TDSAT, Previous year Rs. 61,700 thousand)		3,459		279
		<b>331,513</b>		<b>229,743</b>
<b>SCHEDULE : 12</b>				
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>				
(Unsecured, considered good unless otherwise stated)				
<b>CURRENT ASSETS</b>				
Interest Accrued on Investment		49		–
<b>LOANS AND ADVANCES</b>				
Advances recoverable in cash or in kind or for value to be received;				
– considered good *	1,445,158		525,620	
– considered doubtful	2,444		2,034	
Less: Provision	(2,444)	1,445,158	(2,034)	525,620
Advances and Loans to Subsidiaries (Net)		5,742,996		–
Accrued Billing Revenue		319,102		202,141
Advance to ESOP Trust		118,093		95,409
Advance Tax [Net of provision for tax Rs.195,497 thousand (Previous year Rs. 195,497 thousand)]		33,533		39,576
		<b>7,658,931</b>		<b>862,746</b>

\* 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, 2003 (Rs. '000)	As at March 31, 2002 (Rs. '000)
<b>SCHEDULE : 13</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
(Refer Note 18 on Schedule 24)		
Sundry Creditors:		
Due to Small Scale Industrial Undertaking*	3,368	631
Due to Others	5,775,800	5,648,055
Advance Billing and Prepaid Card Revenue	598,016	219,170
Interest accrued but not due	215,657	57,138
Other Liabilities	313,549	123,427
Advance Received from customers	18,148	-
	<b>6,924,538</b>	<b>6,048,421</b>
* The above information has been compiled in respect of parties to the extent they could be identified as Small Scale and ancilliary undertakings on the basis of information available with the Company.		
<b>Provisions</b>		
(Refer Note 9 on Schedule 23)		
Gratuity	14,480	5,682
Leave Encashment	20,402	4,211
Provision for Wealth Tax	1,232	1,232
	<b>36,114</b>	<b>11,125</b>
	<b>6,960,652</b>	<b>6,059,546</b>
<b>SCHEDULE : 14</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
(Refer Note 13 on Schedule 23)		
<b>Deferred Employee Compensation Expense</b>		
Opening Balance:	69,135	-
Add: Acquired under the scheme of amalgamation (Refer Note 2 on Schedule 24)	35,525	-
Add: Deferred during the year	(34,873)	91,269
Less: Amortisation for the year	23,986	22,133
<b>Closing Balance</b>	<b>45,801</b>	<b>69,136</b>
<b>Deferred Revenue Expenditure</b>		
Opening Balance:	6	8
Add: Addition during the year	-	-
Less: Charged off during the year	6	2
<b>Closing Balance</b>	<b>-</b>	<b>6</b>
	<b>45,801</b>	<b>69,142</b>

# SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Particulars	For the year ended March 31, 2003 (Rs. '000)	For the year ended March 31, 2002 (Rs. '000)
<b><u>SCHEDULE : 15</u></b>		
<b><u>OTHER INCOME</u></b>		
Miscellaneous Income (Net of provision written back Rs. Nil; Previous year Rs. 7,431 thousand)	14,627	11,181
Profit on Sale of Assets (Net)	667	-
	<b>15,294</b>	<b>11,181</b>
<b><u>SCHEDULE : 16</u></b>		
<b><u>NETWORK OPERATING EXPENDITURE</u></b>		
Power and Fuel	306,670	64,536
Rent Expenses	290,865	64,971
Insurance Expenses	14,207	4,944
Repair and Maintenance Charges	254,867	127,907
Leased Line Charges	232,016	-
Others	246,724	61,144
	<b>1,345,349</b>	<b>323,502</b>
<b><u>SCHEDULE : 17</u></b>		
<b><u>COST OF SALES -HAND SETS AND SIMCARDS</u></b>		
Opening Stock	14,496	4,332
Add : Purchases	383,829	81,395
Acquired under the scheme of amalgamation (Refer Note 14 on Schedule 24)	11,137	-
Less: Simcard Utilisation	169,969	67,249
Less: Internal issues/capitalised	902	-
Less: Closing Stock	92,199	14,496
	<b>146,392</b>	<b>3,982</b>
<b><u>SCHEDULE : 18</u></b>		
<b><u>PERSONNEL EXPENDITURE</u></b>		
Salaries, Wages and Bonus *	828,573	307,497
(Net of provision written back Rs. Nil, Previous year Rs. 11,817 thousand)		
Contribution to Provident and Other Funds	36,524	15,350
Staff Welfare	44,017	9,369
Recruitment and Training	63,257	18,415
	<b>972,371</b>	<b>350,631</b>

\* Excluding amortisation of Deferred ESOP Cost

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Particulars	For the year ended March 31, 2003 (Rs. '000)	For the year ended March 31, 2002 (Rs. '000)
<b>SCHEDULE : 19</b>		
<b><u>SALES AND MARKETING EXPENDITURE</u></b>		
Advertisement and Marketing Expenses	1,182,066	249,238
Other Selling and Distribution Expenses	660,484	319,872
Simcard Utilisation	169,969	67,249
	<b>2,012,519</b>	<b>636,359</b>
<b>SCHEDULE : 20</b>		
<b><u>ADMINISTRATIVE AND OTHER EXPENDITURE</u></b>		
Legal and Professional Charges	162,501	79,526
Rates, Fees and Taxes	20,267	1,618
Power and Fuel	42,713	792
Travelling and Conveyance	102,507	26,702
Rent Expenses	68,814	32,432
Repairs and Maintenance	110,793	26,278
Insurance Expenses	5,989	1,671
Bad Debts written off	4,770	128,931
Provision for Doubtful Debts/Advances	1,212,634	(3,988)
Miscellaneous Expenses	379,504	156,808
Collection and Recovery Charges	143,125	35,101
Loss on Sale of Assets (Net)	-	4,829
	<b>2,253,617</b>	<b>490,700</b>
<b>SCHEDULE : 21</b>		
<b><u>FINANCE EXPENSES (NET)</u></b>		
Interest Expense:		
On Term Loan	1,179,629	227,373
On Debentures	155,656	195,968
On Others	219,312	685
Other Finance Charges	92,464	22,452
Exchange Fluctuation loss (Net)	210	-
	<b>1,647,271</b>	<b>446,478</b>
<b>Less Income:</b>		
Profit/(Loss) on Sale of Current Investments	9,938	28,525
Interest Income:		
From Current Investments (Non-Trade) [Gross of TDS Rs. 1,986 thousand (Previous year Rs. 15,147 thousand)]	338	59,560
From Others	697	11,922
Exchange Fluctuation Gain (Net)	-	3,838
	<b>10,973</b>	<b>103,845</b>
	<b>1,636,298</b>	<b>342,633</b>
<b>SCHEDULE : 22</b>		
<b><u>AMORTISATION</u></b>		
(Refer Note 7 and Note 13 on Schedule 23)		
Licence Fee	334,248	49,289
Personnel - Deferred ESOP Cost	21,772	15,131
Preliminary Expenses	6	2
	<b>356,026</b>	<b>64,422</b>

# SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

## SCHEDULE : 23

### 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 statement 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.

Capital work-in-progress is stated at cost.

#### 3. DEPRECIATION

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%
Computer	33.33%
Vehicles	20.00%
Furniture & Fixtures	20.00%
Leasehold Land	Period of lease
Leasehold Improvements	Period of lease or 10 years whichever is less

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.

#### 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.

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.

#### 7. LICENCE FEES

The fixed component of license fee payable by the Company upon migration to the National Telecom Policy (NTP 1999), i.e. Entry Fee, has been capitalised as an asset. The Entry Fee so capitalised is being amortised equally over the period of the license.

The one time license fee paid by the Company for acquiring new licences (post NTP-99) has been capitalised as an asset and is being amortised equally over the balance period of the license from the date of commencement of commercial operations.

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

With effect from August 1, 1999 the variable License 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 licence agreement of the licence 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 licence 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.

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: 24

### NOTES TO ACCOUNTS

1. During the year the Company has launched operations in the circles of Mumbai, Maharashtra, Tamil Nadu, Kerala, Madhya Pradesh, UP (West), Haryana & Gujarat. The pre-operative expenditure directly allocable to fixed assets has been capitalized. Pre-operative expenditure other than those directly allocable to fixed assets are charged off in the Profit and Loss Account in the year they are incurred.
2. During the year the company witnessed the following

- (a) Pursuant to the Scheme of Amalgamation of SC Cellular Holdings Limited (SCHL – 100% subsidiary of the Company) and Bharti Mobitel Limited (BMTL- 100% subsidiary of the Company) with the Company, as approved by the Honorable High Court of Delhi by its order dated March 10, 2003, which became effective on March 31, 2003, on receipt of Certificate of Registration of Order of Court from the Registrar of Companies, NCT of Delhi, all the assets, liabilities and reserves of erstwhile SCHL and BMTL were transferred to and vested in the Company with effect from the appointed date i.e. April 1, 2002. BMTL has a licence to provide Cellular Mobile Telephony Services ('CMTS') in the circle of Kolkata.

The Scheme of Amalgamation has been accounted for under the Pooling of Interest Method as per Accounting Standard 14 on Accounting for Amalgamations issued by The Institute of Chartered Accountants of India whereby the assets, liabilities and reserves of the erstwhile SCHL and BMTL have been recorded in books of the Company at their respective book value to the erstwhile companies. The value of net assets acquired effective from April 1, 2002 and the calculation of difference between consideration and value of net identifiable assets acquired is set out below:

Assets/(Liabilities) acquired	BMTL (Rs. '000)	SCHL ( Rs. '000)
Fixed Assets (including CWIP and net of accumulated depreciation)	1,645,954	–
Investments	–	3,026,103
Unamortised Licence fees	212,635	–
Net Current Assets	173,293	192,537
Deferred Tax Asset	337,248	–
Less: Loan Funds	1,866,656	2,437,297
Less: Security Deposits	90,175	–
Less: Reserves and Surplus	(917,701)	(866)
Less: Share Premium	–	670,974
Net assets acquired as on April 1,2002	1,330,000	111,235
Less: Value of Investments	3,144,907	234,590
Total difference between investments and value of net identifiable assets acquired charged to Reserves and Surplus	1,814,907	123,355

- (b) Pursuant to the scheme of arrangement between Bharti Telenet Limited ('BTNL'), a fellow subsidiary, Bharti Mobinet Limited (BMNL) and the Company, as approved by the Honorable High Court of Delhi by its order dated July 29, 2003, which became effective on August 19, 2003, on receipt of Certificate of Registration of Order of Court from the Registrar of Companies, NCT of Delhi and Haryana:

- (i) The mobility division of BTNL has a licence to provide CMTS in the circle of Himachal Pradesh. BTNL has de-merged the said undertaking into BCL with effect from the appointed date i.e. April 2, 2002.

In terms of the scheme, Bharti Tele-Ventures Limited ('BTVL'), the shareholder in BTNL, will receive, for every 10,000 shares held in BTNL, 24.85 equity shares in BCL as fully paid up shares of Rs. 10 each for the transfer of Himachal Pradesh cellular division. Accordingly, BCL has issued 745,500 number of equity shares of Rs. 10 each as fully paid up to BTVL.

The scheme of arrangement has been accounted for by way of an addition in assets and liabilities pertaining to the Himachal Pradesh cellular undertaking at their book values to the Company. The value of net identifiable assets acquired effective April 2, 2002 and the calculation of goodwill on merger is set out below:

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Assets/(Liabilities) acquired	BTNL - Himachal Pradesh (Rs. '000)
Fixed Assets (including CWIP and net of accumulated depreciation)	90,076
Unamortised Licence Fees	29,222
Net Current Assets	8,571
Miscellaneous Expenditure	3,039
Less: Loan Funds	287,456
Less: Security Deposits	23,271
<b>Net Liability Acquired</b>	<b>179,819</b>
Book value of equity shares issued to the shareholders of BTNL	7,455
<b>Goodwill on Merger</b>	<b>187,274</b>

The Company has charged off the goodwill amounting to Rs.187,274 thousand to the Profit and Loss Account of the current year.

- (ii) BMNL has a licence to provide CMTS in the circle of Chennai. All the assets, liabilities and reserves of erstwhile BMNL were transferred to and vested in the Company with effect from the appointed date i.e. April 2, 2002. BCL held 95.33% of the equity share capital.

The Scheme of Amalgamation has been accounted for under the Pooling of Interest Method as per Accounting Standard 14 on Accounting for Amalgamations issued by The Institute of Chartered Accountants of India whereby the assets, liabilities and reserves of the erstwhile BMNL have been recorded in books of the Company at their book value to the erstwhile company.

In terms of the scheme, BCL shall allot 1 equity share of the face value of Rs. 10 each at par credited as fully paid up for every 18 fully paid shares held by the shareholders of BMNL. Accordingly, BCL has issued 362,950 numbers of equity shares of Rs.10 each fully paid up to DSS Enterprises Private Limited, holding 4.67% equity shares in erstwhile BMNL.

The value of net assets acquired effective April 2, 2002 and the calculation of difference between consideration and value of net identifiable assets acquired is set out below:

Assets/(Liabilities) acquired	BMNL (Rs. '000)
Fixed Assets (including CWIP and net of accumulated depreciation)	1,156,836
Unamortised Licence Fees	161,111
Net Current Assets	413,534
Deferred Tax Asset	291,480
Miscellaneous Expenditure	32,486
Less: Loan Funds	1,600,365
Less: Security Deposits	184,258
Less: Reserves & Surplus	(1,129,174)
<b>Net assets acquired as on April 2, 2002</b>	<b>1,399,998</b>
Less: Value of Investments in BMNL	4,345,242
<b>Total difference between investments and value of net identifiable assets acquired</b>	<b>2,945,244</b>
Add: Book value of Equity shares issued to DSS Enterprises Pvt. Ltd.	3,630
<b>Balance charged to reserves</b>	<b>2,948,874</b>

- c) Pursuant to the issuance of equity shares in BCL [as in note 2 (b)(i) & note 2 (b) (ii) above], the issued and paid up capital of the Company stands at Rs.1,061,085 thousand divided into 106,108,450 equity shares of Rs. 10 each (previous year Rs.1,050,000 thousand divided into 105,000,000 equity shares of Rs. 10 each).

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

3. (a) Contingent Liability – Claims against the Company not acknowledged as debts as at the year end in respect of:

	As at March 31, 2003 (Rs. '000)	As at March 31, 2002 (Rs. '000)
Sales Tax, Service Tax and Income Tax	1,782,916	145,352
Others	62,929	5,600
	1,845,845	150,952

- (b) Outstanding Performance and Financial Bank Guarantees:

	Year ended March 31, 2003 (Rs. '000)	Year ended March 31, 2002 (Rs. '000)
Department of Telecom	2,099,600	4,455,000
Others	188,260	168,397
<b>Total</b>	2,287,860	4,623,397

Guarantee to the extent of Rs. 20,000 thousand (Previous Year Rs.72,961 thousand) are Secured against the first ranking pari-passu charge on immovable assets and movable current assets both present and future.

Guarantees given on behalf of the Company by Bharti Tele-Ventures Limited, the holding Company, to Banks included above:

	Year ended March 31, 2003 (Rs. '000)	Year ended March 31, 2002 (Rs. '000)
Department of Telecom	2,019,600	4,307,870
Others	188,260	168,397
<b>Total</b>	2,207,860	4,476,267

4. Estimated amount of contracts to be executed on capital account and not provided for (net of advances) Rs. 1,931,407 thousand (Previous year Rs. 3,347,362 thousand).
5. Issued, Subscribed & Paid up capital includes 105,745,500 (Previous year 105,000,000) equity shares of Rs. 10/- each aggregating to Rs.1,057,455 thousand (Previous year Rs. 1,050,000 thousand) held by Bharti Tele-Ventures Ltd. the holding Company, (and/or to 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. 1,238,002 thousand (Previous year Rs. 675,288 thousand) included under Sources of funds, represents refundable security deposits received from subscribers on activation of connections granted thereto and are repayable on disconnection. Sundry debtors are secured to the extent of the amount outstanding against individual subscribers by way of Security Deposit received from them.
8. Billing and Revenue in the Profit and Loss Account is net of Roaming charges Rs. 710,085 thousand (Previous year Rs. 717,920 thousand), and Rebates & Discounts Rs. 126,907 thousand (Previous year Rs. 18,602 thousand).
9. In view of Accounting Standard – 22 on 'Accounting for Taxes on Income' (AS 22) issued by the Institute of Chartered Accountants of India, the Company has started accounting for Deferred Taxes with effect from 1st April, 2001.



## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

The net Deferred Tax Asset/(Liability) as on March 31, 2003 amounts to Rs. 554,898 thousand [Previous year: Rs. (73,829) thousand]. The amount has been arrived at as follows:

	2002-2003	2001-2002
		(Rs. '000)
<hr/>		
Deferred Tax Assets arising from:		
(i) Expenses charged in the financial statements but allowable as deductions in future years under the Income Tax Act	697,527	152,753
(ii) Unabsorbed depreciation allowance and unabsorbed business loss carried forward (to the extent considered realizable)	1,007,909	-
	1,705,436	152,753
Less: Deferred Tax Liabilities arising from:		
(i) Difference between carrying amount of fixed assets and licence fee in the financial statements and the Income Tax Return.	1,150,538	226,582
<b>Net Deferred Tax Asset/(Liability) *</b>	<b>554,898</b>	<b>(73,829)</b>

\* Refer Note 2 above

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

	2002-03	2001-02
<hr/>		
Number of equity shares at the beginning of the year	105,000,000	105,000,000
Number of equity shares outstanding at the end of the year	106,108,450	105,000,000
b) Weighted average number of equity shares outstanding during the year	106,108,450	105,000,000
c) Net Profit/(Loss) after tax available for equity Shareholders (Rs. thousand)	(2,080,342)	986,283
d) Basic and Diluted Earnings(in Rs.) per Share	(19.61)	9.39

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

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

	Year ended March 31, 2003 (Rs. '000)	Year ended March 31, 2002 (Rs. '000)
<hr/>		
Expenditure:		
Travelling	2,597	3,006
Roaming Charges	151,537	182,813
Professional and Consultancy	4,483	22,353
Membership and Subscription	3,099	344
Staff Training and Others	2,093	969
Upfront Fees	476,581	-
Advertisement Expenses	59,867	-
Miscellaneous	383	-
Earnings:		
Roaming Revenue	210,223	281,121

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

12. CIF Value of Imports:

	Year ended March 31, 2003 (Rs. '000)	Year ended March 31, 2002 (Rs. '000)
Capital Goods	6,808,532	4,899,068
<b>Total</b>	<b>6,808,532</b>	<b>4,899,068</b>

13. Auditors Remuneration :

	Year ended March 31, 2003 (Rs. '000)	Year ended March 31, 2002 (Rs. '000)
Audit Fee*	9,267	900
Other Services	1,055	735
Reimbursement of Expenses	563	72

\* Excluding Service Tax

14. Quantitative Information - Trading Goods

	Year ended March 31, 2003 (Rs. '000)		Year ended March 31, 2002 (Rs. '000)	
	Quantity	Value	Quantity	Value
<b>Handsets</b>				
Opening Stock	40	42	40	41
Purchases*	106	945	125	1005
Internal Issues Capitalisation**	101	-	125	-
Closing Stock	45	85	40	42
<b>Simcards</b>	Quantity	Value	Quantity	Value
Opening Stock	132,036	14,454	28,981	4,289
Purchases*	4,235,080	394,021	745,083	81,395
Sales/Internal Utilisations**	3,326,211	137,660	642,028	20,742
Closing Stock	1,040,905	92,114	132,036	14,454

\* Includes Rs.11,137 thousand stock acquired on amalgamation.

\*\* 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, 2003 (Rs. '000)	Year ended March 31, 2002 (Rs. '000)
Salary & Allowances	24,350	57,759
Retiral Benefits	-	11,419
Commission	-	19,000

The remuneration paid to the Managing Director is within the overall limit as approved by the Central Government vide its approval dated May 30, 2003 for the year 2002-03.

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).

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

16. Details of Investment purchased/sold during the year.

(a) Investments purchased and sold during the year

(Rs. '000)

Name of the Investment	Units Purchased	Opening Balance	Purchased during the year	Sale/redemption Proceeds
<b>Mutual Funds</b>				
ALLIANCE MUTUAL FUND	14,576,551	–	150,290	150,718
ALLIANCE MUTUAL FUND	6,753,106	–	99,554	100,000
ALLIANCE MUTUAL FUND	13,596,914	–	200,446	–
ALLIANCE MUTUAL FUND	13,482,267	–	198,695	200,000
ALLIANCE MUTUAL FUND	88,556	–	1,305	–
ALLIANCE MUTUAL FUND	6,753,106	–	100,000	–
BIRLA CASH PLUS	16,755	244	–	265
DEUTSCHE INSTA CASH	14,976,636	–	150,000	150,168
DEUTSCHE INSTA CASH	4,978,196	–	50,000	–
DEUTSCHE PREMIER	15,000,000	–	150,000	–
DEUTSCHE PREMIER	15,322,300	–	150,168	–
DSP MERRILL LIQUID FUND	3,417,915	–	50,000	–
DSP MERRILL LIQUID FUND	4,077,195	–	60,000	–
DSP MERRIL LIQUID FUND	2,889,407	–	42,500	–
FIRST INDIA MUTUAL FUND	9,635,211	–	100,000	100,092
GRINDLAYS CASH FUND	13,449,537	–	149,953	150,000
GRINDLAYS CASH FUND	7,941,940	–	88,547	–
GRINDLAYS CASH FUND	13,337,720	–	150,000	–
GRINDLAYS FLOATING RATE FUND	4,969,685	–	49,697	50,000
GRINDLAYS FLOATING RATE FUND	5,030,315	–	50,303	–
HDFC LIQUID MF	4,180,672	–	50,000	–
IL & FS MUTUAL FUND	4,455,018	–	49,683	50,000
IL & FS MUTUAL FUND	4,511,903	–	50,317	–
IL & FS MUTUAL FUND	8,914,563	–	100,000	–
JM MF HIGH LIQUIDITY FUND	37,289,577	–	618,720	620,000
JM MF HIGH LIQUIDITY FUND	4,898,667	–	81,280	–
JM MF HIGH LIQUIDITY FUND	4,180,527	–	70,000	–
JM MF INCOME FUND	12,379,302	–	300,000	–
KMMAF-K-LIQUID-FUND	18,429	200	–	220
KOTAK M MF LIQUID INSTITUTIONAL	8,272,120	–	99,949	100,000
KOTAK M MF LIQUID INSTITUTIONAL	12,418,791	–	150,051	–
KOTAK M MF LIQUID SCHEME	11,589,596	–	138,780	140,000
KOTAK M MF LIQUID SCHEME	5,112,563	–	61,220	–
KOTAK M MF LIQUID SCHEME	8,323,553	–	100,000	–
PIONEER ITI MUTUAL FUND	290,236	–	305,000	306,678
PRUDENTIAL ICICI FLOATING RATE PLAN	10,000,000	–	100,000	–
PRUDENTIAL ICICI LIQUID PLAN	3,362,633	–	49,693	50,000
PRUDENTIAL ICICI LIQUID PLAN	12,201,043	–	180,307	–
PRUDENTIAL ICICI MUTUAL FUND	3,489,958	–	50,053	50,114
RELIANCE MUTUAL FUND	3,540,851	–	50,000	50,000
RELIANCE MUTUAL FUND	3,540,851	–	50,000	50,050
SBI LIQUID MF	7,420,379	–	100,000	–
TEMPLETON INDIA SHORT TERM INCOME PLAN	228,721	–	250,000	–
TEMPLETON INDIA TREASURY MANAGEMENT	302,381	–	450,856	453,000
TEMPLETON INDIA TREASURY MANAGEMENT	32,960	–	49,144	–
UTI MF	1,184,441	–	20,000	–
		<b>444</b>	<b>5,516,511</b>	<b>2,771,305</b>

**Investment in Subsidiaries:**

Bharti Mobile Limited\*

3,026,103

(Acquired under a scheme of amalgamation)

\* Subsequent to the Balance Sheet date Bharti Mobile Limited has become a wholly owned subsidiary of the Company.

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

b) Investments held as on March 31, 2003

(Rs. '000)

Particulars/Investment	No./Units	Cost as on March 31, 2003
JM HIGH LIQUIDITY FUND	9,079,194	151,280
GRINDLAYS CASH FUND	21,279,660	238,547
GRINDLAYS FLOATING RATE FUND	5,030,315	50,303
TEMPLETON INDIA TREASURY MANAGEMENT	32,960	49,144
TEMPLETON INDIA SHORT TERM INCOME PLAN	228,721	250,000
KOTAK M MF LIQUID SCHEME	13,436,116	161,220
KOTAK M MF LIQUID INSTITUTIONAL	12,418,791	150,051
DEUTSCHE INSTA CASH PLUS	4,978,196	50,000
JM INCOME FUND	12,379,302	300,000
ALLIANCE MF	20,438,576	301,752
PRUDENTIAL ICICI LIQUID PLAN	12,201,043	180,307
PRUDENTIAL ICICI FLOATING RATE PLAN	10,000,000	100,000
SBI MF	7,420,379	100,000
ILFS LIQUID MF	13,426,466	150,318
HDFC LIQUID MF	4,180,672	50,000
DSP ML FUND	10,384,517	152,500
UTI MMMF	1,184,441	20,000
DEUTSCHE PREMIER BOND	30,322,300	300,168
<b>Total</b>		<b>2,755,590</b>

17. Details of Secured Loans

Particulars	Amount Outstanding (In Rs.'000)	Security Charges
13.5% Non-Convertible Debentures Rs.1,000,000 thousand payable in six equal half yearly installments from April 2001	166,667	<ul style="list-style-type: none"> <li>● Secured by first ranking pari-passu charge on the whole of movable properties and securities, instruments of the company including its movable plant and machinery both present and future.</li> <li>● Secured by way of mortgage on its immovable properties in favour of the trustees.</li> </ul>
13.25% Non-Convertible Debentures Rs.750,000 thousand payable in three half yearly installments starting from May 2003	750,000	<ul style="list-style-type: none"> <li>● 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.</li> <li>● Secured by way of mortgage on its immovable properties in favour of the trustees.</li> </ul>
Rupee Loan from Bank Rs. 340,000 thousand	170,000	<ul style="list-style-type: none"> <li>● Secured by first ranking pari-passu charge on all the present and future tangible movable assets including plant and machinery, spares, tools, stock in trade, book debts, Monies receivables, claims, bills, contracts which are or may become due owing wherever situated in India.</li> </ul>

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Particulars	Amount Outstanding (Rs. '000)	Security Charges
Rupee Loan from financial institutions Rs. 2,500,000 thousand	2,500,000	<ul style="list-style-type: none"> <li>● Secured by first ranking pari-passu charge on all present and future tangible and movable assets owned by Company including plant and machinery office equipment, furniture and fixtures, spares, tools, accessories.</li> <li>● All rights, titles, interests in accounts and monies deposited and investments made there from, in project documents, book debts and other debts and in all insurance policies.</li> <li>● The loan also have a charge on all present and future movable assets and all rights, title, interest in monies, investments made there from, project documents and insurance policies of the assets of the Punjab circle of Bharti Mobile Limited (BML), the subsidiary company.</li> <li>● The loan is further secured by corporate guarantee given by BTVL.</li> </ul>
Foreign Currency Term Loan of USD 86,110 thousand repayable in 20 half yearly installments beginning December 2002	3,941,340	<ul style="list-style-type: none"> <li>● First ranking pari-passu charge on all present and future tangible movable assets owned by the Company including plant and machinery office equipment, furniture and fixtures fittings, spares, tools and accessories, vehicles.</li> <li>● All rights, titles, interests in the accounts, and monies deposited and investments made there from and in project documents, book debts and insurance policies.</li> </ul>
Foreign Currency Term Loan of USD 125,000 thousand repayable in 5 half yearly installments beginning January 15, 2007	5,997,500	
Long Term Foreign Currency Loan of USD 30,000 thousand repayable in 10 half yearly installments beginning July 16, 2006	1,438,500	
Rupee Loan Rs. 1,250,000 thousand	1,250,000	<ul style="list-style-type: none"> <li>● The foreign currency loan also have a charge on all present and future movable assets and all rights, title, interest in monies, investments there from, project documents and insurance policies of the assets of the Punjab circle of BML.</li> <li>● The loan is further secured by corporate guarantee given by BTVL.</li> <li>● Secured by pari-passu first charge over all immovable/movable fixed assets and current assets both present and future of the Company.</li> </ul>
Rupee Loan Rs. 1,600,000 thousand	1,600,000	<ul style="list-style-type: none"> <li>● The loan is further secured by a corporate guarantee given by BTVL.</li> <li>● Secured by pari-passu first charge on all immovable/movable fixed assets and current assets both present and future of the Company.</li> <li>● The loan is further secured by corporate guarantee given by BTVL.</li> </ul>
Rupee Loan Rs. 500,000 thousand	500,000	<ul style="list-style-type: none"> <li>● Secured by subsequent and subservient charge on all movable fixed assets of the Kerala circle of the Company.</li> <li>● The loan is further secured by corporate guarantee given by BTVL.</li> </ul>
Rupee Loan Rs. 500,000 thousand	500,000	<ul style="list-style-type: none"> <li>● Secured by subsequent and subservient charge on all the movable fixed assets, stocks and spares of its Tamil Nadu circle.</li> <li>● The loan is further secured by corporate guarantee given by BTVL.</li> </ul>
Rupee Loan Rs. 1,250,000 thousand	1,225,000	<ul style="list-style-type: none"> <li>● First pari-passu charge on all movable assets of the Company supplied by Motorola and other vendors, installed at the Mumbai, Maharashtra and Gujarat circles.</li> <li>● The loan is further secured by corporate guarantee given by BTVL.</li> </ul>
Vehicle Loans from Banks aggregating Rs. 1,576 thousand	1,576	<ul style="list-style-type: none"> <li>● Secured by hypothecation of vehicles of the Company.</li> </ul>

# 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, 2003 (Rs. '000)	Amount as on March 31, 2002 (Rs. '000)
Silver Point Press Private Limited	641	–
Shruti Art Private Limited	69	–
Selvon Instrument Private Limited	872	–
Print House India Private Limited	154	–
Eagle Press Private Limited	200	–
Adhunik Power Systems (P)Limited	34	–
Precision Control Instruments	1,211	–
A.C. Power System	189	–
Joeswood House of Catons	–	14
Solar Print Process Pvt. Ltd.	–	170
Neptune Engineering	–	351

19. BTVL is currently in litigation with DSS Enterprises Private Limited ('DSS') (0.34 per cent equity interest in BCL; 4.67 per cent equity interest in erstwhile BMNL as at March 31, 2002). This inter alia includes claim for specific performance in respect of agreements to sell the equity interest of DSS in erstwhile BMNL to BTVL. The case filed by DSS to enforce the sale of equity shares before the Delhi High Court is pending consideration of the Honorable High Court.

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	Associate Company
Bharti Telecom Finance Limited	Associate Company
Bharti Telesoft Limited	Associate Company
Bharti Teletech Limited	Associate Company
Bharti Infotrac Limited	Associate Company
Bharti Systel Limited	Associate Company
Bharti Healthcare Limited	Associate Company
Bharti Global Limited	Associate Company
Bharti Overseas Trading Company	Associate Partnership Firm
Pastel Limited	Associate Company
Singapore Telecommunications Limited	Associate Company

# SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

## Related Party Transaction for 2002-03

Particulars	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
<b>Opening Balance</b>													
(Refer Note 2 below)	490,436	78,177	246	-	-	-	(7,332)	412	(10,727,238)	-	-	-	-
Funds Transferred/ (Received) (net)	(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)	-	-	229	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	24,716	-	-	-	(65)	-	-	-	-	-	-	-	-
Purchase of Services from Group Company net of payment made (Refer Note 6 below)	(269,798)	-	-	-	-	(1,086)	-	-	-	13,343	-	-	-
Others	-	(452)	-	-	-	-	-	-	-	9	(412)	-	-
<b>Closing Balance</b>	<b>(414,384)</b>	<b>5,742,997</b>	<b>246</b>	<b>(5,762)</b>	<b>(67)</b>	<b>(1,881)</b>	<b>229</b>	<b>86</b>	<b>123</b>	<b>(3,733)</b>	<b>-</b>	<b>(17,832,136)</b>	<b>(600)</b>
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	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance</b>	<b>(414,384)</b>	<b>5,742,997</b>	<b>246</b>	<b>(5,762)</b>	<b>(67)</b>	<b>(1,881)</b>	<b>229</b>	<b>86</b>	<b>123</b>	<b>(3,733)</b>	<b>-</b>	<b>(17,832,136)</b>	<b>(600)</b>

Note:

- The above excludes provision of telephone services free of cost among the Group Companies.
- Bharti Mobinet Limited, Bharti Mobile Limited, S.C. Cellular Limited, Cellular division (Himachal Pradesh), have amalgamated with Bharti Cellular Limited. Bharti Broadband Limited, Bharti Telesonic Limited (including J D Projects Private Limited) have amalgamated with Bharti Infotel Limited (Formerly Bharti Teletel Limited).
- 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 Systel Limited	Bharti Overseas Trading Limited	Bharti Enterprise Private Limited	Bharti Telesoft Limited	Bharti Healthcare Limited	Bharti Tele-Ventures Limited	Bharti Telecom Limited
<b>4. Net funds movement:</b>													
Funds Transferred	1,108,679	6,510,242	-	-	-	-	-	-	-	-	-	20,431,925	-
Funds received	(1,750,644)	(1,422,461)	-	-	-	-	-	-	-	-	-	(26,890,249)	-
<b>Funds Transferred/ (Received) (net)</b>	<b>(641,965)</b>	<b>5,087,781</b>	-	-	-	-	-	-	-	-	-	<b>(6,458,324)</b>	-
<b>5. Sale of Services</b>													
Sale of services from Group Company	24,716	-	-	-	-	-	-	-	-	-	-	-	-
Payment received against sale of services	-	-	-	-	(65)	-	-	-	-	-	-	-	-
<b>Sale of Services to Group Companies net of payment received</b>	<b>24,716</b>	-	-	-	<b>(65)</b>	-	-	-	-	-	-	-	-
<b>6. Purchase of Services</b>													
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	-	-	-
<b>Purchase of Services from Group Companies net of payments made</b>	<b>(269,798)</b>	-	-	-	-	<b>(1,086)</b>	-	-	-	<b>13,343</b>	-	-	-



# SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Particulars	(Rs. '000)												
	Bharti Telenet Limited	Bharti Mobile Limited	Bharti Teletech Limited	Bharti Telesonic Limited	Bharti Comtel Limited	Bharti Broadband Limited	Bharti Telecom Limited	Bharti Overseas Trading Limited	S.C. Cellular Holdings Limited	Bharti Enterprise Private Limited	Bharti Telesoft Limited	Bharti Health-care Limited	Bharti Tele-Ventures Limited
<b>Opening Balance</b>	11,926	13,227	246	-	(76)	(286)	-	-	8	484	373	(115,748)	
Funds Transferred/(Received) (net) (Refer Note 1 below)	(2,636)	(6,956)	(80)	-	-	(35)	-	(1,116)	1,550,000	(548)	468	-	2,078,541
Payment made for expenses incurred on our behalf	1,038	76,152	80	29,599	-	2,059	-	746	-	72	2,223	39	92,606
Payment received for expenses incurred	(2,006)	(8,472)	-	-	(33)	(9,577)	-	-	-	-	(9,810)	-	(6,490,770)
Sale/transfer of Assets	4,063	-	-	-	-	-	-	370	-	468	-	-	-
Purchase of Assets	-	(447)	-	-	-	(1,503)	-	-	-	(32,087)	-	-	-
Expenses incurred on behalf of Group Companies	2,046	3,665	-	-	-	34,011	-	-	-	-	30,537	-	856
Expenses incurred by Group Companies	-	-	-	(73,212)	-	-	-	-	-	-	-	-	(265,672)
Sale of services from Group Company net of payment received (Refer Note 2 below)	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Services from Group Company net of payment made (Refer Note 3 below)	(6,680)	(1,647)	-	-	-	-	-	-	-	-	-	-	(11,533)
Others	15	1,196	-	-	109	286	-	(1,550,000)	-	(9)	-	-	(5,396,939)
<b>Closing Balance</b>	<b>7,766</b>	<b>76,718</b>	<b>246</b>	<b>(43,613)</b>	<b>-</b>	<b>24,955</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,194)</b>	<b>412</b>	<b>(10,108,659)</b>	

# SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Particulars	(Rs. '000)												
	Bharti Telenet Limited	Bharti Mobile Limited	Bharti Teletch Limited	Bharti Telesonic Limited	Bharti Comtel Limited	Bharti Broadband Limited	Bharti Telecom Limited	Bharti Overseas Trading Limited	S.C. Cellular Holdings Limited	Bharti Enterprise Private Limited	Bharti Telesoft Limited	Bharti Health- care Limited	Bharti Tele- Ventures Limited
<b>1. Net Funds Movement:</b>													
Funds Transferred	-	47	-	-	-	-	1,097	-	1,550,000	-	468	-	8,943,707
Funds Received	(2,636)	(7,003)	(80)	-	-	(35)	(1,097)	(1,116)	-	(548)	-	-	(6,865,166)
<b>Funds Transferred/ (Received) (net)</b>	<b>(2,636)</b>	<b>(6,956)</b>	<b>(80)</b>	<b>-</b>	<b>-</b>	<b>(35)</b>	<b>-</b>	<b>(1,116)</b>	<b>1,550,000</b>	<b>(548)</b>	<b>468</b>	<b>-</b>	<b>2,078,541</b>
<b>2. Sale of Services</b>													
Sale of services from Group Company	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment received against sale of services	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sale of Services to Group Companies net of payment received</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>3. Purchase of Services</b>													
Purchase of Services from Group Company	(6,680)	(1,647)	-	-	-	-	-	-	-	-	-	-	(11,533)
Payment made to group co. for purchase of service rendered	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Purchase of Services from Group Companies net of payments made</b>	<b>(6,680)</b>	<b>(1,647)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,533)</b>

## 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, 2003 (Rs. '000)
Lease Rentals	1,438
Obligations on non-cancelable leases:	
Not later than one year	17,253
Later than one year and not later than five years	33,069
Later than five years	-
<b>Total</b>	<b>50,322</b>

## Financial Lease

The Company 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	707	62	645
Later than one year and not later than five years	964	33	931
Later than five years	-	-	-
<b>Total</b>	<b>1,671</b>	<b>95</b>	<b>1,576</b>

## 22. Significant non-frequently occurring items accounted for in the Financial Statements

The Company was carrying the network equipment having a written down value of Rs. 341,964 thousand. The management based on the expert opinion has fully depreciated the same during the year.

23. As at the year-end, the accumulated losses exceed the paid up share capital and reserves of the Company. However, as these accounts incorporate the results of operations of new circles which have commenced operations only in the current year, 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.
24. The details of Licence Fees are as follows:

	Year ended March 31, 2003 (Rs. '000)	Year ended March 31, 2002 (Rs. '000)
<b>Gross carrying amount</b>		
Opening Balance	7,888,191	981,490
Acquired on amalgamation	610,270	-
Additions during the year	-	6,906,701
<b>Closing Balance</b>	<b>8,498,461</b>	<b>7,888,191</b>
<b>Amortisation</b>		
Opening Balance	320,017	270,728
Acquired on amalgamation	207,302	-
For the year	334,248	49,289
<b>Closing Balance</b>	<b>861,567</b>	<b>320,017</b>
<b>Net carrying amount</b>	<b>7,636,894</b>	<b>7,568,174</b>

25. Pursuant to amalgamation as explained to in Note 2 above with the Company, to that extent previous year figures are not comparable with the current year.
26. 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. 

			4	8	0	8	5
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 State Code 

	5	5
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Balance Sheet Date 

3	1	-	0	3	-	0	3
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Date Month Year

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

<b>Public Issue</b> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table> <b>Bonus Issue</b> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L						N	I	L	<b>Rights Issue</b> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table> <b>Private Placement</b> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L						N	I	L
					N	I	L																										
					N	I	L																										
					N	I	L																										
					N	I	L																										

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

<b>Total Liabilities</b> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>4</td><td>3</td><td>6</td><td>6</td><td>6</td><td>2</td><td>4</td><td>6</td></tr></table> <b>Sources of funds</b> <b>Paid up Capital</b> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td>1</td><td>0</td><td>6</td><td>1</td><td>0</td><td>8</td><td>5</td></tr></table> <b>Secured Loans</b> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>2</td><td>0</td><td>0</td><td>4</td><td>0</td><td>5</td><td>8</td><td>3</td></tr></table> <b>Application of funds</b> <b>Net Fixed Assets</b> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>1</td><td>9</td><td>6</td><td>3</td><td>7</td><td>1</td><td>6</td><td>0</td></tr></table> <b>Net Current Assets</b> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td>2</td><td>8</td><td>2</td><td>2</td><td>9</td><td>1</td><td>3</td></tr></table> <b>Accumulated Losses</b> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td>7</td><td>1</td><td>8</td><td>6</td><td>8</td><td>8</td><td>8</td></tr></table>	4	3	6	6	6	2	4	6		1	0	6	1	0	8	5	2	0	0	4	0	5	8	3	1	9	6	3	7	1	6	0		2	8	2	2	9	1	3		7	1	8	6	8	8	8	<b>Total Assets</b> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>4</td><td>3</td><td>6</td><td>6</td><td>6</td><td>2</td><td>4</td><td>6</td></tr></table> <b>Reserves &amp; Surplus</b> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>6</td><td>7</td><td>1</td><td>5</td><td>7</td><td>4</td></tr></table> <b>Unsecured Loans</b> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>2</td><td>1</td><td>8</td><td>9</td><td>3</td><td>0</td><td>0</td><td>5</td></tr></table> <b>Investments</b> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td>5</td><td>7</td><td>8</td><td>1</td><td>6</td><td>9</td><td>2</td></tr></table> <b>Miscellaneous Expenditure</b> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td>8</td><td>2</td><td>3</td><td>7</td><td>5</td><td>9</td><td>4</td></tr></table>	4	3	6	6	6	2	4	6			6	7	1	5	7	4	2	1	8	9	3	0	0	5		5	7	8	1	6	9	2		8	2	3	7	5	9	4
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	8	2	3	7	5	9	4																																																																																		

## IV. Performance of the Company (Amount in thousands)

<b>Turnover</b> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>1</td><td>4</td><td>1</td><td>3</td><td>5</td><td>1</td><td>6</td><td>8</td></tr></table> <b>Profit/(Loss) Before Tax</b> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>(-)</td><td>1</td><td>7</td><td>3</td><td>8</td><td>3</td><td>7</td><td>8</td></tr></table> <b>Earning per Share in Rs.</b> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td>(-)</td><td>1</td><td>9</td><td>.</td><td>6</td><td>1</td><td> </td></tr></table>	1	4	1	3	5	1	6	8	(-)	1	7	3	8	3	7	8		(-)	1	9	.	6	1		<b>Total Expenditure</b> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>1</td><td>5</td><td>8</td><td>7</td><td>3</td><td>5</td><td>4</td><td>7</td></tr></table> <b>Profit/(Loss) After Tax</b> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>(-)</td><td>2</td><td>0</td><td>8</td><td>0</td><td>3</td><td>4</td><td>2</td></tr></table> <b>Dividend Rate</b> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>	1	5	8	7	3	5	4	7	(-)	2	0	8	0	3	4	2						N	I	L
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(-)	2	0	8	0	3	4	2																																										
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## V. Generic names of three principal products/services of the Company (as per monetary terms)

Item Code No. (ITC Code) 

N	O	T		A	P	P	L	I	C	A	B	L	E						
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Product Description 

C	E	L	L	U	L	A	R		T	E	L	E	P	H	O	N	E		
S	E	R	V	I	C	E	S												

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: September 16, 2003

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

1. Name of Subsidiary	<b>Bharti Mobile Limited</b>
2. Financial Year of the Subsidiary ended on :	31-03-2003
3. Shares of the Subsidiary held by the company on the above dates: (a) No of shares (b) Face Value of shares (c) Extent of Holding %	407,000,000 Rs.10/- 74%
4. Net aggregate amount of profit / losses of the Subsidiary for the above financial year so far as they concern members of the holding Company (Rs. '000) (a) Dealt with the accounts of the Company for the year ended 31-03-2003 (b) Not dealt with in the Accounts of the Company for the year ended 31-03-2003	Nil 827,439
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 31-03-2002 (b) Not dealt with in the Accounts of the Company for the year ended 31-03-2002	Nil Nil

Earlier Bharti Mobile Limited was subsidiary of SC Cellular Holding Limited. Subsequently it has become 100% subsidiary of Bharti Cellular Limited.

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  
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