

S C CELLULAR HOLDINGS LIMITED

S C CELLULAR HOLDINGS LIMITED

DIRECTORS' REPORT

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

**BUSINESS REVIEW**

The Company continued to hold 74% equity interest in Bharti Mobile Limited. However as part of a consolidation strategy, the Company has transferred its 40.5% equity interest held in Bharti Mobinet Limited (previously Skycell Communications Limited) to another group Company, viz. Bharti Cellular Limited.

During the year, in view of merger of its holding Companies, viz. Jumbo Holdings Limited, Jubilant Holdings Limited and Viscount Holdings Limited into Bharti Tele-Ventures Limited, the Company became a wholly-owned subsidiary of Bharti Tele-Ventures Limited.

As part of consolidation of cellular business, Bharti Tele-Ventures Limited transferred its stake to Bharti Cellular Limited and the Company therefore became a wholly-owned subsidiary of Bharti Cellular Limited.

**SHIFTING OF REGISTERED OFFICE**

During the year, the Company shifted its Registered Office from the State of Tamil Nadu to the State of Delhi, with effect from November 13, 2001.

**FINANCIALS**

During the year the Company incurred a loss of Rs. 555,339 as compared to a loss of Rs. 222,602 in the previous year.

**FIXED DEPOSITS**

The Company has not sought or accepted any deposits from the Public.

**AUDITORS' REPORT**

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

**AUDITORS**

The Statutory Auditors of the Company M/s. J. C. Bhalla & Co., 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 them 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. Anil Nayar is due to retire by rotation and being eligible, has offered himself for re-appointment. The Board recommends his re-appointment as Director of the Company.

**STATUTORY STATEMENTS**

During the year under review the Company, had no employee in respect of whom a statement under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, is required to be annexed.

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

There was no foreign exchange earning or outgo during the year under review.

**SUBSIDIARY COMPANY**

The information required under section 212 of the Companies Act, 1956 in respect of subsidiary company is attached.

**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) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2002 and of the profit and loss account of the Company for that period;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the annual accounts on a going concern basis.

**ACKNOWLEDGEMENT**

The Directors express their gratitude for assistance, co-operation and support received from Bharti Group Companies, various agencies/ departments of Government of India and Company Bankers and Financial Institutions.

On behalf of the Board

**ANIL NAYAR**  
Director

**K. L. JAIN**  
Director

Place: New Delhi  
Date: July 5, 2002

## AUDITORS' REPORT

**The Members of SC Cellular Holdings Limited**

We have audited the attached Balance Sheet of SC Cellular Holdings Limited as at March 31, 2002, and the annexed Profit and Loss Account for the year ended on that date.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that :-

1. As required by the Manufacturing and Other Companies (Auditors Report) Order, 1988, issued by the Central Govt. in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in the said Order to the extent applicable.
2. Further to our comments in the Annexure referred to in paragraph (1) above,
  - 2.1 We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - 2.2 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 the books.
  - 2.3 The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
  - 2.4 The Balance Sheet and Profit and Loss Account are in compliance with the mandatory Accounting Standards, referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable.
  - 2.5 On the basis of the written representations received from the Companies in which Directors of S C Cellular Holdings Ltd are directors as on March 31, 2002, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2002, from being appointed as a director in terms of clause(g) of sub section(1) of Section 274 of the Companies Act, 1956.
  - 2.6 In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:-
    - (a) In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2002, and
    - (b) In the case of Profit and Loss Account, of the loss of the Company for the year ended on that date.

for **J. C. BHALLA & CO.**  
Chartered Accountants

(**SUDHIR MALLICK**)  
Partner

Place : New Delhi  
Dated : July 5, 2002

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE ADDRESSED TO THE MEMBERS OF SC CELLULAR HOLDINGS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2002.**

1. As the Company is an investment company, the provisions of subclauses (iii), (iv), (v), (vi), (xi), (xii), (xiv), (xvi) and (xx) of The Manufacturing and Other Companies (Auditor's Report) Order, 1988, are not applicable.
2. The Company has no fixed assets and hence the question of verification or revaluation of the same does not arise.
3. The Company has not taken any loans, secured or unsecured from companies, firms or other parties to be listed in the register to be maintained under Section 301 of the Companies Act, 1956, other than an interest free unsecured loan from the ultimate holding company, the terms and conditions of which in our opinion, are prima facie not prejudicial to the interest of the company. In terms of sub-section 6 of Section 370 of the Companies Act, 1956, provisions of the Section are not applicable to a company on or after October 31, 1998.
4. The Company has not granted any loans, secured or unsecured to companies, firms or other parties to be listed in the register to be maintained under Section 301 of the Companies Act, 1956, other than an interest free unsecured loan to a subsidiary company. In terms of sub-section 6 of Section 370 of the Companies Act, 1956, provisions of the Section are not applicable to a company on or after 31st October, 1998.
5. The Company has not granted any loans or advances in the nature of loans.
6. There is an adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchase of shares, stocks and other assets.
7. The Company has not accepted any deposits from the public during the year.
8. In our opinion the company has an internal audit system commensurate with the size and nature of its business.
9. The Company has no employees and therefore the question of depositing Provident Fund and Employees' State Insurance dues does not arise.
10. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income-tax, wealth tax, sales tax, customs duty and excise duty which have remained outstanding as on March 2002, for a period of more than six months from the date they became payable.
11. According to the information and explanations given to us, no personal expenses have been charged to revenue account.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities.
13. The provisions of any special statute applicable to chit funds, nidhi or Mutual Benefit Society do not apply to the company.
14. The Company has been maintaining proper records of investments and timely entries have been made therein. The investments are held by the Company in its own name.

for **J. C. BHALLA & CO.,**  
Chartered Accountants  
(**SUDHIR MALLICK**)  
Partner

Place : New Delhi  
Dated : July 5, 2002

## BALANCE SHEET AS AT MARCH 31, 2002

Particulars	Schedule	As at	
		March 31, 2002 Rs.	March 31, 2001 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	111,235,220	111,235,220
Reserves & Surplus	2	670,974,460	670,974,460
<b>Unsecured Loans</b>	3	<b>2,437,297,361</b>	<b>2,553,229,578</b>
		<u>3,219,507,041</u>	<u>3,335,439,258</u>
<b>APPLICATION OF FUNDS</b>			
<b>Investments</b>			
Investments	4	3,026,103,464	4,765,103,043
<b>Current Assets, Loans &amp; Advances</b>			
Current Assets	5	126,637	126,637
Loans & Advances		<u>192,434,702</u>	<u>119,915,316</u>
		<b>192,561,339</b>	<b>120,041,953</b>
<b>Less: Current Liabilities &amp; Provisions</b>	6	<b>23,623</b>	<b>1,550,016,260</b>
Profit & Loss Account		<u>865,861</u>	<u>310,522</u>
		<u>3,219,507,041</u>	<u>3,335,439,258</u>
<b>Accounting Policies &amp; Notes to Accounts</b>	7		

As per our separate report of even date.

For **J. C. BHALLA & CO.**  
Chartered Accountants

**SUDHIR MALLICK**  
Partner

Place : New Delhi  
Date : July 5, 2002

On behalf of the Board

**ANIL NAYAR**  
Director

**K.L. JAIN**  
Director

**SANJEEV KUMAR**  
Company Secretary

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

Particulars	Schedule	For the year ended March 31, 2002 Rs.	For the year ended March 31, 2001 Rs.
<b>INCOME</b>			
Miscellaneous Income		-	4,002
		<u>-</u>	<u>4,002</u>
<b>EXPENDITURE</b>			
Fees & Taxes		509,412	155,500
Auditors' Remuneration		27,863	17,850
Bank Charges		-	2,504
Legal & Professional Charges		18,000	750
Amount written off		64	-
Tender Fees		-	50,000
		<u>555,339</u>	<u>226,604</u>
<b>Profit/ (Loss) before Taxation</b>		<b>(555,339)</b>	<b>(222,602)</b>
Profit/(Loss) brought forward		(310,522)	(87,920)
<b>Profit/(Loss) Carried to Balance Sheet</b>		<b><u>(865,861)</u></b>	<b><u>(310,522)</u></b>
Accounting Policies & Notes to Accounts	7		

As per our separate report of even date.

For J. C. BHALLA & CO.  
Chartered AccountantsSUDHIR MALICK  
PartnerPlace : New Delhi  
Date : July 5, 2002ANIL NAYAR  
Director

On behalf of the Board

K.L. JAIN  
DirectorSANJEEV KUMAR  
Company Secretary

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Particulars	As at March 31, 2002 Rs.	As at March 31, 2001 Rs.
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
11,250,000 Equity Shares of Rs. 10/- each	112,500,000	112,500,000
	<u>112,500,000</u>	<u>112,500,000</u>
<b>Issued, Subscribed &amp; Paid up</b>		
11,123,522 Equity Shares of Rs.10/- each	111,235,220	111,235,220
(All the shares are held by M/s. Bharti Cellular Limited, the holding Company)	<u>111,235,220</u>	<u>111,235,220</u>
<b>SCHEDULE 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
Share Premium (As per last Balance Sheet)	670,974,460	670,974,460
	<u>670,974,460</u>	<u>670,974,460</u>
<b>SCHEDULE 3</b>		
<b>UNSECURED LOANS</b>		
Bharti Tele-Ventures Limited	2,437,297,361	2,553,229,578
	<u>2,437,297,361</u>	<u>2,553,229,578</u>
<b>SCHEDULE 4</b>		
<b>INVESTMENTS (UNQUOTED)</b>		
Long term-Trade-At cost		
- In Subsidiary Company		
407,000,000 (Previous year 407,000,000) Equity shares of Rs. 10/- each fully paid up of Bharti Mobile Limited	3,026,103,464	3,215,103,043
- In Others		
Nil (Previous year 25,199,100) Equity shares of Rs. 10/- each fully paid up of Skycell Communications Limited (Sold during the year)	-	1,550,000,000
	<u>3,026,103,464</u>	<u>4,765,103,043</u>
<b>SCHEDULE 5</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>Current Assets</b>		
Cash in Hand	970	970
Balance with Scheduled Banks in Current Account	125,667	125,667
	<u>126,637</u>	<u>126,637</u>
<b>Loans &amp; Advances</b>		
(Unsecured considered good)		
Loan to Bharti Mobile Ltd., Subsidiary Company	3,429,648	119,909,777
Advance against Share Application Money in Bharti Mobile Ltd., Subsidiary Company	188,999,579	-
Other Advances	-	64
Tax Paid	5,475	5,475
	<u>192,434,702</u>	<u>119,915,316</u>

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Particulars	As at March 31, 2002 Rs.	As at March 31, 2001 Rs.
<b>SCHEDULE 6</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities</b>		
– Sundry Creditors*	23,113	1,550,015,750
<b>Provisions</b>		
– Income Tax	510	510
	<u>23,623</u>	<u>1,550,016,260</u>

\*Includes Rs.500/- due to Bharti Cellular Limited, holding Company

## SCHEDULE 7

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

## A. SIGNIFICANT ACCOUNTING POLICIES

- Long term investments are stated at cost. Provision for diminuation, if any, in the value is made to recognise a decline, other than of temporary nature.
- Dividends are accounted for when the right to receive the payment is established.
- Preliminary expenses are charged to the accounts in the year of their incurrence.

## B. NOTES TO ACCOUNTS

- The company in which this Company holds investment is making losses. However, having regard to the long term nature of this investment, no provision is considered necessary.
- Debit & credit balances of parties are subject to confirmation.
- The Company has received interest free unsecured loan amounting to Rs. 2,437,297,361/- from Bharti Tele-Ventures Limited.
- The Company has given interest-free unsecured loan amounting to Rs. 3,429,648/- to its subsidiary Bharti Mobile Limited (Maximum amount outstanding at any time during the year is Rs. 119,909,776/-).
- Vide agreement dated 27.12.2000 entered into with M/s. Infrastructure Development Finance Co. Ltd., (IDFCL), the Company has pledged 2810 lacs equity shares of M/s. Bharti Mobile Ltd. in favour of IDFCL on behalf of M/s. Bharti Mobile Ltd. to enable it to subscribe to 200 secured redeemable non convertible debentures of Rs. 1 crore each aggregating to Rs. 200 crores.
- The Company had purchased 401,600,000 Equity Shares of M/s. Bharti Mobile Limited including 69,000,000 Equity Shares from M/s. Jasmine International Public Co. Ltd. (JI) and Telephone Organisation of Thailand for a consideration of 42 crores pursuant to RBI approval dated 10.10.2000. However pursuant to agreement dated 29.11.99 between JI and the company for acquisition of JI investment in Bharti Mobile Limited, JI has assigned to the Company all its rights to recover its dues from M/s. Bharti Mobile Limited including various claims of approx. Rs. 26.14 crores which has not been accounted for as the company has received request from M/s. Bharti Mobile Limited to waive of the above dues which is under the active consideration of the company. Besides the above dues an amount of Rs. 122,540,369/- payable by M/s. Bharti Mobile Limited to JI and Rs. 188,999,579/- received as share application money from JI by Bharti Mobile Limited and assigned in favour of the Company has been accounted for by reducing the above mentioned investment of Rs. 42 crores.

## 7. Auditors Remuneration :

	31.3.2002	31.3.2001
Audit Fees	15,750	15,750
Other Services	10,500	2,100
Out of Pocket Service	1,613	–
	<u>27,863</u>	<u>17,850</u>

- Previous year figures have been regrouped/rearranged wherever necessary.
- Schedule 1 to 7 form part of the audited statement of account.

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

## I. Registration Details

Registration No.	<input type="text"/> <input type="text"/> <input type="text"/> 1 1 3 1 4 7	State Code	<input type="text"/> 5 <input type="text"/> 5
Balance Sheet Date	<input type="text"/> 3 <input type="text"/> 1 <input type="text"/> - <input type="text"/> 0 <input type="text"/> 3 <input type="text"/> - <input type="text"/> 0 <input type="text"/> 2		
	Date Month Year		

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

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

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

<b>Total Liabilities</b>	<input type="text"/> 3 <input type="text"/> 2 <input type="text"/> 1 <input type="text"/> 9 <input type="text"/> 5 <input type="text"/> 0 <input type="text"/> 7	<b>Total Assets</b>	<input type="text"/> 3 <input type="text"/> 2 <input type="text"/> 1 <input type="text"/> 9 <input type="text"/> 5 <input type="text"/> 0 <input type="text"/> 7
<b>Sources of funds</b>		<b>Reserves &amp; Surplus</b>	<input type="text"/> <input type="text"/> 6 <input type="text"/> 7 <input type="text"/> 0 <input type="text"/> 9 <input type="text"/> 7 <input type="text"/> 5
	<input type="text"/> <input type="text"/> 1 <input type="text"/> 1 <input type="text"/> 1 <input type="text"/> 2 <input type="text"/> 3 <input type="text"/> 5	<b>Unsecured Loans</b>	<input type="text"/> 2 <input type="text"/> 4 <input type="text"/> 3 <input type="text"/> 7 <input type="text"/> 2 <input type="text"/> 9 <input type="text"/> 7
<b>Application of funds</b>		<b>Investments</b>	<input type="text"/> 3 <input type="text"/> 0 <input type="text"/> 2 <input type="text"/> 6 <input type="text"/> 1 <input type="text"/> 0 <input type="text"/> 3
	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	<b>Misc. Expenditure</b>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L		
<b>Net Fixed Assets</b>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L		
<b>Net Current Assets</b>	<input type="text"/> <input type="text"/> 1 <input type="text"/> 9 <input type="text"/> 2 <input type="text"/> 5 <input type="text"/> 3 <input type="text"/> 8		
<b>Accumulated Losses</b>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 8 <input type="text"/> 6 <input type="text"/> 6		

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

<b>Turnover</b>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	<b>Total Expenditure</b>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 5 <input type="text"/> 5 <input type="text"/> 5
<b>Profit / (Loss) Before Tax</b>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> (-) <input type="text"/> 5 <input type="text"/> 5 <input type="text"/> 5	<b>Profit / (Loss) After Tax</b>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> (-) <input type="text"/> 5 <input type="text"/> 5 <input type="text"/> 5
<b>Earnings Per Share in Rs.</b>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<b>Dividend Rate %</b>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L

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

Item Code No. (ITC Code)	<input type="text"/> N <input type="text"/> O <input type="text"/> T <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> A <input type="text"/> P <input type="text"/> P <input type="text"/> L <input type="text"/> I <input type="text"/> C <input type="text"/> A <input type="text"/> B <input type="text"/> L <input type="text"/> E <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Product Description	<input type="text"/> N <input type="text"/> O <input type="text"/> T <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> A <input type="text"/> P <input type="text"/> P <input type="text"/> L <input type="text"/> I <input type="text"/> C <input type="text"/> A <input type="text"/> B <input type="text"/> L <input type="text"/> E <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

On behalf of the Board

ANIL NAYAR  
DirectorK.L. JAIN  
DirectorPlace : New Delhi  
Date : July 5, 2002SANJEEV KUMAR  
Company Secretary

S C CELLULAR HOLDINGS LIMITED

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

	(In '000)
1. Name of the Subsidiary	Bharti Mobile Limited
2. Financial year of subsidiary ended	31-3-2002
3. Shares of the Subsidiary held by the holding Company on the above dates	
(a) Numbers of shares	550,000
(b) Face value of share	Rs. 10/-
(c) Extent of holding in %	74%
4. Net aggregate amount of profit/losses of the subsidiary for the above financial year so far as it concerns members of the holding Company :	
(a) Dealt with in the Accounts of the Company for the year ended 31-3-2002	Nil
(b) Not dealt with the Accounts of the Company for the year ended 31-3-2002	(82,397)
5. Net aggregate amount of profit/losses for previous financial years of the subsidiary since it became a subsidiary so far as they concern members of the Company:	
(a) Dealt with in the Accounts of the Company for the year ended 31-3-2001	Nil
(b) Not Dealt with the Accounts of the Company for the year ended 31-3-2001	2,668,092

On behalf of the Board

**ANIL NAYAR**  
Director

**K.L. JAIN**  
Director

**SANJEEV KUMAR**  
Company Secretary

Place : New Delhi  
Date : July 5, 2002