

Sterling Computers Ltd.

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	NA
TRA	✓		AC	✓
AGM	NA	✓	SHI	✓
YE	✓	✓		

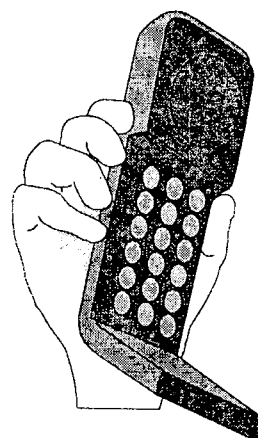


No note

ESSAR TELEHOLDINGS LIMITED

Seventeenth Annual Report 1997-98

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ESSAR TELEHOLDINGS LIMITED

BOARD OF DIRECTORS

SHRI S.V. VENKATESAN
SHRI C. SIVASANKARAN
SHRI V. SRINIVASAN
SHRI PRAMOD SAXENA

COMPANY SECRETARY

SHRI G.K. SATHE

BANKERS

BANK OF AMERICA
DEUTSCHE BANK
INDIAN BANK
UNION BANK OF INDIA

AUDITORS

LOVELOCK & LEWES
Chartered Accountants
Auras Corporate, 8th floor,
98A, Radhakrishnan Salai
Chennai - 600 004.

REGISTERED OFFICE

ESSAR HOUSE,
No.14, Haddows Raod,
Nungambakkam,
Chennai - 600 006.

CORPORATE OFFICE

ESSAR HOUSE,
11, K.K. Marg,
Mahalaxmi,
Mumbai - 400 034.

REGISTRAR & SHARE TRANSFER AGENTS

MCS LIMITED
35, Armenian Street,
Chennai - 600 001.

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ESSAR TELEHOLDINGS LIMITED

DIRECTORS' REPORT

TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Seventeenth Annual Report and Audited Accounts of your Company, for the year ended 31st March 1998.

FINANCIAL RESULTS

	(Rs. In crores)	
	Year ended 31.03.98	Six months's period 1.10.96 – 31.3.97
Service and other Income	0.72	0.84
Gross Profit/(Loss) before depreciation]		
Interest & Finance Charges]	(23.79)	0.50
Depreciation	0.02	-
Interest and finance charges	16.36	0.01
Profit/(Loss) before tax	(40.17)	0.49
Provision for Income Tax	NIL	0.03
Profit/(Loss) after Tax	(40.17)	0.46

OPERATIONS

The Company earned service and other income Rs.0.72 crores during the year.

Loss during the current year is on account of interest payments and exchange fluctuations on loans taken by the company for holding investments in Sterling Cellular Limited, company's subsidiary. The Company's subsidiary, being in the telecom infrastructure sector, is in the initial stages of operations and the cash flow is expected to become positive only after 4-5 years.

Events subsequent to Balance Sheet date :

Sterling Cellular Limited, company's subsidiary has allotted equity shares to the Company for the entire amount of advance of Rs.237.97 crores paid by the company towards share application money. The company continues to hold 51% share capital in the subsidiary company.

SUBSIDIARY COMPANIES

Sterling Cellular Limited, subsidiary of your company has established commercial operations at Delhi during the previous year and has been providing cellular mobile telephone services. Aircel Digilink India Limited, subsidiary of Sterling Cellular Limited has established commercial operations at Haryana, Rajasthan and Uttar Pradesh (East) Circles. Subsidiary companies have been able to increase subscriber base during the current year.

As required under section 212 of the Companies Act, 1956, the audited statement of Accounts along with the report of the Board of Directors of subsidiary companies and the respective Auditors report thereon are annexed.

FIXED DEPOSITS

The total amount of deposits held as on 31st March 1998 was Rs 0.92 lakhs which include deposits amounting to Rs 0.42 lakhs remaining unclaimed as on 31st March 1998. Out of unclaimed deposit, Rs 0.09 lakhs have been refunded after 31st March 1998.

DIVIDEND

Since the company has not earned profits during the year, dividend could not be considered for the year.

DIRECTORS

In terms of Article 118 of the Articles of Association of the company, Shri.C.Sivasankaran and Shri.V.Srinivasan Directors of the Company retire by rotation and are eligible for reappointment..

Shri. John Michael Lind was appointed as Additional Director who retires on the date of forthcoming Annual General Meeting, being eligible offers himself for reappointment. The Company has already received a notice under Section 257 of the Companies Act, 1956.

Shri Pramod Saxena resigned during the year.

AUDITORS

M/S Love Lock & Lewes, Chartered Accountants, Auditors of the Company hold office until the conclusion of the annual general meeting and are recommended for reappointment. The company has received the requisite certificate from the Auditors that if appointed, their appointment will be within the prescribed limits under Section 224(1B) of the companies Act, 1956.

There are no qualifications or adverse remarks contained in the Auditors report.

PARTICULARS UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) rules, 1988.

- (i) Part A pertaining to Conservation of Energy is not applicable to the Company, since no manufacturing activity is carried on by the company.
- (ii) Part B pertaining to the particulars about Technology absorption and Research & Development is not applicable to the Company since no import of technology is envisaged by the company. Expenditure on Research and Development is Nil.
- (iii) Part C pertaining to Foreign Exchange Earnings and outflows are furnished under Schedule 17- Notes forming part of Accounts- Item 3

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217, 1A, 2A ARE FURNISHED IN THE ANNEXURE

ACKNOWLEDGEMENTS

Your Directors express their gratitude to the Central and State Governments, Company's bankers for their continued patronage. They record their appreciation for the Company's personnel, for their dedication and commitment.

For and on behalf of the Board

Mumbai 400 034

Date : **22nd November 1998**

S.V. Venkatesan
Chairman

ESSAR TELEHOLDINGS LIMITED

(Formerly Sterling Computers Limited)

Regd. Office: "Essar House", 14, Haddows Road, Chennai -600 006.

Annexure to Directors' Report under section 217 (1A)(2A) of the Companies Act 1956

	Current Year	Previous Year
1.A a. Number of employees of the company employed throughout the financial year who were in receipt of remuneration which in the aggregate was not less than Rs. 3,00,000/-	ONE	ONE
b. Number of employees of the company employed for a period of the financial year who were in receipt of remuneration for the part of the year which in aggregate was not less than Rs. 25,000/p.m.	NIL	NIL

2.A . Particulars of remuneration paid to employee

<u>Name</u>	: Mr. K.Santhanagopalan
<u>Designation</u>	: GM (Finance) & Company Secretary
<u>Qualification</u>	: B.A, FICWA, ACS
<u>Salary</u>	: Rs. 3,66,396/-
<u>Age</u>	: 58
<u>Experience</u>	: 34
<u>Date of joining</u>	: 17.4.93
<u>Previous Employment</u>	: GM (Finance) & Company Secretary Driescher Panickker Switchgear Ltd.

Place: Mumbai

For and Behalf of the Board

Date : 22nd November 199622nd November 1996S.V.Venkatesan
Chairman

ESSAR TELEHOLDINGS LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of Essar Teleholdings Limited (formerly Sterling Computers Limited) as at 31st March 1998 and the annexed Profit and Loss Account for year ended on that date which are in agreement with the books of account.

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, and on the basis of such checks of the books and records of the company as we considered appropriate and information and explanations given to us during the course of our audit, we annex hereto a statement on the matters specified in the paragraphs 4 and 5 of the above said order.
2. Further to the above, we report that:

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.

In our opinion, proper books of account have been kept by the company as required by law so far as appears from our examination of those books. In our opinion and to the best of our information and according to the explanation given to us, the said accounts read in conjunction with Schedules 1 to 17 give the information required by the Companies Act, 1956, in the manner so required and the Balance Sheet gives a true and fair view of the state of the Company's affairs as at 31st March, 1998 and the Profit and Loss Account gives a true and fair view of the loss for the year ended on that date.

For LOVELOCK & LEWES
Chartered Accountants

Chennai
Date : 28th August, 1998

(N.RAMESH RAJAN)
Partner.

ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to in paragraph 1 of the Auditors' Report to the shareholders of Essar Teleholdings Limited (formerly Sterling Computers Limited) on the accounts for year ended 31st March, 1998.

- A
- (i) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. The fixed assets of the Company have been physically verified by the management during the year and no discrepancies between the book records and physical inventory have been noticed.
 - (ii) The fixed assets of the company have not been revalued during the year.
 - (vii) The company has not taken any loans secured or unsecured, from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. As informed to us there are no companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
 - (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 Companies Act, 1956. As informed to us there are no companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
 - (ix) The parties to whom loans or advances in the nature of loans have been given by the company are repaying the principal amounts and interest where applicable.
 - (x) There are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of equipment and other assets. The company has not purchased any plant & machinery, stores, raw materials including components and there is no sale of goods.
 - (xi) There are no transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements that have been entered in the register maintained under Section 301 of the Companies Act, 1956.
 - (xlii) The company has complied with the provisions of Section 58 A of the Companies (Acceptance of Deposits) Rules, 1975 and the directives issued by the Reserve Bank of India with regard to deposits accepted from the public.
 - (xv) The company does not have an internal audit system.
 - (xvi) The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
 - (xvii) As explained to us, the Company did not have Provident Fund or Employees State Insurance dues during the year.
 - (xviii) There were no undisputed amounts payable in respect of wealth tax, income tax, sales tax, customs duty and excise duty as at 31st March, 1998 which were outstanding for a period of more than six months from the date they became payable.

- (xix) As per our examination of the books of account of the company and according to the information and explanations given to us by the management, no personal expenses have been charged to revenue account.
- (xx) The Provisions of sick Industrial Companies (Special Provision) Act 1985 is not applicable to the company.

The matters specified in items (iii) to (vi), (xii), (xiv) under Clause 'A' of Paragraph 4 of the Manufacturing and Other Companies (Auditor's Report) Order, 1988 are not applicable to the Company.

B. In respect of service activities of the Company

- (i) There are no consumption of materials and stores.
- (ii) Though allocation of man-hours utilised is not made to the relative jobs, in our opinion, control is exercised on the total labour utilised on the jobs.
- (iii) The Company has a reasonable system of authorisation at proper levels with adequate system of internal control commensurate with the size of the Company and the nature of business and in our opinion, control is exercised on the total man hours utilised on the various jobs.

Clause C of the aforesaid order is not applicable to the company..

D. In respect of investment activities of the company:

- (i) 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.
- (ii) According to the information and explanation given to us, the provisions of special statutes applicable to Chit fund, Nidhi or Mutual benefit society are not applicable to the company.
- (iii) The company is holding shares and other securities as investments and such investments are held in its own name except to the extent of exemption granted under Section 49 of the Companies Act, 1956.

For LOVELOCK & LEWES
Chartered Accountants

Chennai
Date : 28th August, 1998

(N. RAMESH RAJAN)
Partner

ESSAR TELEHOLDINGS LIMITED

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ESSAR TELEHOLDINGS LIMITED (formerly Sterling Computers Limited) BALANCE SHEET AS AT 31ST MARCH 1998			
	Schedule No	As at 31.3.98 Rs. in 000's	As at 31.03.97 Rs. in 000's
SOURCES OF FUNDS			
<i>Share Holder's Funds</i>			
	1	49,996	49,996
Share Application Money		900,000	3,395,827
Reserves & Surplus	2	116,802	202,078
<i>Loan funds</i>			
Secured Loans	3	1,700,000	-
Unsecured Loans	4	1,907,547	224
TOTAL		4,674,345	3,648,125
APPLICATION OF FUNDS			
<i>Fixed Assets</i>	5		
Gross block		740	654
Less: Accumulated Depreciation		198	16
Net Block		542	638
<i>Investments</i>	6	1,096,813	1,096,812
<i>Current Assets, Loans and Advances</i>			
a. Sundry debtors	7	2,000	1,450
b. Cash & Bank Balances	8	2,515	4,940
c. Loans and Advance	9	3,288,802	2,551,026
d. Other Current Assets		7,348	5,422
		3,300,665	2,562,838
<i>Less : Current Liabilities & Provisions</i>			
a. Current Liabilities	10	54,069	1,692
b. Provision	11	10,560	10,535
		64,629	12,227
Net Current Assets		3,236,036	2,550,611
Miscellaneous Expenditure (to the extent not written off or adjusted)	12	24,561	64
Profit and Loss Account		418,393	-
Less: General Reserve		102,000	-
		316,393	-
TOTAL		4,674,345	3,648,125
Notes on Accounts	17		

Schedules 1 to 12 & 17 annexed are an integral part of this Balance Sheet to be read in conjunction therewith.

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

S. V. VENKATESAN

for LOVELOCK & LEWES
Chartered Accountants

V. SRINIVASAN
Directors

GIRISH K. SATHE
Company Secretary

N. Ramesh Rajan
Partner
Chennai
28 August 1998

Mumbai
28 August 1998