

# 2007-2008

13th Annual Report : 2007-2008



**MOBILE**  
**TELECOMMUNICATIONS LTD.**

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**BOARD OF DIRECTORS :** Anil B. Vedmehta (Chairman & Managing Director)  
Ajay Kapoor (Director)  
Ramakrishnan Guruswamy (Director)  
Deotamuni Mishra (Director)  
Abhishek Mishra (Director)

**BANKERS :** Oriental Bank of Commerce

**AUDITORS :** N. S. Bhatt & Co.  
Chartered Accountants

**REGISTERED OFFICE :** 46, Empire Tower, Near Associated Petrol Pump,  
C. G. Road, Ahmedabad - 380 009.  
GUJARAT.

**CORPORATE OFFICE :** 203-204, Sagarika Apt.,  
Opp. Palm Grove Hotel, Juhu Tara Road,  
Juhu, Mumbai - 400 049.  
MAHARASHTRA.

**FACTORY :** E-78, MIDC, Ambad,  
Nashik, MAHARASHTRA.

**REGISTRAR &  
TRANSFER AGENT :** Bigshare Services Pvt. Ltd.  
E-2, Ansa Ind. Estate,  
Saki Vihar Road, Sakinaka,  
Andheri (E), Mumbai - 400 072.

## NOTICE

NOTICE is hereby given that the THIRTEENTH ANNUAL GENERAL MEETING of the Members of MOBILE TELECOMMUNICATIONS LIMITED will be held on Tuesday, 30<sup>th</sup> September, 2008 at 11.00 a.m. at Hotel Inder Residency, Opp. Gujarat College, Ellisbridge, Ahmedabad-380006, Gujarat to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March 2008 and the Profit & Loss Account for the year ended on that date and reports of the Directors and Auditors thereon.
2. To appoint a Director in Place of Shri Deotamuni Mishra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize Board of Directors to fix their remuneration.

### SPECIAL BUSINESS:

#### SUB-DIVISION OF EQUITY SHARES

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of section 94 and other applicable provisions, if any of the approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the equity shares of the Company having nominal face value of Rs. 10/- (Rupees Ten Only) per share be sub-divided into equity shares having nominal face value of Re.1/- (Rupee one) per share and the relevant Capital Clause in the Memorandum of Association of the Company be accordingly altered.

**RESOLVED FUTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things including issue of fresh share certificates and execute all such documents, instruments and writings as may be required in the said connection and to delegate all or any of the powers herein vested in them or to any committee of directors and any director(s) to give effect to the aforesaid resolution.”

#### ALTERATION IN THE CAPITAL CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY

5. To consider and if thought fit to pass with or without modification(s), the following resolution as an **Ordinary Resolution**.

**“RESOLVED THAT** the existing Clause V of the Memorandum of Association of the Company be and is hereby replaced by the following Clause V:

**Clause V** “The Authorised Share Capital of the Company is Rs. 30,00,00,000/- (Rupees Thirty Crores Only) divided into 30,00,00,000 (Thirty Crore) Equity Shares of Re. 1/- (Rupee One) each.”

**Registered Office:**  
46, Empire Tower,  
Near Associated Petrol Pump,  
C G. Road, Ahmedabad, Gujarat

For and Behalf of the Board

**Anil B. Vedmehta**  
Chairman & Managing Director

**Date: 4<sup>th</sup>September, 2008**

**NOTE:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THAT THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING. A BLANK PROXY FORM IS ANNEXED TO THE ANNUAL REPORT.
2. The explanatory statement as required under section 173(2) of the Companies Act, 1956 in respect of special business mentioned in the above notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 26<sup>th</sup> September, 2008 to 30<sup>th</sup> September, 2008 (inclusive both days).
4. Members are requested to intimate to the Company, quoting Registered Folio number, change in their address, if any, with the Pin code number.
5. In all correspondence with the Company or it's Share Transfer Agents, members are requested to quote their account / folio number and in case the shares are held in the dematerialized form, they must quote their client ID number and their DP ID number.
6. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company at least seven days before the date of the meeting so that the information required by the members may be made available at the meeting.
7. Members attending the meeting are requested to bring with them the Attendance Slip attached to the Annual Report duly filled in and signed and handover the same at the entrance of the hall.
8. Re-appointment of Directors:  
At the ensuing Annual General Meeting Shri Deotamuni Mishra, Director, retires by rotation and being eligible offers himself for re-appointment. The information or details pertaining to the Director, to be provided in terms of clause 49 of the Listing Agreement are furnished in the statement on Corporate Governance published elsewhere in this Report.

**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**Item No. 4 & 5 :**

The management of your Company has always believed that whether big or small, living in metros or villages, all of them should partake of the value process at MTL. High value denomination of the share may deter small shareholders from acquiring the piece of wealth – shares of your company. It is in this context that we feel splitting of face value of shares into smaller denomination, would enhance its access to small investors.

In view of this, your Board has proposed that face value of equity shares of the Company be fixed at Re.1/- per share. To give effect to change in nominal value of equity shares, the Capital Clause in Memorandum of the company is to be altered. Resolutions set out at Item No. 4 & 5 of this notice are to make requisite changes in the Memorandum of Association of the Company.

The Board of Directors recommends the resolutions for approval of the members.

None of the directors of the company is in any way concerned or interested in the said resolution, except to the extent of their share holding in the company.

**Registered Office:**  
46, Empire Tower,  
Near Associated Petrol Pump,  
C G. Road, Ahmedabad, Gujarat

For and Behalf of the Board

**Anil B. Vedmehta**  
Chairman & Managing Director

**Date: 4<sup>th</sup> September, 2008**

## DIRECTORS' REPORT

To the members,

Your Directors are pleased to present the Thirteenth Annual Report and Audited Accounts for the year ended March 31, 2008.

### Financial Results

(Rs in lacs)

For the Year Ended	31-03-2008	31-03-2007
Total Income	3249.54	3026.50
Total expenditure	3204.80	2951.44
Operating profit (PBIDT)	44.74	75.06
Depreciation	37.12	56.72
Profit before Taxation/Prior period Adjustment	44.75	18.34
Provision for Tax	9.38	3.27
Deferred Tax	4.16	3.69
Profit after Taxation	31.21	11.38
Add Balance Brought forward from previous year	594.33	582.47
Amount available for appropriation	625.54	594.33
Balance carried to Balance Sheet	625.54	594.33

### Results of Operations

During the year under review, total revenue was Rs.3026.50 lacs as compared to Rs.2712.64 lacs in the previous year thereby registered an increase of 11.57 % and operating profit at Rs.75.06 Lacs as compared to Rs.545.67 lacs in the previous year thus registered a decrease of 86.24%.

The Board of Directors has decided to plough back the surplus earned in the business in order to consolidate the financial position of the Company for bolstering growth through expansions and strategic mergers and acquisition. Your Board therefore decided not to declare any dividend for the period under review.

### Management Discussion & Analysis Report

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion & Analysis Report is appended to this Report.

### Corporate Governance

Your Company has been fully compliant with the SEBI Guidelines on Corporate Governance, which have been incorporated in Clause 49 of the Listing Agreement with the Stock Exchanges. A detailed report on the subject forms part of this Report.

The Statutory Auditors of the Company have examined the Company's compliance, and have certified the same, as required under SEBI Guidelines. Such certificate is reproduced as part of this Report.

A Management Discussion and Analysis Report covering a wide range of issues relating to performance, outlook etc., is given as part of this report.

### Fixed Deposits

Your company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the balance sheet date.

### **Directors**

Mr. Deotamuni Mishra and Mr. Ashok Lalwani retire by rotation at the forthcoming Annual General Meeting. Mr. Deotamuni Mishra has offered himself for re-appointment. The necessary resolution is being placed before the members for approval of re-appointment of Mr. Mishra.

Mr. Ashok Lalwani has not offered himself for re-appointment, and hence the term of his office of directorship will expire on the date of the ensuing AGM.

### **Auditors**

Messrs N.S. Bhatt & Co., Chartered Accountants, Statutory auditors of the Company, retires at the conclusion of the forthcoming Annual General Meeting of the company and being eligible, offers themselves for re-appointment.

The comments by the Auditors in their Report are self explanatory and in the opinion of the Board, do not require any further clarifications.

### **Secretarial Audit**

As directed by Securities and Exchange Board of India (SEBI), Secretarial Audit is being carried out at the specified periodicity by a Practicing Company Secretary. The results of Secretarial Audit were satisfactory.

### **Directors' Responsibility Statement**

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956:

#### ***Responsibility in relation to financial statements***

The financial statements have been prepared in conformity, in all material respects, with the generally accepted accounting principles in India and the accounting standards prescribed by ICAI in a consistent manner and supported by reasonable and prudent judgments and estimates. The Directors believe that the financial statements reflect true and fair view of the financial position as on 31.03.2008 and of the results of operations for the year ended 31.03.2008.

The financial statements have been audited by M/s N.S.Bhatt & Co. in accordance with generally accepted auditing standards which include an assessment of the systems of internal controls and tests of transactions to the extent considered necessary by them to support their opinion.

#### ***Going Concern***

In the opinion of the Directors, the Company will be in a position to carry on its existing Mobile & Communication business and accordingly it is considered appropriate to prepare the financial statements on the basis of going concern.

#### ***Maintenance of accounting records & Internal controls***

The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956.

Directors have overall responsibility for the Company's internal control system, which is designed to provide a reasonable assurance for safeguarding of assets, reliability of financial records and for preventing and detecting fraud and other irregularities.

The system of internal control is monitored by internal audit function, which comprises of the examination and evaluation of the adequacy and effectiveness of the system of internal control and quality of performance in carrying out assigned responsibilities. Internal Audit Department interacts with all levels of management and the Statutory Auditors, and reports significant issues to the audit committee of the Board.

Audit Committee supervises financial reporting process through review of accounting and reporting practices, financial and accounting controls and financial statements. Audit Committee also periodically interacts with internal and statutory auditors to ensure quality and veracity of Company's accounts. Internal Auditors, Audit Committee and Statutory Auditors have full and free access to all the information and records as considered necessary to carry out their responsibilities. All the issues raised by them have been suitably acted upon and followed up.

**Particulars of Employees :**

Pursuant to the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 nobody of the Company is drawing salary or commission, which exceeds the limit set out in the above section. Therefore nothing has been mentioned in this regard.

**Statutory Disclosure**

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is as under;

Part A and Part B relating to Conservation of Energy and Technology Absorption are not applicable to the company as your company is not a manufacturing company.

**Foreign Exchange Earning and Outgo:**

Total foreign exchange earnings and outgo during the year.

FOB Value of Exports	:	Rs. Nil
CIF Value of Imports	:	Rs. Nil
Expenditure in foreign currency	:	Rs. Nil

**Appreciation**

The Directors wish to express their appreciation of the continued co-operation of the Bankers, Customers, Dealers and Suppliers and also the valuable assistance and advice received from major shareholders, the employees for their contribution, support and continued co-operation through the year.

For and on behalf of the Board

Place : Mumbai  
Date : 4<sup>th</sup> September, 2008

**Anil B. Vedmehta**  
Chairman & Managing Director



## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Mobile Telecommunications Limited (MTL) is a professionally managed company, which strongly believes in Corporate Culture, which is possible only by executing the Corporate Governance in true and efficient manner. MTL is maintaining good relations with all stakeholders.

MTL has a good personnel policy for its employees. Apart from good remuneration, salaries and other facilities, the Company provides pleasant work atmosphere to its employees. The role of each and every employee is well defined in the hierarchy.

For investors' grievances, the Company has established one investor grievances cell which efficiently resolves the problems and queries of the investors of the Company.

Hence, it can be observed that the company has been functioning in a most transparent and fair manner with all its stakeholders i.e. investors, customers, employees, government and MTL has a unique distinction of servicing to its stakeholders.

### BOARD OF DIRECTORS

During the year under review, 6 Board Meeting were held on 26<sup>th</sup> April, 2007, 16<sup>th</sup> July, 2007, 31<sup>st</sup> July, 2007, 29<sup>th</sup> August, 2007, 31<sup>st</sup> October, 2007, and 31<sup>st</sup> January, 2008. The composition of the Board, attendance at Board Meetings held during the financial year under review and at the last Annual General Meeting, number of Directorships and memberships / chairmanships in public companies (including the Company) are given below:-

Name of the Director	Category	FY 2007 - 08 Attendance at		No. of Directorships	Committee positions	
		Board Meetings	Last AGM		Chairman	Member
Mr. Anil B Vedmehta	Executive Chairman and Managing Director	6	Yes	7	1	2
Mr. Ajay Kapoor	Non-Executive, Independent	4	No	3	1	4
Mr. Ramakrishnan Guruswamy	Non-Executive, Independent	5	No	1	2	4
Mr. Deotamuni Mishra	Non-Executive	4	Yes	2	2	1
Mr. Abhishek Mishra	Non-Executive	4	Yes	2	-	2

As may be seen from the above details, the Board of the Company comprises of more than 50% Non-Executive Directors of the total number of Directors. The Company has an Executive Chairman cum Managing Director who also looks after the day-to-day operations of the company with Mr. Abhishek Mishra and Mr. Deotamuni Mishra, the directors of the Company.

In addition to the matters which statutorily required Board's approval, as required by Corporate Laws and other statutory laws, the following matters are regularly placed before the Board:-

- ▲ Minutes of Audit Committee Meetings, Remuneration committee Meetings and other committee meetings.
- ▲ Recruitment and Remuneration of senior executives below the Board level.
- ▲ Disclosure of material regarding related party transactions, if any, with potential for conflict of interest.

- ▲ Quarterly details of finance and risk management strategies.
- ▲ Compliance with Regulatory and Statutory requirements including listing requirement and shareholders services.
- ▲ Details of show cause, demand, prosecution and penalty notices which are materially important.

### Information on Directors Re-appointment / Appointment

A brief details of Director being re-appointed / appointed at the ensuing Annual General Meeting, the nature of their expertise in specific functional areas are furnished hereunder:

Mr. Deotamuni Mishra and Mr. Ashok Lalwani retire by rotation at the forthcoming Annual General Meeting.

Mr. Ashok Lalwani has not offered himself for re-appointment, and hence the term of his office of directorship will expire on the date of the ensuing AGM.

Mr. Deotamuni Mishra is a member of the Audit Committee and Remuneration Committee constituted by the Company as per the requirements of Corporate Governance.

### AUDIT COMMITTEE

The Audit Committee of Directors constituted by the Board of Directors of the Company comprises of Independent Directors. The broad terms of reference of the Audit Committee include review of the Company's financial reporting process, the financial statements and financial/risk management policies, review of the adequacy of the internal control systems and functioning of the Internal Audit team, discussions with the management and the external auditors, the audit plan for the financial year and any Changes in accounting policies and practices.

During the year under review, 4 Audit Committee Meetings were held on 16<sup>th</sup> July, 2007, 31<sup>st</sup> July, 2007, 31<sup>st</sup> October, 2007 and 31<sup>st</sup> January, 2008. The composition of the Audit Committee and attendance at its meetings is given hereunder:-

Composition of the Audit Committee	Mr. Ajay Kapoor Chairman	Mr. Deotamuni Mishra Member	Mr. Ramakrishnan Guruswamy
No. Meeting Attended	4	2	4

The Chairman of the Audit Committee was also present at the last Annual General Meeting of the Company.

### MANAGERIAL REMUNERATION

#### a. Remuneration committee

The Remuneration Committee of the Company reviews the remuneration of Managing / whole-time directors, retirement benefits to be paid to them. It comprises of 3 Independent Directors Mr Ajay Kapoor, Mr Abhishek Mishra and Mr. Deotamuni Mishra, Chairman of the Remuneration Committee. During the year under review, two Remuneration Committee Meetings were held on 31<sup>st</sup> July, 2007 and 31<sup>st</sup> January, 2008 wherein all the members of the Remuneration Committee were present.

#### Chairman & Managing Director:

Name	Salary	Perquisites & Allowances	Commission	Incentive Remuneration	Stock Options
Anil B. Vedmehta	13,40,000	Nil	Nil	Nil	Nil

### INVESTORS' GRIEVANCE COMMITTEE

The Investors' Grievance Committee of the Board comprises of Mr. Ramakrishnan Guruswamy, Chairman of the Committee, Mr. Anil Vedmehta and Mr. Abhishek Mishra with Mr. Dipak Dhani, being the Compliance Officer and can be contacted at:

203/204, Sagarika Apt., Phone : 32446802 / 32446809  
Opp. Hotel Ramada Palm Grove Fax : 26103019  
Juhu Tara Road, Juhu, E-mail: thedipak@mobileteleindia.com  
Mumbai – 400 049.

The Committee consists of two independent directors and one executive director. The Committee is chaired by a non-executive independent director. This Committee looks into transfer and transmission of shares / debentures / bonds etc., issue of duplicate share certificates, consolidation and subdivision of shares and investors grievance. This committee particularly looks into the Investors Grievances and oversees the performance of the Share Department and to ensure prompt and efficient investors services. The Committee met 12 times during the year 2007-2008. Attendance at the Committee meetings were as under:-

Composition of the Committee	Ramakrishnan Guruswamy	Anil B. Vedmehta	Abhishek Mishra
No. Meeting Attended	11	10	10

No members' complaints/queries were received during the period under review and no complaints/queries were pending as on March 31, 2008.

### COMMITTEE OF DIRECTORS

In addition to the above Committees, the Board has constituted the following Committees:-

Finance Committee of Directors comprises of Mr. Anil Vedmehta, Chairman of the Committee, Mr. Ramakrishnan Guruswamy and Mr. Ajay Kapoor to look into matters pertaining to finance and banking transactions, granting power of attorneys, property matters and other day-to-day operations of the Company. During the year under review, 3 Finance Committee Meetings were held and attendance at the Committee meetings was as under:-

Composition of the Committee	Anil B. Vedmehta	Ramakrishnan Guruswamy	Ajay Kapoor
No. Meeting Attended	2	2	1

Committee of Board to review capital expenditure, budgets, long term business strategies and organizational structure of the company. The Committee comprises of Mr. Ramakrishnan Guruswamy, Chairman, Mr. Anil Vedmehta and Mr. Ajay Kapoor. During the year under review, 2 Meeting of the Committee of Board were held. Attendance at the Committee meetings was as under:-

Composition of the Committee	Ramakrishnan Guruswamy	Anil B. Vedmehta	Ajay Kapoor
No. Meeting Attended	1	2	2

**GENERAL BODY MEETINGS**

➤ **Location and time of Last Three Annual General Meetings:**

Year	Type	Date of AGM	Venue	Time
2006-2007	AGM	September 28, 2007	Registered Office	11.00 am
2005-2006	AGM	September 30, 2006	Registered Office	11.00 am
2004-2005	AGM	September 30, 2005	Registered Office	11.00 am

➤ No special resolution was put through postal ballot in the last AGM and there is no such proposal for this year as there is no such business which statutorily required voting through postal ballot in the ensuing AGM.

➤ **OTHER DISCLOSURES**

➤ During the year under review, besides the transactions reported elsewhere in the Annual Report, there were no other related party transactions with its promoter, directors, management and subsidiaries that had a potential conflict with the interest of the Company at large.

➤ The Company has complied with various rules and regulations prescribed by Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last three years.

**MEANS OF COMMUNICATIONS**

Quarterly and half yearly results	Published in English & Regional News Paper
Any website, where displayed	<a href="http://www.mobileteleindia.com">www.mobileteleindia.com</a>
Whether it also displays official news releases; and the presentations made to institutional investors or to the analysts	Yes.

**GENERAL INFORMATION FOR MEMBERS**

**Annual General Meeting:**

**Date and Time** : September 30, 2008 at 11.00 a.m.

**Venue** : Hotel Inder Residency, Opp. Gujarat College, Ellisbridge, Ahmedabad-380006, Gujarat.

**Dividend Payment Date** : The Directors have not recommended any dividend on Equity Shares for the Financial year 2007 -2008.

**Date of Book Closure** : 26<sup>th</sup> September, 2008 to 30<sup>th</sup> September, 2008 (inclusive both days).

**Financial Calendar** : Financial reporting for the quarter ending September 30, 2008 - End October 2008  
 Financial reporting for the quarter ending December 31, 2008 - End January 2009  
 Financial reporting for the quarter ending March 31, 2009 - End April 2009  
 Financial reporting for the quarter ending June 30, 2009 - End July 2009

► **Listing:**

The Stock Exchanges on which the Company's securities are listed and the Company's Stock Code is given below:

- |  |   |
|--|---|
| <p>1 The Stock Exchange, Mumbai<br/>Phiroze Jeejeebhoy Towers,<br/>Dalal Street,<br/>Mumbai – 400 001<br/>Scrip Code: 532127</p> | <p>2. The Stock Exchange, Ahmedabad<br/>Kamdhenu Complex<br/>Opp. Sahajanand College, Panjarapole<br/>Ahmedabad – 380 015</p> |
|--|---|

► **Market Information:**

Market Price data – monthly high/low and trading volumes during the last financial year on the BSE / depicting liquidity of the Company's Ordinary Shares on the said exchange is given hereunder:-

Stock Exchange	The Stock Exchange, Mumbai			
	High (Rs.)	Low (Rs.)	No. of Shares Traded	Turnover Rs.
April 2007	17.89	13.06	870435	13,281,149.00
May 2007	18.35	15.55	720728	12,386,418.00
June 2007	18.00	14.75	284380	4,554,478.00
July 2007	17.45	13.80	244869	3,862,296.00
August 2007	15.40	13.00	148031	2,089,628.00
September 2007	26.00	13.50	1517197	33,476,768.00
October 2007	22.00	18.10	484679	9,566,750.00
November 2007	26.70	19.05	757509	17,683,057.00
December 2007	24.40	19.20	310535	6,726,582.00
January 2008	25.60	14.55	99877	2,016,901.00
February 2008	17.60	9.15	722714	8,912,493.00
March 2008	12.30	8.65	581987	6,011,663.00

► **Registrar and Transfer Agents:**

Members are requested to correspond with the Company's Registrar & Transfer Agents – Big Shares Services Private Limited, quoting their folio no. at the following addresses:

- |   |  |
|---|--|
| <p>(i) M/s Big Shares Services Private Limited<br/>E2, Ansa Industrial Estate<br/>Saki Vihar Road, Saki Naka<br/>Andheri (East), Mumbai – 400 072</p> | <p>Tel : 022 - 28470652<br/>Fax : 022 - 28473474</p> |
|---|--|

► **Share Transfer system:**

Shares lodged for transfer at the Registrar's address are normally processed within 15 days from the date of lodgement, if the documents are clear in all respect. All requests for dematerialisation of shares are processed and the confirmation is usually given to the depositories within 15 days. Senior Executives of the Company are empowered to approve transfer of shares. Grievance received from Members and other miscellaneous correspondence on change of address, mandates, etc. are processed by the Registrars within 30 days.

➤ **Shareholding Pattern as on March 31, 2008 :**

Category	As on March 31, 2008	
	No. of Shares	%
Individuals	2475658	20.81
Companies, Mutual Funds & Trusts	3409196	28.65
Directors and relatives	5969212	50.16
NRIs & Foreign Companies	35982	0.30
Government & Public Financial Institutions	Nil	NA
Clearing Members	9952	0.08

➤ **Dematerialization of shares:**

Electronic holding by members comprises of 92.92 % of the paid up Ordinary Share Capital of the Company held through the National Securities Depository Limited (86.87%) and Central Depository Securities (India) Limited (6.05%) as on March 31, 2008.

➤ **Plant Locations:**

Plant Location	Range of Products Produced
E – 78, MIDC, Nashik, Maharashtra.	1) Railway Signalling Systems 2) Printed Circuit Boards 3) MCCBs, Ballasts, CFL etc. 4) Set-Top Boxes

- **Address for Correspondence:** 203-204, Sagarika Apartment,  
Opp. Hotel Ramada Palm Grove,  
Juhu Tara Road, Juhu,  
Mumbai – 400 049.

## CERTIFICATE

### TO THE MEMBERS OF MOBILE TELECOMMUNICATIONS LIMITED

WE HAVE EXAMINED THE COMPLIANCE OF THE CONDITIONS OF Corporate Governance by Mobile Telecommunications Limited, for the year ended on March 31, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion of the financial statements of the Company.

*In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.*

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that based on the report given by the Registrar of the company to the Grievance committee as on March 31, 2008, there were no investor grievance matters against the Company remaining unattended/pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **N. S. BHATT & Company**  
Chartered Accountants

N. S. Bhatt  
Proprietor  
Membership No. 10149

Place : Mumbai  
Date : 30th June, 2008

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### EMS Scenario

Since ages, India used to have a deep dependence on imports of foreign technology and electronics hardware products. The country has changed from controlled economy to a free market. The country is a lot more open to international companies coming to Indian Market.

India's electronics market is projected to reach \$60 billion by 2010. Two-thirds, or \$40 billion, is slated for domestic demand with 80% manufactured internally. The remaining \$20 billion is billed for export. Half of the export revenue will come from products and assemblies; the rest will be equally divided between design and component exports.

EMS worldwide revenue will amount to roughly \$90 billion this year. A recent study by Ernst & Young LLP estimates India's potential EMS capabilities could enable it to capture 1% of the North American EMS market, 2% of Western Europe, 4% of Asia and 5% percent of the rest of the world.

India is one of the fastest growing markets for mobile telecom, and there are great opportunities for manufacturing services. With a population of over one billion people, India represents one of the most exciting and fastest growing areas for handset and network equipment OEMs and EMS providers. According to recent reports, telecom manufacturing is cheaper in India than in other neighboring countries. If the supply chain is based out of India, it is possible to make a mobile phone that is five to seven percent cheaper in India than in other neighboring countries. India also has R&D capabilities, which bring down development costs.

India has become an extremely attractive location for manufacturing because of its talent pool of engineers, software developers, designers and a highly skilled workforce with global quality standards. The trend for global EMS companies has been to establish manufacturing capacities in countries with growing markets or proximity to vast markets, favourable costs and a large pool of technical talent.

Existing Indian EMS providers are looking for ways to improve their scope and depth to further penetrate the market, and non-EMS Indian organizations are fast becoming interested in establishing EMS divisions. As India's EMS market evolves, it is attracting multi-national companies (MNC) interested in having their products manufactured in India, as well as those MNCs interested in establishing transnational joint ventures with more established Indian EMS providers.

Foreign companies wanting to establish a presence in India through a liaison office are not permitted to carry on trading or commercial or industrial activity, or earn any income from the day-to-day activities. It is allowable as a mere representative office. Some companies, who operate in China, have also located facilities in India and plan to expand operations there. Other OEMs and EMS providers are likely to follow suit in the next several years to take advantage of low-cost manufacturing and to gain access to a growing market. OEMs such as Samsung and LG Electronics and EMS providers Solectron, Flextronics and Jabil have facilities in India. LG Electronics makes home appliances and Samsung builds televisions and home appliances in India.

On the other hand, an MNC branch is allowed to carry on certain activities, and subsidiaries are treated almost equal to an Indian domestic company. In some instances, a cap on foreign direct investment and prior approval of regulatory authorities such as the Foreign Investment Promotion Board is required. In other cases, only the Reserve Bank of India is required to be involved.

Inspite of the huge potential for Indian EMS and its large low-wage labour pool, EMS in India do have barriers. Customs duty on capital goods, limited local suppliers, high interest rates, poor infrastructure, quickly changing governmental policies and delays affect the organization's profitability position.



Another key factor driving any electronics manufacturing facility is good energy. India has a large power delta between supply and demand. Although not every electronics industry sector is power-intensive, the EMS and semiconductor industries are. Many organizations within India create and maintain captive power sources to combat this problem.

Despite this, EMS is developing in India. Indian industry associations and government agencies such as the Manufacturers' Association for Information Technology (MAIT), the Indian Electrical & Electronics Manufacturers Association (IEEMA) and Ministry of Information Technology (MIT) are taking steps to invite both foreign and domestic investment in the electronics sector.

If India remains focused; the government creates and supports suitable industry initiatives with significant spending increases and appropriate excise, customs duty and other tax structures; and the country aligns itself with the right strategic partners and effectively markets its EMS capabilities globally; success will be India's to lose.

### **BPO INDUSTRY**

Quantum eServices (P) Ltd., is a wholly owned subsidiary of Mobile Telecommunications Limited, and it has a beautiful 550 seater facility in Mindspace, Malad (West), Mumbai. The operations of the unit is satisfactory. Company is planning to add another 500 seats at its Nasik facility for Domestic BPO.

### **NEW INITIATIVES**

Over the years Mobile Telecommunications Limited has got the processes and planning in place by getting into EMS activity. So the journey was not rewarding but the breakthrough it has attained by implementing SMT line operation in the city of Nashik and working with the MNCs like Siemens, Schnider, ABB etc., the company was able to set certain standards in terms of quality and process.

Now the company has started participating in tenders for various utility companies directly i.e. it has got into APFC (Automatic Power Factor Controller) Panels with a joint venture with Herodex Power Systems Pvt. Ltd., and the company has forayed into the energy-saving devices market. Company has plans to enter into the areas of Public Light and Energy Saving products; it aims to be the number one ESCO (Energy Saving Company) of India.

### **JOINT VENTURES**

#### **Video Surveillance & other Security Products :**

Company has forayed into security products such as video surveillance systems, electronic sirens etc. and presently manufacturing siren for exports to Germany. Domestic launch of the same will be initialled in the next financial year.

#### **Global Lighting Market :**

The global lighting fixtures market is approximately US\$70 billion and growing at a 4.4% CAGR to approximately \$90 billion in 2020. Market is seeking intelligent lighting and energy saving products Global energy saving lighting market expected to reach \$10 to \$16 billion per year. Growth is driven by Growing demand from emerging powers such as India and China.

Efforts of governments across the world to conserve energy and environment. Energy efficient replacement products in traditional heavy-user markets such as North America & Western Europe.

#### **Indian Lighting Industry :**

Indian lighting industry is growing at 12% YOY and is expected to be \$10 billion in 2020 Capacity expansion and demand driven by government initiatives: ESCO initiatives among Indian lighting solution providers Forecasts for ESCO contracts alone are approximately \$4.5 billion over next 15

years Infrastructure & industry growth also trigger demands India's per capita energy consumption is approximately 4 times the worldwide average thereby creating a massive opportunity for energy efficient lighting solutions.

**The ESCO Model :**

ESCO or Energy Service Company, is a business model designed to improve energy efficiency and reduce operations and maintenance costs for its customers' facilities ESCO's assume project risk by offering energy efficiency improvement as a model for performance-based contracting Compensation is directly linked to the amount of energy and capital that is actually saved.

Indian Parliament has passed a Bill mandating all Government facilities to reduce energy consumption by 30% using ESCO methods from 2007 onwards

**Lighting Solutions Business :**

Lighting Industry is at an inflection point in India Rapid economic development and infrastructure expansion in India has resulted in booming demand for energy Current means of production are incapable of meeting demand - At peak loads there is a 20% energy deficit.

This has created a need for reduction in lighting costs, through the introduction of more energy efficient lamps and accessories

**PRODUCT DEVELOPMENT CAPABILITIES**

To carry out such product development, the design skills used :

**Basic Skill Sets :**

- Digital Electronics Circuit Design.
- Analog Electronics Circuit Design.
- Power Electronics system and control design.

**System Engineering Skill Sets :**

- Concept of electrical parameter measurement, analysis and PF control.
- Concepts of Data Logging and Analysis.
- Data Communication using Hand Held unit, GSM/GPRS etc.
- Automation system designing and software.
- Micro-controller firmware using C compilers and Assembly languages.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The company has adequate internal control systems and procedures to ensure that all assets are safeguarded and protected against any loss from unauthorized use and that all transactions are authorized and reported correctly.

The process and systems followed by the company at operational level have been integrated with the equipments and the people associated therewith. In the EMS Industry, the process and systems followed are significantly important and are often shared with the customers the requisite confidence. The management is happy to state that the emphasis on the processes and systems is paying rich dividend in terms of quality performance and customer satisfaction.

## **DEVELOPMENT OF HUMAN RESOURCES**

The company has been proactive to build the requisite skill-sets in the organization for its new project initiatives. The team building exercise has been relatively easier for the company as Nasik has been a zone populated by the leading players in the hardware industry. The relevant industry experience of the team coupled with commitment towards endurance to the operating processes adopted by the company is a unique feature demonstrated by the company. Employees are encouraged to upgrade their skills and knowledge through various training programs.

In the BPO Space Company is planning to share the ownership along with the responsibilities with the bright key management personals by offering ESOP to retain and motivate the good performers and associate them in future projects.

**Note :** This report contains forward-looking statements based on beliefs of the company's management. The words participate, believe, estimate, forecast, expect, intend, plan, should and project are used to identify forwardlooking statements. Such statements reflect the company's current views with respect to the future events and are subjected to risk and uncertainties. Many factors cause the actual result to be materially different, including amongst others, changes in the general economic and business conditions, changes in the currency exchange rates and interest rates, introduction of completing products, lack of acceptance of new products or services and changes in business strategy. Actual results may vary materially from those projected here. The company does not intend to assume any obligation to update these forward-looking statements.

## AUDITORS' REPORT

To,  
The Members of  
M/s. **Mobile Telecommunications Ltd.**

We have audited the attached Balance Sheet of **MOBILE TELECOMMUNICATIONS LTD.** as at March 31, 2008 and annexed Profit and Loss Account of the Company and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We 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 from 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.

- 1) As required by the Companies (Auditors Report) order, 2003 issued by the Central Government of India in terms of Section 227 (4-A) of the Companies Act, 1956 we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said order.
- 2) Further to our comments in the Annexure referred to in paragraph (1) above, we report that:
  - a) We have obtained all the information and explanations, which to best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of such books.
  - c) The Balance Sheet and the profit and loss Account and cash flow statement dealt with by this report are in Agreement with the books of accounts.
  - d) In our opinion, the Balance Sheet and the Profit and Loss Account and Cash flow Statement comply with the accounting standards referred to in sub-section (3c) of section 211 of the Companies Act, 1956.
  - e) On the basis of the written representation received from the Directors and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31<sup>st</sup> March, 2008 from being appointed as a Director in terms of clause (g) of sub-section (l) of section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us and we have relied on the representation of the Management regarding the reason for non provision and deminution in the value of the investment is temporary in nature. We are unable to express our opinion in the matter, the accounts read 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 in conformity with the accounting principles generally accepted in India:
    - i) In case of the Balance Sheet of the Company as at March 31, 2008.
    - ii) In the case of the Profit and Loss Account of the Profit of the Company for the year ended on that date.
    - iii) In the case of the cash flow statement, of the cash flows of the company for the year ended on that date.

For **N. S. BHATT & CO.**  
Chartered Accountants

**N. S. Bhatt**  
(Proprietor)  
Membership No. 10149

Place : Mumbai  
Date : 30th June, 2008

**ANNEXURE TO THE AUDITORS' REPORT  
(REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE.)**

- i) a) The Company is in the process of updating the fixed assets records including quantitative details and situation of fixed assets.
- b) The fixed assets have been physically verified by the management according to a regular programme of periodic verification in a phased manner which in our opinion is reasonable having regard to the size of the company and nature of fixed assets. The discrepancies noticed on such physical verification were not material and provided for in the books of account of the company.
- c) During the year, the Company has not disposed of any substantial part of fixed assets.
- ii) a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii) a) As per the information and explanation given to us, with regards to loans granted any loans, secured or unsecured, to any companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, the company has given trade advances amounting to 227.22lacs (Previous year Rs.64.18lacs Credit Balance) carrying no interest. In our opinion the terms & conditions of such loan is prima facie not prejudicial interest of the company. (The maximum outstanding at any time during the year is Rs.464.12lacs ) and as regards the payment no terms of repayment has been stipulated.
- b) The company has taken unsecured loans from the M/s Proximus Knowledge and Technologies Services Private Limited amounting to Rs.807.37 (Previous Year –Nil) carrying no interest, listed in the register maintained u/s 301 of the Companies Acts, 1956.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit no major weaknesses has been noticed in the internal controls.
- v) a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) The company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- vii) The Company has no formal internal audit system commensurate with its size and nature of business.
- viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for the products of the company.

- ix) a) As per the information and explanations given by the management, the company is not regular in depositing with the appropriate authorities, undisputed statutory dues including Income Tax, Sales Tax, Wealth tax, Provident Fund, Investor Education and Protection Fund, custom duty and other statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues, except Income Tax, Fringe Benefit Tax & TDS of Rs8,27,000/- which has remained outstanding for more than six months as at 31<sup>st</sup> March 2008.
- b) According to the Information and explanation given to us, there are no dues of Sales tax, Income tax, Custom duty, Wealth tax, Excise duty and cess which have not been deposited on account of any dispute.
- x) The Company has no accumulated losses and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- xi) As per the information and explanations given to us, the company has not defaulted in repayment of dues to any financial Institution or Bank during the year.
- xii) As per the information and explanations given to us, and the company has not granted any loan and /or advances on the basis of security by way of pledge of shares, debenture and other securities.
- xiii) The provision of special statute is not applicable to the Company as the Company is not a chit fund / nidhi / mutual benefit fund / society.
- xiv) In our opinion and according to the explanations given to us, the Company has maintained proper records of transactions and contracts as to sale of investments in shares, debentures and other investments and timely entries have been made therein. The same have been held by the company in its own name.
- xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions.
- xvi) In our opinion and according to the information and explanation given to us, the company has term loan from Banks during the year and the same has been applied for the purpose for which the loans were obtained.
- xvii) According to the information and explanations given to us, and on an overall examination of the Balance sheet of the Company, we report that the funds raised on short – term basis have not been used for long – term investment and vice – versa.
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 during the year.
- xix) No debentures have been issued by the Company during the year.
- xx) The Company has not raised money by public issues during the year.
- xxi) Based on the audit procedures performed and information and explanation given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For **N. S. BHATT & CO.**  
Chartered Accountants

**N. S. Bhatt**  
(Proprietor)  
Membership No. 10149

Place : Mumbai  
Date : 30th June, 2008

## BALANCE SHEET AS AT 31ST MARCH, 2008

	Schedule	31.3.2008 (Rupees)	31.3.2007 (Rupees)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	119000000	119000000
Reserves and Surplus	2	65532420	62411163
		184532420	181411163
<b>LOAN FUNDS</b>			
Secured Loan	3	26725557	28940763
UnSecured Loan	4	836147036	22080491
Deffered Tax Liability /(Assets)		5751016	5334593
		<b>1053156029</b>	<b>237767010</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	76580070	90567839
Less : Depreciation / Amortisation		19694233	18727445
Net Block		56885837	71840394
<b>Investments</b>	6	111140450	66090040
<b>Current Assets, Loans and Advances</b>			
Inventories	7	53957348	38187307
Sundry Debtors		266304869	59733178
Cash and Bank Balance		845846	1821843
Loans and Advances		795651104	22453674
		1116759167	122196002
<b>Less :</b>			
<b>Current Liabilities and Provisions</b>			
Current Liabilities	8	231106205	23291731
Provisions		1764472	827000
		232870677	24118731
<b>Net Current Assets</b>		883888491	98077271
<b>Miscellaneous Expenditure</b>	9	1241252	1759305
(to the extent not written off or adjusted)			
		<b>1053156029</b>	<b>237767010</b>
<b>Notes on Accounts</b>	14		

As per our report of even date  
for **N. S. BHATT & CO.**  
Chartered Accountants

**N. S. BHATT**  
Proprietor  
Membership No. : 10149

Place : Mumbai  
Date : 30th June, 2008

For and on behalf of the Board

**ANIL B. VEDMEHTA**  
Chairman &  
Managing Director

**AJAY KAPOOR**  
Director

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

	Schedule	31.3.2008 (Rupees)	31.3.2007 (Rupees)
<b>INCOME</b>			
Sales and services	10	317181091	302438287
Less : Excise Duty		2840946	—
		<b>314340145</b>	<b>302438287</b>
Other Income	11	7773081	211601
		<b>322113226</b>	<b>302649888</b>
<b>EXPENDITURE</b>			
Cost of goods sold	12	294824442	282472838
Administration and other expenses	13	13676480	9234375
Depreciation		3711777	5672160
Interest and Financial Charges	14	4907322	2918716
Miscellaneous Expenditure written off		518053	518053
		317638073	300816142
<b>Profit Before Taxation</b>		<b>4475153</b>	<b>1833746</b>
Provision for Taxation		861503	252635
Fringe Benefit Tax		75969	74365
Deferred Tax		416423	369124
<b>Profit After Taxation</b>		<b>3121258</b>	<b>1137622</b>
Income Tax of earlier Years		—	48254
Balance Brought Forward		59432732	58246856
<b>Balance carried to Balance Sheet</b>		<b>62553990</b>	<b>59432732</b>
Basic and diluted earning per Share		<b>0.26</b>	<b>0.10</b>
Notes on Accounts	14		

As per our report of even date  
for **N. S. BHATT & CO.**  
Chartered Accountants

**N. S. BHATT**  
Proprietor  
Membership No. : 10149

Place : Mumbai  
Date : 30th June, 2008

For and on behalf of the Board

**ANIL B. VEDMEHTA**  
Chairman &  
Managing Director

**AJAY KAPOOR**  
Director



## SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2008

	31.3.2008 (Rupees)	31.3.2007 (Rupees)
<b>1 SHARE CAPITAL</b>		
<b>Authorised</b>		
3,00,00,000 Equity Shares of Rs. 10/- each	<u>300000000</u>	<u>300000000</u>
<b>Issued, Subscribed and Paid-up</b>		
1,19,00,000 Equity Shares of Rs. 10/- each (includes 27,50,000 Equity Shares of Rs. 10/- each issued for consideration other than cash)	<u>119000000</u>	<u>119000000</u>
<b>Total</b>	<u><b>119000000</b></u>	<u><b>119000000</b></u>
<b>2 RESERVES AND SURPLUS</b>		
<b>General Reserve :</b>		
Balance as per last Balance sheet	2978431	2978431
<b>Surplus as per profit and loss account</b>	<u>62553989</u>	<u>59432732</u>
<b>Total</b>	<u><b>65532420</b></u>	<u><b>62411163</b></u>
<b>3 LOAN FUNDS</b>		
<b>SECURED LOAN</b>		
Term Loan from Bank	4601270	7432673
Working Capital Loan from Bank (Against Hypothecation of Plant & Machinery, Raw Material, finished goods, store and spares and equitable mortgage of factory land building at Nasik and guarantees of Company and its CMD)	21252056	20,205,280
ICICI Bank - Car Loan A/c (against hypothecation of Motor Cars)	<u>872231</u>	<u>1302810</u>
<b>Total</b>	<u><b>26725557</b></u>	<u><b>28940763</b></u>
<b>4 UNSECURED LOAN</b>		
From Directors & Share Holders	3326871	22080491
From other Corporate Bodies	<u>832820165</u>	<u>—</u>
<b>Total</b>	<u><b>836147036</b></u>	<u><b>22080491</b></u>

## SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2008

### 5 FIXED ASSETS

( Rupees )

Assets	Gross Block				Depreciation				Net Block	
	As at 1.4.2007	Additions during the Year	Deduction During the Year	As at 31.3.2008	As at 1.4.2007	For the year	Deductions	As at 31.3.2008	As at 31.3.2008	As at 31.3.2007
Land	5,056,230	-	-	5,056,230	-	-	-	-	5,056,230	5,056,230
Factory Building	32,321,456	-	-	32,321,456	3,989,238	1,079,537	-	5,068,775	27,252,681	28,325,111
Office Building	15,378,356	-	15,378,356	-	2,573,308	171,681	2,744,989	-	-	12,740,373
Plant & Machineries	18,603,980	695,043	-	19,299,023	3,008,401	905,264	-	3,913,665	15,385,358	15,524,248
Networking Systems	1,370,725	-	-	1,370,725	1,302,189	68,536	-	1,370,725	-	68,536
Computer Equipment	6,353,240	13,100	-	6,366,340	5,602,434	756,596	-	6,359,030	7,310	756,596
Furniture and Fittings	2,315,426	648,308	-	2,963,734	656,604	166,756	-	823,360	2,140,374	1,655,602
Electrical Installation	3,941,078	4,095	-	3,945,173	732,160	187,389	-	919,549	3,025,624	3,369,091
Air Conditioners	2,527,464	16,500	-	2,543,964	370,289	120,548	-	490,837	2,053,127	2,157,175
Office Equipment	22,100	13,540	-	35,640	6,436	1,080	-	7,516	28,124	15,661
Motor Car	2,677,785	-	-	2,677,785	486,386	254,390	-	740,776	1,937,009	2,171,769
<b>Total</b>	<b>90,567,840</b>	<b>1,390,586</b>	<b>15,378,356</b>	<b>76,580,070</b>	<b>18,727,446</b>	<b>3,711,777</b>	<b>2,744,989</b>	<b>19,694,233</b>	<b>56,885,837</b>	<b>71,840,392</b>
Previous Year	87,871,446	2,696,394	-	90,567,840	13,055,286	5,672,160	-	18,727,446	71,840,392	

### 6 INVESTMENTS

#### Long Term Investment

			31.3.2008 (Rupees)	31.3.2007 (Rupees)
<b>Quoted Equity Shares</b>	<b>Face Value (Rs.)</b>	<b>Nos.</b>		
Media Matrix Worldwide Ltd.	1/-	(148448)	4203450	4196040
Aggregate Market Value Rs. 791320/- (Rs.731460/-)				
Fiem Industries Ltd.	10/-	(1000)	7400	—
Aggregate Market Value Rs. 65200/-				
<b>Unquoted Equity Shares</b>	<b>Face Value (Rs.)</b>	<b>Nos.</b>		
Acqua Cool Safe Water ( India) Ltd.	10/-	(29400)	294000	494000
Milpat Investment Pvt. Ltd.	10/-	(-)	—	500000
Sentinel Support (P) Ltd.	10/-	(90000)	900000	900,000
Proximus Knowledge and Technologies P Limited			45000000	—
Share of Osian Limited	10/-	(147120)	735600	—
<b>Subsidiary Company</b>	<b>Face Value (Rs.)</b>	<b>Nos.</b>		
Quantum eServices Pvt Ltd	10/-	(6000000)	60000000	60000000
<b>Total</b>			<b>111140450</b>	<b>66090040</b>

## SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2008

	31.3.2008 (Rupees)	31.3.2007 (Rupees)
<b>7 CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>INVENTORIES</b>		
Electronic & Telecom System and Software	47156028	31441107
Stock of Raw Materials	6801320	6746200
	<u>53957348</u>	<u>38187307</u>
<b>Sundry Debtors</b>		
(Unsecured, Considered good)		
Outstanding for a period exceeding six months	38260684	31742346
Others	228044185	27990832
	<u>266304869</u>	<u>59733178</u>
<b>Cash and Bank Balances</b>		
Cash on hand	404,298	690084
Balance with Scheduled Banks		
In Current Accounts	441548	1131759
	<u>845846</u>	<u>1821843</u>
<b>Loans and Advances</b>		
(Unsecured, Considered good)		
Advances recoverable in cash or kind or for value to be received	793501504	17253673
Sundry Deposits	2149600	5200000
	<u>795651104</u>	<u>22453673</u>
<b>Total</b>	<u><u>1116759167</u></u>	<u><u>122196001</u></u>
<b>8 CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	231106205	23291731
	<u>231106205</u>	<u>23291731</u>
<b>PROVISIONS</b>		
Provision for Frige Benefit Tax	150334	74365
Provision for Taxation	1614138	752635
	<u>1764472</u>	<u>827000</u>
<b>Total</b>	<u><u>232870677</u></u>	<u><u>24118731</u></u>
<b>9 MISCELLANEOUS EXPENDITURE</b>		
Preliminary and Preoperative expenses	1586805	2047358
Less : Written off during the year	460553	460553
	1126252	1586805
Project development expenses	172500	230000
Less : Written off during the year	57500	57500
	115000	172500
<b>Total</b>	<u><u>1241252</u></u>	<u><u>1759305</u></u>

**SCHEDULES TO THE PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH 2008**

	31.3.2008 (Rupees)	31.3.2007 (Rupees)
<b>10 SALES AND SERVICES</b>		
Sales	315030044	293581965
Service Charges	2151047	8856322
<b>Total</b>	<b><u>317181091</u></b>	<b><u>302438287</u></b>
<b>11 OTHER INCOME</b>		
Dividend	1,032	—
Interest including TDS of Rs. 207411 (Nil)	1,006,849	—
Rent Received	300,000	—
Commision & Misc Income	6,465,200	211,601
<b>Total</b>	<b><u>7,773,081</u></b>	<b><u>211,601</u></b>
<b>12 COST OF GOODS SOLD</b>		
Opening Stock		
- Electronic & Telecom System	31,441,107	
- Raw Material	6,746,200	37960007
Purchase		
- Electronic & Telecom System/Software	294731284	
- Raw Material	15863199	
Purchases	310594483	282700138
	348781790	320660145
Less : Closing Stock		
- Electronic & Telecom System, Software	47156028	31441107
- Raw Material	6801320	6746200
	53957348	38187307
<b>Total</b>	<b><u>294824442</u></b>	<b><u>282472838</u></b>
<b>13 ADMINISTRATION AND OTHER EXPENSES</b>		
Salaries & Allowances	7003055	4268223
Staff Welfare Expenses	369241	231046
Rent	1087500	1030000
Electricity Charges	897459	618881
Communication Expenses	284795	221378
Repairs & Maintenance - others	606713	195822
Auditors' Remuneration	67416	66120
Advertisement Expenses	117500	12250
Travelling Expenses	291065	584997
Business Promotion Expenses	750	1205
Conveyance Expenses	116714	66887
Legal & Professional Fees	562447	170579
Vehicle Expenses	121370	230973
Miscellaneous Expenses	716662	502705
Printing & Stationery Expenses	134890	105250
Office Expenses	1298902	928059
<b>Total</b>	<b><u>13676480</u></b>	<b><u>9234375</u></b>
<b>14 INTEREST AND FINANCIAL CHARGES</b>		
Bank Charges	313135	167715
Interest on Term Loan	1084621	1938188
Interest on Working Capital Loan	3509566	812813
<b>Total</b>	<b><u>4907322</u></b>	<b><u>2918716</u></b>

**15. Notes on Accounts for the year ended 31<sup>st</sup> March, 2008**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**1. Basic of preparation of financial statements**

The financial statements are prepared under historical cost convention, on the accrual basis of accounting and in accordance with the generally accepted accounting principals, accounting standards issued by the institute of Chartered Accountants of India and provision of Companies Act, 1956.

**2. Revenue recognition**

- a) Revenue from Sale of goods and services are recognized as per sale contracts terms.
- b) Other Income is accounted on accrual basis except where the receipt of income is uncertain.

**3. Fixed Assets**

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

**4. Depreciation**

Depreciation on Fixed Assets is provided on the straight-line basis at the rates and manner prescribed under schedule XIV of the Companies Act, 1956 except on computers and networking systems where the depreciation has been provided on the basis of estimated residual life of 4 years.

**5. Investments**

Investments are classified as long term and Trade Investments are valued at cost. Provision for diminution, if any in the value of each long term investment is made to recognize a decline other than of a temporary nature.

**6. Inventories**

- a) Raw Materials, Stores and spares, and other inventories are valued at cost or net receivable value whichever is low on FIFO basis.
- b) Hardware, peripheral and software sets are valued at cost on FIFO basis.

**7. Miscellaneous Expenditure**

The preliminary and pre-operative expenses and project development expenses are written off over a period of 10 years.

**8. Foreign Currency transactions**

Transaction in foreign currency are recorded at the rates prevailing on the date of transactions. The year end balances in foreign currency are translated at rates as the end of the year. The gain/loss on such translation is charged to the profit and loss account.

**9. Retirement Benefits**

The gratuity payable be accounted as and when applicable on the actuarial basis.

**10. Income Tax**

Provision for taxation includes current tax and deferred tax. Current Tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax assets and liabilities are recognized for further tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are not recognized unless, in the management judgment, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax is reviewed at each balance sheet date.

**11. Provisions, Contingent Liabilities:**

A provision is recognized when the Company has present obligation as a result of past events and it is probable that an out flow of resources will be required to settle such obligation, in respect of which a reliable estimate can be made.

Contingent liabilities not provided for in the accounts are disclosed in the accounts by way of notes specify the nature and quantum of such liabilities.

**B. NOTES ON ACCOUNTS**

1. In the opinion of the Board, current assets, loans and advances have a value on realization at least equal to the account at which they are stated in the books of accounts and provision for all known liabilities have been made, except as mentioned otherwise.

2. The Company is engaged in the business of Telecom System development and electronic hardware and software trading and other product and there are no separate reportable segment as per Accounting Standard (AS) 17 on segment reporting.

**3. The payment to Auditors include the following:**

	<b>31/03/2008</b>	<b>31/03/2007</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
Audit Fees	56,180	55,100
Taxation Matters	11,236	11,020
	<b>67416</b>	<b>66,120</b>

**4. Managerial Remuneration:**

Managerial remuneration to Managing Director for the year ended 31<sup>st</sup> March, 2008.

	<b>31/03/2008</b>	<b>31/03/2007</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
Directors Remuneration	13,40,000	13,40,000

5. **Earning Per Share**

Computation of earning per share is as under:

	<b>31/03/2008</b>	<b>31/03/2007</b>
	<b>Rs.</b>	<b>Rs.</b>
Net Profit (After Taxation)	31,21,258	1137622
Weighted average number of shares	119,00,000	119,00,000
Basic / Diluted EPS (Rs.)	0.26	0.10
Nominal Value per Share	10	10

6. In accordance with the Accounting Standard (AS) 28 on "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the company assesses potential generating of economic benefits from its business assets and is of the view that assets employed in continuing business are capable of generating adequate returns over their useful lives in the usual course of business. There is no indication to the contrary and accordingly the management is of the view that no provision is called for in the accounts for the year.

7. The Market/Book value of certain long term investment is lower than its cost considering the strategic and long term nature and of the aforesaid investment and asset basis and business plan of the investing company in the opinion of the Management. The decline in the Market/Book value Rs.5,21,400/- of the aforesaid investment is of temporary nature requiring no provision.

8. **Deferred Tax:**

The Company estimated deferred tax Assets / Liabilities using the applicable rate of taxation based on the impact of the timing differences between financial statements and estimated taxable income for the current year. Deferred tax Liability for the year aggregating to Rs4,16,423/-(Rs.3,69,124/-) has been recognized in Profit & Loss Account. The net deferred tax liability as at 31<sup>st</sup> March, 2008 is given below:

<b>Deferred Tax Liability</b>	<b>31/03/2008</b>	<b>31/03/2007</b>
	<b>Rs.</b>	<b>Rs.</b>
Depreciation	5,712,871	52,73,627
Deferred Revenue Expenditure	38,145	60,966
Net Deferred Tax (Assets)/Liability	<b><u>5,751,016</u></b>	<b><u>5,334,593</u></b>

9. Additional information pursuant to the provision of paragraph 3 and 4c of Part II to schedule VI to the Companies Act, 1956 as under.

**A.**

Sl. No.	Particulars	
1.	Capacity Licensed (Nos.)	N.A.
2.	Installed Capacity (Nos.)	45 lacs PCB P.A.
3.	Production (Nos.)	1.60 lacs PCB
4.	Opening Stock	Nil
5.	Sales	1.60 lacs Nos. PCB Value Rs.31970342/-
6.	Closing Stock	Nil

### B. Consumption of Raw Materials

Items	VALUE (Rs.)
PCB Components	18649025

**Note :** Since the PCB Components includes innumerable items quantitative figure can not given.

### C. Quantitative Statement of Items Traded

Particulars	Opening Stock		Purchases		Sales		Closing Stock	
	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.
Telecom, Electronic System, Hardware & Software	577 (577)	31441107 (31441107)	2356 (2660)	294731284 (151438098)	2355 (2660)	283059702 (151816532)	578 (577)	47156028 (31441107)
T.V. Serial	—	—	(268)	(129707527)	(268)	(141765433)	—	—

Note : Figure in the bracket indicates for the previous year.

#### 10. Expenditure in Foreign Currency:

Imports of Raw Material Rs. 8315041/- (CIF)

#### 11. Consumption of Imported Raw Material :

	%	Value (Rs.)
Imported Raw Materials	45	8315041/-
Indigenous Raw Materials	55	10333984/-

#### 12. Related Party Disclosures:

##### (a) Name of Related party and its Relationship

Key Management Personnels

Mr. Anil B. Vedmehta

Chairman and Managing Director

M/s. Media Matrix Worldwide Ltd.

CMD's relatives are directors

M/s. Quantum eServices Pvt. Ltd.

Subsidiary Company

Mrs. Priyanka Vedmehta

CMD's relative

M/s. Proximus Knowledge &

CMD and his relatives are directors

Technology Services P Ltd.

##### (b) Transaction with Related parties

	31/03/2008 Rs.	31/03/2007 Rs.
<b>Mr. Anil B. Vedmehta</b>		
Directors Remuneration	13,40,000	13,40,000
Balance Outstanding Loan	1,20,80,491	1,20,80,491
<b>Priyanka Vedmehta</b>		
Balance Outstanding Loan	40,00,000	1,00,00,000



**M/s. Media Matrix Worldwide Ltd.**

Purchase		Nil
Sales		99,000
Advance Received	1,05,69,707	
Advance Paid	6,47,11,000	37,18,500
Balances Outstanding	2,27,22,421	55,79,142

**M/s Proximus Knowledge & Technology Services P Ltd.**

Advance Received	2,20,62,958	Nil
Advance Paid	10,28,00,000	Nil
Balances Outstanding	8,07,37,042	Nil

**Subsidiary Company**

Amount Received	6,96,91,600	40,55,000
Advance Paid	5,37,46,600	
Balances Outstanding	—	1,59,45000

13. The balances of debtors, creditors, loans & advances are subject to confirmation.
14. The previous year's figures are regrouped, rearranged or recast, wherever required, make them comparable.

As per our report of even date  
for **N. S. BHATT & CO.**  
Chartered Accountants

**N. S. BHATT**  
Proprietor  
Membership No. : 10149

Place : Mumbai  
Date : 30th June, 2008

For and on behalf of the Board

**ANIL B. VEDMEHTA**  
Chairman &  
Managing Director

**AJAY KAPOOR**  
Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008**  
**INFORMATION PURSUANT TO THE LISTING AGREEMENT**

	<b>31.3.2008</b>	<b>31.3.2007</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
<b>A Cash Flow from Operating Activities :</b>		
<b>Profit before taxation</b>	4,475,153	1,833,746
Adjustments for :		
Add : Depreciation and amortisation	3,711,777	5,672,160
Add : Miscellaneous Expenditure Written off	518,053	518,053
	<u>8,704,983</u>	<u>8,023,959</u>
Less : Excess Provision for earlier year		
: Profit on Sale of Investment	-	-
: Commision & Misc Income	6,465,200	211,601
: Income Tax of Erliear Year	-	
: Dividend	1,032	-
: Interest from Bank including TDS	1,006,849	-
	<u>1,231,902</u>	<u>7,812,358</u>
<b>Operating Profit before Working Capital changes</b>		
Working Capital Changes :		
Changes in Inventories	(15,770,041)	(2,776,182)
Changes in Trade Receivables	(206,571,690)	129,672,136
Changes in Loans & Advances	(773,197,431)	(1,777,388)
Changes in Current Liabilities	207,814,474	(143,326,215)
Net Changes in Working Capital	<u>(787,724,689)</u>	<u>(15,658,768)</u>
<b>Net Cash generated by Operating Activities ( A )</b>	<u><b>(786,492,787)</b></u>	<u><b>(7,846,410)</b></u>
<b>B Cash Flow from Investing Activities :</b>		
Changes in Fixed Assets	11,242,780	(2,696,394)
Change in Miscellaneous Expenditure	-	-
Changes in Investments	(45,050,410)	(900,000)
Profit on Sale of Investment	-	-
Commision & Misc Income	6,465,200	211,601
Income Tax of Earlier Year	-	(498,046)
Dividend	1,032	-
Interest from Bank including TDS	1,006,849	-
	<u>1,006,849</u>	<u>-</u>
<b>Net Cash used in Investing Activites ( B )</b>	<u><b>(26,334,549)</b></u>	<u><b>(3,882,839)</b></u>
<b>C Cash Flow from Financing Activities :</b>		
Changes in Secured Loans	(2,215,206)	16,263,651
Changes in Unsecured Loans	814,066,545	(2,938,534)
	<u>814,066,545</u>	<u>(2,938,534)</u>
<b>Net Cash generated by Financing Activities ( C )</b>	<u><b>811,851,339</b></u>	<u><b>13,325,117</b></u>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<u>(975,997)</u>	<u>1,595,868</u>
Cash & Cash Equivalents as at 1.4.2007	1,821,843	225,975
Cash & Cash Equivalents as at 31.03.2008	845,846	1,821,843
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<u><b>(975,997)</b></u>	<u><b>1,595,868</b></u>

As per our report of even date  
 for **N. S. BHATT & CO.**  
 Chartered Accountants

For and on behalf of the Board

**N. S. BHATT**  
 Proprietor  
 Membership No. : 10149

**ANIL B. VEDMEHTA**  
 Chairman &  
 Managing Director

**AJAY KAPOOR**  
 Director

Place : Mumbai  
 Date : 30th June, 2008

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

Information pursuant to Part IV of schedule VI to the Companies Act, 1956

**I. Registration Details**

Registration number	24812	State code	04
Balance Sheet date	31.03.2008		

**II. Capital raised during the year** (Amount in Rupees Thousand)

Public issue	Nil	Rights issue	Nil
Bonus issue	Nil	Private placement	Nil

**III. Position of mobilisation and deployment of funds** (Amount in Rupees Thousand)

Total Liabilities	1053156	Total Assets	1053156
Sources of funds			
Paid-up capital	119000	Reserves & Surplus	65532
Secured Loans	108	Unsecured Loans	836147
		Deferred Tax Liabilities	5751
Application of Funds			
Net Fixed Assets	56886	Investments	111140
Net Current Assets	883888	Misc. Expenditure	1241

**IV. Performance of the company**

Turnover	324954	Total expenditure	320479
Profit/Loss (before Tax)	4475	Profit/Loss (after Tax)	3121
Earnings per share	0.26	Dividend rate	—

**V. Generic Names of One Principal Product/Services of the Company** (As per monetary Terms)

Item code No.	N.A.	Product description	N.A.
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For and on behalf of the Board

**ANIL B. VEDMEHTA**  
Chairman &  
Managing Director

**AJAY KAPOOR**  
Director

Place : Mumbai  
Date : 30th June, 2008

## **AUDITORS REPORT ON CONSOLIDATED FINANCIAL STATEMENTS OF MOBILE TELECOMMUNICATIONS LIMITED AND ITS SUBSIDIARY**

1. We have audited the attached consolidated balance sheet of Mobile Telecommunications Limited and its subsidiary as at 31<sup>st</sup> March, 2008 and the consolidated profit & loss account and consolidated cash flow statement for the year ended on that date. These financial statement are the responsibility of Company's Management. Our responsibility is to express and opinion on these financial statement based on our audit.
2. 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 from 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. The Financial Statement of Quantum eServices Private Limited for the period ended 31.03.2008 and in view of company become subsidiary on 30.03.2008 the relevant portion of the Company's share in the profit/losses have been shown in the profit & loss account and a the value of total assets and liabilities in the consolidated financial statement are based on the audited financial statement furnished to us and our opinion, in so far as it relates to the amount included in respect of the subsidiary is based solely on these reports.
4. Subject to our comment in paragraph 3 above, we report that the consolidated financial statement have been prepared by the company in accordance with the requirements of Accounting Standard (AS) 21 on "Consolidated Financial Statement" and AS 23 on "Accounting for investment in Associates in Consolidated Financial Statement" issued by the Institute of Chartered Accountants of India and on the basis on separate financial statements of Mobile Telecommunications Limited and its subsidiary included in the consolidated financial statement.
5. In our opinion and to the best of our knowledge and according to the information and explanation given to us, in the said accounts subject to our comments in paragraph 3 & 5 above read with other notes and schedules give a true and fair view in conformity with accounting principle generally excepted in India:
  - a. In the case of balance sheet, of the consolidated state of fairs of the Company and its subsidiary as at 31<sup>st</sup> March, 2008.
  - b. In the case of consolidated profit & loss account of the loss for the year ended on that date and
  - c. In the case of consolidated cash flow statement of the cash flows for the year ended on that date.

For **N. S. BHATT & CO.**  
Chartered Accountants

**N. S. Bhatt**  
(Proprietor)  
Membership No. 10149

Place : Mumbai  
Date : 30th June, 2008

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

	Schedule	31.3.2008 (Rupees)	31.3.2007 (Rupees)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	119,000,000	119,000,000
Reserves and Surplus	2	71,416,032	49,563,617
Minority Interest		2,222,740	1,507,098
		<u>192,638,773</u>	<u>170,070,715</u>
<b>LOAN FUNDS</b>			
Secured Loan	3	26,833,631	29,234,009
Unsecured Loan	4	858,442,036	46,705,491
Deffered Tax Liability /(Assets)		(3,856,796)	1,843,673
		<u>1,074,057,644</u>	<u>247,853,888</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	188,521,214	202,508,985
Less : Depreciation / Amortisation		62,910,549	32,029,939
		<u>125,610,665</u>	<u>170,479,046</u>
Add: Capital Work in Progress		1,363,000	—
Net Block		<u>126,973,665</u>	<u>170,479,046</u>
<b>Investments</b>	6	74,999,850	6,090,040
<b>Current Assets, Loans and Advances</b>			
Inventories	7	53,957,348	38,187,307
Sundry Debtors		266,530,994	59,959,303
Cash and Bank Balance		3,824,910	4,708,414
Loans and Advances		806,810,172	15,924,914
		<u>1,131,123,424</u>	<u>118,779,938</u>
Less :			
<b>Current Liabilities and Provisions</b>			
Current Liabilities	8	258,211,520	48,845,002
Provisions		2,413,805	877,904
		<u>260,625,325</u>	<u>49,722,906</u>
<b>Net Current Assets</b>		870,498,100	69,057,032
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)	9	1,586,029	2,227,770
		<u>1,074,057,644</u>	<u>247,853,888</u>
<b>Notes on Accounts</b>	14		

As per our report of even date  
for **N. S. BHATT & CO.**  
Chartered Accountants

**N. S. BHATT**  
Proprietor  
Membership No. : 10149

Place : Mumbai  
Date : 30th June, 2008

For and on behalf of the Board

**ANIL B. VEDMEHTA**  
Chairman &  
Managing Director

**AJAY KAPOOR**  
Director

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

	Schedule	31.3.2008 (Rupees)	31.3.2007 (Rupees)
<b>INCOME</b>			
Sales and services	10	375,751,419	324,188,286
Less : Excise Duty		2,840,946	—
		372,910,473	324,188,286
Other Income	11	7,965,343	1,015,973
		380,875,816	325,204,260
<b>EXPENDITURE</b>			
Cost of goods sold	12	294,824,442	282,472,838
Administration and other expenses	13	28,382,179	33,694,545
Depreciation		33,625,599	13,851,628
Interest and Financial Charges	14	4,998,366	3,005,686
Miscellaneous Expenditure written off		641,741	641,741
		362,472,327	333,666,438
<b>Profit Before Taxation</b>		<b>18,403,489</b>	<b>(8,462,179)</b>
Less: Transfer of Loss for the year Minority Interest		715,642	(409,656)
		<b>17,687,847</b>	<b>(8,052,524)</b>
Provision for Taxation		1,438,838	252,635
Fringe Benefit Tax		97,063	108,055
Deferred Tax		(5,700,469)	2,688,683
Income Tax of earlier Years		—	(48,254)
<b>Profit After Taxation</b>		<b>21,852,415</b>	<b>(11,053,643)</b>
Balance Brought Forward		46,585,186	57,638,829
<b>Balance carried to Balance Sheet</b>		<b>68,437,600</b>	<b>46,585,186</b>
<i>Basic and diluted earning per Share</i>		<b>1.84</b>	<b>(0.93)</b>
Notes on Accounts	14		

As per our report of even date  
for **N. S. BHATT & CO.**  
Chartered Accountants

**N. S. BHATT**  
Proprietor  
Membership No. : 10149

Place : Mumbai  
Date : 30th June, 2008

For and on behalf of the Board

**ANIL B. VEDMEHTA**  
Chairman &  
Managing Director

**AJAY KAPOOR**  
Director

**CONSOLIDATED SCHEDULES TO THE BALANCE SHEET  
AS AT 31ST MARCH 2008**

	31.3.2008 (Rupees)	31.3.2007 (Rupees)
<b>1 SHARE CAPITAL</b>		
<b>Authorised</b>		
3,00,00,000 Equity Shares of Rs. 10/- each (Previous Year it is 300,00,000 Equity Share of Rs.10/- each)	<u>300000000</u>	<u>300000000</u>
<b>Issued, Subscribed and Paid-up</b>		
1,19,00,000 Equity Shares of Rs. 10/- each (includes 27,50,000 Equity Shares of Rs. 10/- each issued for consideration other than cash)	<u>119000000</u>	<u>119000000</u>
<b>Total</b>	<u><b>119000000</b></u>	<u><b>119000000</b></u>
<b>2 RESERVES AND SURPLUS</b>		
<b>General Reserve :</b>		
Balance as per last Balance sheet	2978431	2978431
<b>Surplus as per profit and loss account</b>	68437601	46585186
<b>Total</b>	<u><b>71416032</b></u>	<u><b>49563617</b></u>
<b>3 LOAN FUNDS</b>		
<b>SECURED LOAN</b>		
Term Loan from Bank	4,601,270	7,432,673
Working Capital Loan from Bank (Against Hypothecation of Plant & Machinery, Raw Material, finished goods, store and spares and equitable mortgage of factory land building at Nasik and guarantees of Company and its CMD)	21,252,056	20,205,280
ICICI Bank - Car Loan A/c (against hypothecation of Motor Cars)	980,305	1,596,056
<b>Total</b>	<u><b>26,833,631</b></u>	<u><b>29,234,009</b></u>
<b>4 UNSECURED LOAN</b>		
From Directors & Share Holders	5,421,871	46,705,491
From other Corporate Bodies	853,020,165	—
<b>Total</b>	<u><b>858,442,036</b></u>	<u><b>46,705,491</b></u>

## CONSOLIDATED SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2008

### 5 FIXED ASSETS

( Rupees )

Assets	Gross Block				Depreciation				Net Block	
	As at 1.4.2007	Additions during the Year	Deduction During the Year	As at 31.3.2008	As at 1.4.2007	For the year	Deductions	As at 31.3.2008	As at 31.3.2008	As at 31.3.2007
Land	5,056,230	-	-	5,056,230	-	-	-	-	5,056,230	5,056,230
Factory Building	32,321,456	-	-	32,321,456	3,989,238	1,079,537	-	5,068,775	27,252,681	27,961,922
Office Building	15,378,356	-	15,378,356	-	2,573,308	171,681	(2,744,989)	-	-	14,351,082
Plant & Machinaries	49,372,806	695,043	-	50,067,849	5,285,327	4,306,891	4,037,356	13,629,574	36,438,275	44,087,479
Networking Systems	1,370,725	-	-	1,370,725	1,302,189	68,536	-	1,370,725	-	68,536
Comp. Equip. & Soft.	28,253,340	13,100	-	28,266,440	10,319,500	5,557,607	5,180,507	21,057,614	7,208,826	17,933,840
Furniture and Fittings	34,822,284	648,308	-	35,470,592	4,028,708	4,428,391	5,589,810	14,046,909	21,423,683	30,793,576
Electrical Installation	7,469,635	4,095	-	7,473,730	992,998	577,106	466,022	2,036,125	5,437,605	6,476,637
Air Conditioners	13,633,868	16,500	-	13,650,368	2,884,071	1,334,529	(134,772)	4,083,828	9,566,540	10,749,797
Office Equipment	2,011,009	13,540	-	2,024,549	125,812	232,491	205,902	564,205	1,460,344	1,885,197
Motor Car	3,299,574	-	-	3,299,574	528,787	362,607	161,399	1,052,793	2,246,781	2,770,787
Goodwill	9,519,701	-	-	9,519,701	-	-	-	-	9,519,701	9,519,701
<b>Total</b>	<b>202,508,985</b>	<b>1,390,586</b>	<b>15,378,356</b>	<b>188,521,214</b>	<b>32,029,939</b>	<b>18,119,376</b>	<b>12,761,234</b>	<b>62,910,549</b>	<b>125,610,666</b>	<b>171,654,784</b>
Previous Year	85,443,966	2,427,480	-	87,871,446	7,981,431	5,073,854	-	13,055,285	77,462,536	

**31.3.2008  
(Rupees)**

**31.3.2007  
(Rupees)**

### 6 INVESTMENTS

#### Long Term Investment

Quoted Equity Shares	Face Value (Rs.)	Nos.		
Media Matrix Worldwide Ltd.	1/-	(146000)	4203450	4196040
Aggregate Market Value Rs. 791320/- (Rs.731460/-)				
Shares of Fiem Industries Ltd			23602400	—
Unquoted Equity Shares	Face Value (Rs.)	Nos.		
Acqua Cool Safe Water (India) Ltd.	10/-	(49400)	294000	494000
Milpat Investment Pvt. Ltd.	10/-	(50000)	—	500000
Sentinel Support (P) Ltd.	10/-	(90000)	900000	900000
Proximus Knowledge and Technologies P Limited	10/-	(4500000)	45000000	—
Share of Osian Industries Ltd		(347120)	1000000	—
<b>Total</b>			<b>74999850</b>	<b>6090040</b>



## CONSOLIDATED SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2008

	31.3.2008 (Rupees)	31.3.2007 (Rupees)
<b>7 CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>INVENTORIES</b>		
Electronic & Telecom System	47,156,028	31,441,107
Stock of Raw Materials	6,801,320	6,746,200
	<u>53,957,348</u>	<u>38,187,307</u>
<b>Sundry Debtors</b>		
(Unsecured, Considered good)		
Outstanding for a period exceeding six months	38,486,809	31,968,471
Others	228,044,185	27,990,832
	<u>266,530,994</u>	<u>59,959,303</u>
<b>Cash and Bank Balances</b>		
Cash on hand	610,785	760,571
Balance with Scheduled Banks		
In Current Accounts (Including FD and EEFC Accounts)	3,214,125	3,947,843
	<u>3,824,910</u>	<u>4,708,414</u>
<b>Loans and Advances</b>		
(Unsecured, Considered good)		
Advances recoverable in cash or kind or for value to be received		
Advance	798,172,872	4,237,214
Sundry Deposits	8,637,300	11,687,700
	<u>806,810,172</u>	<u>15,924,914</u>
<b>Total</b>	<u><u>1,131,123,424</u></u>	<u><u>118,779,938</u></u>
<b>8 CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	258,211,520	48,845,002
	<u>258,211,520</u>	<u>48,845,002</u>
<b>PROVISIONS</b>		
Provision for Frige Benefit Tax	222,332	125,269
Provision for Taxation	2,191,473	752,635
	<u>2,413,805</u>	<u>877,904</u>
<b>9 MISCELLANEOUS EXPENDITURE</b>		
Preliminary and Preoperative expenses	2,055,270	2,152,511
Add: During the year	—	487,000
	2,055,270	2,639,511
Less : Written off during the year	584,241	584,241
	1,471,029	2,055,270
Project development expenses	172,500	230,000
Less : Written off during the year	57,500	57,500
	115,000	172,500
<b>Total</b>	<u><u>1,586,029</u></u>	<u><u>2,227,770</u></u>

## CONSOLIDATED SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

	31.3.2008 (Rupees)	31.3.2007 (Rupees)
<b>10 SALES AND SERVICES</b>		
Sales	315,030,044	293,581,965
Service Charges	60,721,375	30,606,322
<b>Total</b>	<b>375,751,419</b>	<b>324,188,286</b>
<b>11 OTHER INCOME</b>		
Dividend	1,032	—
Interst from Bank including TDS	1,199,111	218,524
Rent Received	300,000	—
Commision & Misc Income	6,465,200	797,449
<b>Total</b>	<b>7,965,343</b>	<b>1,015,973</b>
<b>12 COST OF GOODS SOLD</b>		
Opening Stock		
Stock of Electronic & Telecom System	31,441,107	
Stock of Raw Material	6,746,200	37,960,007
Purchase		
Electronic & Telecom System/Software	294,731,284	
Raw Material	15,863,199	
Purchases	310,594,483	282,700,138
	348,781,790	320,660,145
Less : Closing Stock		
Stock of Electronic & Telecom System	47,156,028	31,441,107
Stock of Raw Material	6,801,320	6,746,200
	53,957,348	38,187,307
<b>Total</b>	<b>294,824,442</b>	<b>282,472,838</b>
<b>13 ADMINISTRATION AND OTHER EXPENSES</b>		
Salaries & Allowances	7,283,455	6,469,348
Staff Welfare Expenses	369,241	321,754
Rent	14,063,701	17,189,071
Electricity Charges	897,459	2,413,964
Communication Expenses	334,795	1,338,559
Repairs & Maintenance - others	774,799	280,844
Auditors' Remuneration	95,506	139,154
Advertisement Expenses	117,500	12,250
Travelling Expenses	291,065	1,101,175
Business Promotion Expenses	750	27,396
Conveyance Expenses	116,714	66,887
Legal & Professional Fees	562,447	620,789
Vehicle Expenses	121,370	230,973
Miscellaneous Expenses	716,662	574,701
Consolidation Prior Period Adjustment	—	1,517,215
Printing & Stationery Expenses	140,930	107,707
Office Expenses	2,495,785	1,282,758
<b>Total</b>	<b>28,382,179</b>	<b>33,694,545</b>
<b>14 INTEREST AND FINANCIAL CHARGES</b>		
Bank Charges	382066	221459
Interest on Term Loan	1106734	1971414
Interest on Working Capital Loan	3509566	812813
<b>Total</b>	<b>4998366</b>	<b>3005686</b>

## 15 Notes on Consolidated Accounts for the year ended 31<sup>st</sup> March, 2008

### A. SIGNIFICANT ACCOUNTING POLICIES

#### 1. Principle of consolidation

- a. The Consolidated Financial Statement present the Consolidated Accounts of Mobile Telecommunications Ltd., and its following subsidiary. In terms of Accounting Standard (AS) 21 the minority interest in the subsidiary as been shown as a liability. The difference in cost and its portion of equity shown as Capital Reserve.

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest
Quantum eServices Pvt. Ltd.	India	96.32%

- b. The financial statement of the Company and its subsidiary Quantum eServices Pvt. Ltd. have been consolidated on a line by line basis by adding together the book value of like items of Assets, Liabilities, Income & Expenditure and in accordance and as adopted by the holding Company to the extend possible as required by Accounting Standard (AS) 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- c. The consolidated financial statement have been prepared using uniform accounting policies for like transaction and are presented to the "extend possible" in the manner as the Company's Financial Statement.

#### 2. Basic of preparation of Accounts

The financial statements are prepared under historical cost convention, on the accrual basis of accounting and in accordance with the generally accepted accounting principals, accounting standards issued by the institute of Chartered Accountants of India and provision of Companies Act, 1956.

#### 3. Revenue recognition

- a) Revenue from Sale of goods and services are recognized as per sale contracts terms.
- b) Other Income is accounted on accrual basis except where the receipt of income is uncertain.

#### 4. Fixed Assets

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

#### 5. Depreciation

Depreciation on Fixed Assets is provided on the straight-line basis at the rates and manner prescribed under schedule XIV of the Companies Act, 1956 except on computers and networking systems where the depreciation has been provided on the basis of estimated residual life of 4 years.

#### 6. Investments

Investments are classified as long term and Trade Investments are valued at cost. Provision for diminution, if any in the value of each long term investment is made to recognize a decline other than of a temporary nature.

**7. Inventories**

- a) Raw Materials, Stores and spares, and other inventories are valued at cost or net receivable value whichever is low on FIFO basis.
- b) Hardware, peripheral and software sets are valued at cost on FIFO basis.

**8. Miscellaneous Expenditure**

The preliminary and pre-operative expenses and project development expenses are written off over a period of 5 years.

**9. Foreign Currency transactions**

Transaction in foreign currency are recorded at the rates prevailing on the date of transactions. The year end balances in foreign currency are translated at rates as the end of the year. The gain/loss on such translation is charged to the profit and loss account and to the cost of Assets, if its relates to acquisition of Assets.

**10. Retirement Benefits**

The gratuity payable be accounted as and when applicable on the actuarial basis.

**11. Income Tax**

Provision for taxation includes current tax and deferred tax. Current Tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax assets and liabilities are recognized for further tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are not recognized unless, in the management judgment, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax is reviewed at each balance sheet date.

**B. NOTES ON ACCOUNTS**

- 1. In the opinion of the Board, current assets, loans and advances have a value on realization at least equal to the account at which they are stated in the books of accounts and provision for all known liabilities have been made, except as mentioned otherwise.
- 2. The Company is engaged in the business of Telecom System development and electronic hardware and software trading and BPO and other services and there are no separate reportable segment as per Accounting Standard (AS) 17 on segment reporting.
- 3. The payment to Auditors include the following:

	<b>31/03/2008 (Rs.)</b>	<b>31/03/2007 (Rs.)</b>
Audit Fees	70,000	1,00,000
Taxation Matters	15,000	25,000
Service Tax	14,154	14,154
	<b>95,506</b>	<b>1,39,154</b>

4. The Market/Book value of certain long term investment amounting to Rs.41,96,040/- is lower than its cost considering the strategic and long term nature and of the aforesaid investment and asset basis and business plan of the investing company in the opinion of the Management. The decline in the Market/Book value of the aforesaid investment is of temporary nature requiring no provision.
5. The Company has changed the method of providing depreciation in the accounts from straight line method to Written Down Value Method. As a result of the same, the additional Depreciation of Rs.1,55,06,223/ has been provided by way of prior period depreciation adjusted in the profit and loss account and current years profit has been understated by Rs.2,17,34,355/- including prior period depreciation

6. Earning Per Share

Computation of earning per share is as under:

	<b>31/03/2008 (Rs.)</b>	<b>31/03/2007 (Rs.)</b>
Net Profit (After Taxation)	2,18,52,414	(11,05,36,642)
Weighted average number of shares	1,19,00,000	1,19,00,000
Basic / Diluted EPS (Rs.)	(1.84)	(00.93)
Nominal Value per share	10	10

7. Deferred Tax:

The Company estimated deferred tax Assets / Liabilities using the applicable rate of taxation based on the impact of the timing differences between financial statements and estimated taxable income for the current year. Deferred tax Liability/Assets for the year aggregating to 57.00 (26.89)lacs has been recognized in Profit & Loss Account. The net deferred tax liability as at 31<sup>st</sup> March, 2008 is given below:

	<b>31/03/2008 (Rs. Lacs)</b>	<b>31/03/2007 (Rs. Lacs)</b>
Deferred Tax Assets/(Liability)		
Depreciation	38.95	(17.83)
Deferred Revenue Expenditure	(0.38)	(0.64)
Net Deferred Tax Assets (Liability)	38.57	(18.44)

8. Contingent Liability on account of capital commitments (net of advances paid) not provided for is Rs. 96.37 lakhs. This is in respect of purchases of certain fixed assets against which advances has been given to the party, but in view of the management the assets supplied were not as per the technical specifications as ordered.

9. Related Party Disclosures:

- (a) Name of Related party and its Relationship

Key Management Personnel

Mr. Anil B. Vedmehta	Chairman and Managing Director
M/s. Media Matrix Worldwide Ltd.	CMD's relatives are directors
Mrs. Priyanka Vedmehta	CMD's relative
M/s. Proximus Knowledge & Technology Services P Ltd.	CMD and his relatives are directors

(b) Transaction with Related Parties

	31/03/2008 (Rs.)	31/03/2007 (Rs.)
<b>Mr. Anil B. Vedmehta</b>		
Directors Remuneration	13,40,000	13,40,000
Balance Outstanding Loan	5,01,871	1,20,80,491
<b>Priyanka Vedmehta</b>		
Balance Outstanding Loan	49,20,000	1,00,00,000
<b>M/s. Media Matrix Worldwide Ltd.</b>		
Purchase	—	Nil
Sales	—	99,000
Advance Received	1,05,69,707	6725730
Advance Paid	6,47,11,000	37,18,500
Balances Outstanding	2,27,22,421	55,79,142
<b>M/s. Proximus Knowledge &amp; Technology Services P Ltd.</b>		
Advance Received	2,20,62,958	Nil
Advance Paid	10,28,00,000	Nil
Balances Outstanding	8,07,37,042	Nil

10. The balances of debtors, creditors, loans & advances are subject to confirmation.

As per our report of even date  
for **N. S. BHATT & CO.**  
Chartered Accountants

For and on behalf of the Board

**N. S. BHATT**  
Proprietor  
Membership No. : 10149

**ANIL B. VEDMEHTA**  
Chairman &  
Managing Director

**AJAY KAPOOR**  
Director

Place : Mumbai  
Date : 30th June, 2008

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008**  
**INFORMATION PURSUANT TO THE LISTING AGREEMENT**

	<b>31.3.2008</b>	<b>31.3.2007</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
<b>A Cash Flow from Operating Activities :</b>		
<b>Profit before taxation</b>	18,403,489	(8,462,179)
Adjustments for :		
Add : Depreciation and amortisation	33,625,599	13,851,628
Add : Miscellaneous Expenditure Written off	641,741	641,741
	<u>52,670,830</u>	<u>6,031,190</u>
Less : Excess Provision for earlier year		
: Profit on Sale of Investment	—	—
: Commision & Misc Income	6,765,200	97,449
: Income Tax of Erliear Year	—	—
: Dividend	1,032	—
: Interest from Bank including TDS	1,199,111	218,524
	<u>44,705,487</u>	<u>5,015,216</u>
<b>Operating Profit before Working Capital changes</b>		
Working Capital Changes :		
Changes in Inventories	(15,770,041)	(227,300)
Changes in Trade Receivables	(206,571,691)	129,672,136
Changes in Loans & Advances	(790,885,258)	(4,864,855)
Changes in Current Liabilities	209,366,518	(149,627,824)
Net Changes in Working Capital	<u>(803,860,472)</u>	<u>(25,047,843)</u>
<b>Net Cash generated by Operating Activities ( A )</b>	<b><u>(759,154,986)</u></b>	<b><u>(20,032,626)</u></b>
<b>B Cash Flow from Investing Activities :</b>		
Changes in Fixed Assets	9,879,782	(6,967,262)
Change in Miscellaneous Expenditure	—	(487,000)
Changes in Investments	(68,909,810)	(900,000)
Commision & Misc Income	6,765,200	797,449
Income Tax of Earlier Year	—	(788,947)
Dividend	1,032	—
Interest from Bank including TDS	1,199,111	218,524
	<u>(51,064,685)</u>	<u>(8,127,236)</u>
<b>Net Cash used in Investing Activites ( B )</b>		
<b>C Cash Flow from Financing Activities :</b>		
Changes in Secured Loans	(2,400,378)	16,121,482
Changes in Unsecured Loans	811,736,545	4,686,466
	<u>809,336,167</u>	<u>20,807,948</u>
<b>Net Cash generated by Financing Activities ( c )</b>		
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(883,504)</b>	<b>(7,351,913)</b>
Cash & Cash Equivalents as at 1.4.2007	4,708,414	12,060,328
Cash & Cash Equivalents as at 31.03.2008	3,824,910	4,708,414
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b><u>(883,504)</u></b>	<b><u>(7,351,914)</u></b>

As per our report of even date  
for **N. S. BHATT & CO.**  
Chartered Accountants

For and on behalf of the Board

**N. S. BHATT**  
Proprietor  
Membership No. : 10149

**ANIL B. VEDMEHTA**  
Chairman &  
Managing Director

**AJAY KAPOOR**  
Director

Place : Mumbai  
Date : 30th June, 2008

## CONSOLIDATED FINANCIAL STATEMENTS

### STATEMENT REGARDING SUBSIDIARY COMPANY

Pursuant to section 212(1),(3) and (5) of the Companies Act, 1956

1	Name of the Subsidiary Company	<b>Quantum eServices Pvt. Ltd.</b>
2	Date from which the company became subsidiary	<b>30.03.2006</b>
3	Financial year of the subsidiary ended on	<b>31.03.2008</b>
4	Holding Company's interest in terms of number of shares and percentage	60,00,000 Equity Shares 96.32%
5	<b>Net Aggregate amount of Subsidiary's Profit/(Losses) not dealt with in the Holding Company's Accounts :</b>	
	(i) Profit/(Loss) for the Subsidiary's financial period ended 01.04.2007 to 31.03.2008	Rs. 7,15,642/-
	(ii) Profits/(Losses) for its Previous financial years	Nil
	<b>Net Aggregate of Subsidiary's Profit/(Losses) Dealt within the Holding Company's Accounts.</b>	
	(i) Profit/(Loss) for the subsidiary's financial year ended 31.03.08	Nil
	(ii) Profits/(Losses) for its Previous financial years	Nil

For and on behalf of the Board

**ANIL B. VEDMEHTA**  
 Chairman &  
 Managing Director

**AJAY KAPOOR**  
 Director

Place : Mumbai  
 Date : 30th June, 2008



## QUANTUM eSERVICES PRIVATE LIMITED

<b>Board of Directors :</b> Anil B. Vedmehta – Director Priyanka Vedmehta – Director	<b>Bankers :</b> UTI Bank Ltd. Corporation Bank	<b>Auditors :</b> M/s. N S Bhatt & Co. Chartered Accountants
<b>Registered Office :</b> 3rd Floor, Interface Bldg. No. 16, Off Link Road, Malad (West), Mumbai - 400 064.		

### Director's Report

To,  
The Members,

Your Directors have pleasure in presenting the 3<sup>rd</sup> Annual Report of the company for the financial year ended 31st March, 2008.

#### Quantum - Mission & Core Values

To be one of the “largest global players in the offshore outsourcing world.” We would boost client profitability using offshore, technology and processes” and provide him the “best in class collection’s BPO in the most secured and compliance driven environment”.

#### The year under Review

The year under review was excellent year for the Company. The Company registered total income of Rs. 587.63 Lacs thereby achieving a whopping 160% growth over previous year figure of Rs. 225.54 Lacs. The Net Profit after tax also saw a quantum jump from loss in the previous year to a huge Rs. 194.47 Lacs.

#### Financial Results

During the year under review, the results of the Company are as follows:

*(Rupees in Lacs)*

PARTICULARS	Year Ended 31.03.2008	Year Ended 31.03.2007
Total Income	587.63	225.54
Gross Profit/(Loss) before Financial Costs & Depreciation	439.33	(5.12)
Less: Financial Costs	0.91	0.87
Profit/(Loss) before Depreciation & Tax	438.42	(5.99)
Less: Depreciation	299.14	81.79
Net Profit/(Loss) before Tax	139.28	(87.78)
Less: Provision for Tax	5.77	—
Fringe Benefit Tax	0.21	0.34
Current Tax	—	—
Deferred Tax	61.17	23.49
Profit/(Loss) after Taxation	194.47	(111.61)
Profit / (Loss) brought forward from previous Year	(240.11)	(128.50)
Profit/(Loss) carried forward to Balance Sheet	(45.64)	(240.11)

## Dividends

In order to conserve the resources of the Company the directors have not recommended any dividend for the year under review.

## Directors' Responsibility Statement

As required under Section 217 (2AA), which was introduced by the Companies (Amendment) Act, 2000 your Directors' confirm that:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii. The Directors had 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 as on 31st March, 2008 and of the loss of the Company for the period ended 31st March, 2008.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the annual accounts on going concern basis.

## Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo.

As required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars in respect of conservation of energy, technology absorption and foreign exchange and out-go are set out as below: 49

### A. Electricity Consumption

Electricity Consumption	Current Year 2007-08	Previous Year 2006-07
Total Amount	Nil	1795083
Units Consumed	Nil	256074
Rate per unit of Power	Nil	7.01
Rate per unit of Production	Nil	NA

### B. Technology Absorption:

During the year under review, no expenditure was incurred on technology installation etc.

### C. Foreign Exchange Earnings and Out-Go.

- i) Foreign Exchange Earnings during the year: Rs. Nil.
- ii) Foreign Exchange Out-go: Rs. Nil

## Deposits

The Company has not accepted any deposits from the Public during the period.

**Insurance**

The Company has adequately insured the Company's properties.

**Particulars of Employees Under Section 217(2A)**

The provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies Particulars of Employees) Rules 1988, as amended are not applicable to the Company.

**Directors**

The Directors shall not be liable to retire by rotation.

**Auditors**

**M/s. N S Bhatt & Co., Chartered Accountants** retire at the ensuing Annual General Meeting and are eligible for reappointment as Auditors of the company.

**Acknowledgement**

Your Directors also wish to place on record their sincere appreciation for the valued contribution, unstained efforts and spirit of dedication shown by the Company employees, officers, and the executives at all levels, to the progress and the high performance of the Company during the period under review.

For and on behalf of the Board

**ANIL B. VEDMEHTA**  
Chairman &  
Managing Director

**AJAY KAPOOR**  
Director

Place : Mumbai  
Date : 30th June, 2008

## AUDITORS' REPORT

To,  
The Members of **Quantum eServices Private Limited,**  
( Formerly known as Vcollect Global Services Private Limited )  
Mumbai.

We have audited the attached Balance Sheet of **Quantum eServices Private Limited,** (Formerly known as Vcollect Global Services Private Limited) as at **31st March 2008** and the Profit and Loss Account and Cash Flow Statement for the period ended on that date, annexed thereto. 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.

- 1 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.
2. As required by the Companies (Auditors Report) Order, 2003 (as amended) issued by the Central Government of (India) in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in the paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
3. Further to our comments in the Annexure referred to in paragraph 2 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 purpose of our audit.
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company as it appears from our examination of those books.
  - c) The said Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
  - d) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
  - e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2008 and taken on records by the Board, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2008 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with notes appearing thereon, give the information required by the Companies Act, 1956 in the manner so required 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 31<sup>st</sup> March, 2008, and
    - ii) In the case of the Profit and Loss Account, of the **loss** of the Company for the period ended on that date, and
    - iii) In the case of the Cash Flow Statement, of the cash flows of the company for the period ended on that date.

For **N. S. BHATT & CO.**  
Chartered Accountants

**N. S. Bhatt**  
(Proprietor)  
Membership No. 10149

Place : Mumbai  
Date : 30th June, 2008

## ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in Paragraph 2 of the Auditors Report for the year ended 31<sup>st</sup> March 2008.

As required by the Companies (Auditors Report) Order, 2003 (as amended) and according to the information and explanations given to us during the course of the audit and on the basis of such checks of the books and records as were considered appropriate we report that:

- (i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) Physical verification of major fixed assets was conducted by the management during the period, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) a) The company has not disposed off any substantial part of fixed assets during the year.
- (iii) a) The company has not granted any loans secured or unsecured to any company's firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence clauses (iii) (a) (b) (c) and (d) of the said Order are not applicable to the company.
- b) The company has taken unsecured loan from the parties covered in the register maintained under Section 301 of the Companies Act, 1956 the year ended balance was Rs. 2.23 Cr.
- c) The said Loan is interest free. Other terms & condition are not prima facie prejudicial to the interest of the company.
- d) In view of our comments in (b) & (c) above clause 4(g) of the order is not applicable to the company.
- (iv) a) There are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in the internal controls.
- b) Company does not have formal Internal Audit Department as such but its financial and internal checks ensures proper recording of financial transactions.
- (v) (a) The transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) There are no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from the Public within the meaning of the sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there, under. No order in relation thereto has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of (India) or any Court or any other Tribunal.
- (vii) The Company has no formal internal audit system commensurate with its size and nature of its business.
- (viii) As per the explanations and information given to us by the management, the Central Government has not prescribed for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for the Company.

- (ix) a) According to the records of the Company, the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty, Cess have regularly deposited with the appropriate authorities. There are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31<sup>st</sup> March, 2008 except Income Tax & FBT liability of Rs.50904(Previous Year Rs.17214/- )for a period more than six months from the date they became payable.
- b) There are no amounts in respect of any disputed income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess.
- (x) This being the second year of operation of the company since it incorporated, The Provision of clause 4 (x) of the order is not applicable to the company.
- (xi) The company has not defaulted in repayment of dues to banks.
- (xii) The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- (xiii) The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/ Societies are not applicable to the company.
- (xiv) In our opinion and according to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments during the year except investment of Rs2,38,59,400/- made during the year in shares
- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xvi) The company has not obtained any term loans during the year.
- (xvii) According to the information and explanations given to us, on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have not been used for long term investments.
- (xviii) The company has not made preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Act during the year. In our opinion the prices attributable to the shares have been issued is not prejudicial to the interest of the company.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of material fraud on or by the Company, noticed or reported during year.

For **N. S. BHATT & CO.**  
Chartered Accountants

**N. S. Bhatt**  
(Proprietor)  
Membership No. 10149

Place : Mumbai  
Date : 30th June, 2008

**QUANTUM eSERVICES PRIVATE LIMITED**  
(Formerly known as Vcollect Global Services India Private Limited)

**BALANCE SHEET AS AT 31ST MARCH, 2008**

		(Amount in Rupees)	
	Schedule	As at 31.3.2008	As At 31.3.2007
<b>SOURCES OF FUNDS</b>			
<b>Shareholder's Funds</b>			
Share Capital	A	62293910	62293910
<b>LOAN FUNDS</b>			
Secured Loans	B	108074	293246
Unsecured Loans	C	22295000	40570000
	<b>TOTAL</b>	<b><u>84,696,984</u></b>	<b><u>103,157,156</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	D	102421443	102421444
Less: Depreciation		43216315	13302493
Net Block		59,205,128	89,118,951
Capital Work in Process		1,363,000	—
		<b><u>60,568,128</u></b>	<b><u>89,118,951</u></b>
<b>INVESTMENT</b>	E	<b>23,859,400</b>	—
<b>DEFERRED TAX ASSETS</b>		<b>8733958</b>	<b>2617066</b>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Debtors	F	226,125	226,125
Cash & Bank Balances	G	2,979,060	2,886,569
Loans & Advances	H	11,159,069	9,416,241
		<b><u>14,364,254</u></b>	<b><u>12,528,935</u></b>
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	I	27088100	25536055
Provisions		649333	50904
<b>NET CURRENT ASSETS</b>		<b><u>(13,373,179)</u></b>	<b><u>(13,058,024)</u></b>
<b>MISCELLANEOUS EXPENDITURES</b>	J	4908677	24479163
(To the extent not written off or adjusted)			
	<b>TOTAL</b>	<b><u>84,696,984</u></b>	<b><u>103,157,156</u></b>
Significant Accounting Policies & Notes forming part of the Accounts	P		

As per our report of even date for **N. S. BHATT & CO.**  
Chartered Accountants

For and on behalf of the Board

**N. S. BHATT**  
Proprietor  
Membership No. : 10149

**ANIL B. VEDMEHTA**  
Director

**PRIYANKA VEDMEHTA**  
Director

Place : Mumbai  
Date : 30th June, 2008

**QUANTUM eSERVICES PRIVATE LIMITED**  
(Formerly known as Vcollect Global Services India Private Limited)

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008**

		(Amount in Rupees)	
	Schedule	As at 31.3.2008	As At 31.3.2007
<b>INCOME</b>			
Income From Operation	K	58,570,328	21,750,000
<b>OTHER INCOME</b>	L	192,262	804,372
		<u>58,762,590</u>	<u>22,554,372</u>
<b>EXPENDITURE</b>			
Payment to & Provision for Employees	M	280,400	2,291,833
Administrative Expenses	N	14,548,989	20,774,811
Interest & Finance Charges	O	91,044	86,970
Depreciation		14,407,599	8,179,468
Prior Period Depericiation Adjusted due to change in Method		15,506,223	—
		<u>44,834,256</u>	<u>31,333,081</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		13,928,334	(8,778,709)
Less: Provision for taxation		577,335	—
Deffered Tax (Liability)/ Assets		6,116,892	2,348,598
Fringe Benefit Tax		21,094	33,690
<b>PROFIT/(LOSS) AFTER TAXATION</b>		19,446,798	(11,160,997)
<b>Opening Balance of P&amp;L Account B/f</b>		(24,010,698)	(12,849,701)
Balance carried to Balance Sheet		<u>(4,563,900)</u>	<u>(24,010,698)</u>
Basic and Diluted Earning Per Share (Rs.) Face Value Rs.10/-		3.12	(1.79)

Significant Accounting Polices &  
Notes forming part of the Accounts

P

As per our report of even date  
for **N. S. BHATT & CO.**  
Chartered Accountants

For and on behalf of the Board

**N. S. BHATT**  
Proprietor  
Membership No. : 10149

**ANIL B. VEDMEHTA**  
Director

**PRIYANKA VEDMEHTA**  
Director

Place : Mumbai  
Date : 30th June, 2008



**QUANTUM eSERVICES PRIVATE LIMITED**  
(Formerly known as Vcollect Global Services India Private Limited)

**SCHEDULE FORMING PART OF BALANCE SHEET  
FOR THE PERIOD ENDED 31ST MARCH 2008**

	As At 31.3.2008 (Rs.)	As At 31.3.2007 (Rs.)
<b>SCHEDULE 'A'</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
70,00,000 Equity shares of Rs. 10/- each	<u>70,000,000</u>	<u>70,000,000</u>
<b>Issued, Subscribed &amp; Paid-up</b>		
6229391 Equity Shares of Rs. 10/- each fully paid up	62,293,910	62,293,910
(Out of above 60.00,000 Equity Shares of Rs 10 each are held by the Holding Company M/s Mobile Telecommunications Limited)	<u>62,293,910</u>	<u>62,293,910</u>
<b>SCHEDULE 'B'</b>		
<b>SECURED LOANS</b>		
From ICICI Bank		
Vehicle Loans (Secured against mortgage of respective Vehicles)	108,074	293,246
	<u>108,074</u>	<u>293,246</u>
<b>SCHEDULE 'C'</b>		
<b>UNSECURED LOANS</b>		
Holding Company	—	15,945,000
Intercompany Deposit	20,200,000	19,500,000
Loans from Directors	2,095,000	5,125,000
	<u>22,295,000</u>	<u>40,570,000</u>

# QUANTUM eSERVICES PRIVATE LIMITED

(Formerly known as Vcollect Global Services India Private Limited)

## SCHEDULE FORMING PART OF BALANCE SHEET FOR THE PERIOD ENDED 31ST MARCH 2008

### SCHEDULE 'D' : FIXED ASSETS (AT COST)

(In Rupees )

Description	Gross Block				Depreciation				Net Block	
	As at 1.4.2007	Additions during the Year	Deduction During the Year	As at 31.3.2008	Upto 31.3.2007	For the Period	Adjustment During the Year	Upto 31.3.2008	As at 31.3.2008	As at 31.3.2007
Plant & Machinery	30,768,826	-	-	30,768,826	2,276,926	3,401,627	4,037,356	9,715,909	21,052,917	28,491,900
Computer	10,803,688	-	-	10,803,688	1,847,377	4,801,011	5,180,507	11,828,895	(1,025,207)	8,956,311
Computer Software	11,096,412	-	-	11,096,412	2,869,689	-	-	2,869,689	8,226,723	8,226,723
Furniture & Fixtures	32,506,858	-	-	32,506,858	3,372,104	4,261,635	5,589,810	13,223,549	19,283,309	29,134,754
Office Equipments	1,988,909	-	-	1,988,909	119,376	231,411	205,902	556,689	1,432,220	1,869,533
Motor Car	621,789	-	-	621,789	42,401	108,218	161,399	312,017	309,772	579,388
Air Conditioner	11,106,404	-	-	11,106,404	2,513,782	1,213,980	(134,772)	3,592,991	7,513,413	8,592,622
Electrical Installation	3,528,557	-	-	3,528,557	260,838	389,716	466,022	1,116,576	2,411,981	3,267,719
<b>TOTAL</b>	<b>102,421,443</b>	<b>-</b>	<b>-</b>	<b>102,421,443</b>	<b>13,302,493</b>	<b>14,407,599</b>	<b>15,506,223</b>	<b>43,216,315</b>	<b>59,205,128</b>	<b>89,118,950</b>
Previous Year		95,423,954	52,700	95,371,254		5,125,803	2,778	5,123,025	90,248,229	

### SCHEDULE 'E'

#### INVESTMENT

Share of Osian Industries Ltd (200000)	264,400	—
Shares of Fiem Industries Ltd	23,595,000	—
	<b>23,859,400</b>	<b>—</b>

### SCHEDULE 'F'

#### DEBTORS

(Unsecured Considered Good)		
More Than Six Months	226,125	226,125
Others	—	—
	<b>226,125</b>	<b>226,125</b>

### SCHEDULE 'G'

#### CASH & BANK BALANCES

Cash-in-hand	206,487	70,487
Balance with Schedule Banks in		
Current Accounts	(32,102)	
Fixed Deposit Account	2,800,000	
EEFC Accounts	4,679	2,816,084
	<b>2,979,064</b>	<b>2,886,571</b>

## QUANTUM eSERVICES PRIVATE LIMITED

*(Formerly known as Vcollect Global Services India Private Limited)*

### SCHEDULE FORMING PART OF BALANCE SHEET FOR THE PERIOD ENDED 31ST MARCH 2008

	As At 31.3.2008 (Rs.)	As At 31.3.2007 (Rs.)
<b>SCHEDULE 'H'</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Deposits	6,487,700	6,487,700
Advances recoverable in cash or in kind or value to be received	2,767,455	2,245,154
Advance Tax & TDS	1,903,913	683,387
	<u>11,159,068</u>	<u>9,416,241</u>
 <b>SCHEDULE 'I'</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	19,769,132	20,149,441
Provision for Income Tax A.Y. 2008-09	577,335	-
Provision for FBT	71,998	50,904
Other Current Liabilities	7,318,968	5,386,614
	<u>27,737,433</u>	<u>25,586,959</u>
 <b>SCHEDULE 'J'</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
<b>(a) PRELIMINARY EXPENDITURE</b>		
Opening Balance	468,465	105,153
Add: During the year	-	487,000
	468,465	592,153
Less: Written off during the Period	123,688	123,688
Closing Balance	344,777	468,465
Profit & Loss Account	4,563,899	24,010,698
<b>Total Miscellaneous Expenditure</b>	<u>4,908,676</u>	<u>24,479,163</u>

# QUANTUM eSERVICES PRIVATE LIMITED

(Formerly known as Vcollect Global Services India Private Limited)

## SCHEDULE FORMING PART OF BALANCE SHEET FOR THE PERIOD ENDED 31ST MARCH 2008

	As At 31.3.2008 (Rs.)	As At 31.3.2007 (Rs.)
<b>SCHEDULE 'K'</b>		
<b>INCOME FROM OPERATIONS</b>		
Income From Services Rendered	58,570,328	21,750,000
	<u>58,570,328</u>	<u>21,750,000</u>
<b>SCHEDULE 'L'</b>		
<b>OTHER INCOME</b>		
Interest Income ( Including TDS of Rs.14050/- (Rs.37457))	192,262	218,524
Other Income	-	585,848
	<u>192,262</u>	<u>804,372</u>
<b>SCHEDULE 'M'</b>		
<b>PAYMENT TO &amp; PROVISION FOR EMPLOYEES</b>		
Salaries, Wages & Bonus	280,400	2,201,125
Staff Welfare Expenses	-	90,708
Contribution to Providend Fund & Other Funds	-	-
	<u>280,400</u>	<u>2,291,833</u>
<b>SCHEDULE 'N'</b>		
<b>ADMINISTRATIVE EXPENSES</b>		
Rent, Rates and Taxes	12,976,201	16,159,071
Electricity Charges	-	1,795,083
Insurance	13,568	317,354
Communication Costs	50,000	1,117,181
Printing & Stationery	6,040	2,457
Travelling and Conveyance	-	516,178
Advertisement expenses	-	-
Legal & Professional Charges	-	450,210
Repair & Maintenance	168,086	85,022
Auditors Remuneration	28,090	73,034
Entertainment Expenses	-	26,191
Loss on Sale of Assets	-	-
Recruitment Expenses	-	37,345
General Expenses	1,183,315	71,996
Loss on Exchange Fluctuation (Net)	-	-
Preliminary Expenses written off	123,688	123,688
	<u>14,548,987</u>	<u>20,774,810</u>
<b>SCHEDULE 'O'</b>		
<b>INTEREST &amp; FINANCE CHARGES</b>		
Interest on car loans	22,113	33,226
Bank Charges	68,931	53,744
	<u>91,044</u>	<u>86,970</u>

# **QUANTUM eSERVICES PRIVATE LIMITED**

*(Formerly known as Vcollect Global Services India Private Limited)*

## **SCHEDULE "O" SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS-31.03.2008**

### **A SIGNIFICANT ACCOUNTING POLICIES:-**

#### **a) SYSTEM OF ACCOUNTING:**

- i) Financial statements are based on historical cost
- ii) The company follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis except those with significant uncertainties.

#### **b) FIXED ASSETS:**

- i) Fixed Assets are stated at cost of acquisition/installation as reduced by accumulated depreciation.
- ii) The cost of asset includes direct/ indirect and incidental cost incurred to bring such assets into its present location and working condition for its intended use.

#### **c) DEPRECIATION**

Depreciation on all assets is being provided on the 'Straight Line Method' in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956.

#### **d) FOREIGN CURRENCY CONVERSION**

- i) Transactions in foreign currency are booked by applying the exchange rate at the date of the transaction.
- ii) Foreign Currency Assets and Liabilities outstanding at the close of the financial year are revalorised at the contracted and/or appropriate exchange rates at the close of the year. The gain or loss due to decrease/increase in Rupee liability on account of fluctuation in the rate of exchange is adjusted to the cost of assets if it relates to acquisition of assets and charged to Profit & Loss Account in other cases.

#### **e) INCOME**

- i) The Business of BPO services are accounted for as per contracts.

#### **f) MISCELLANEOUS EXPENDITURE**

Preliminary Expenses included under the head Miscellaneous Expenditure are amortised over a period of 5 years in which such expenses are incurred.

#### **g) PROVISION OF TAXATION:**

Provision for tax is made by applying the applicable tax rates and the tax laws. Deferred tax assets and liabilities arising on account of timing differences, which are capable of reversal in the subsequent periods, are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax Assets are not recognized unless there is sufficient assurance with respect to the reversal of the same in future years.

# QUANTUM eSERVICES PRIVATE LIMITED

(Formerly known as Vcollect Global Services India Private Limited)

## h) PROVISIONS, CONTINGENT LIABILITIES:

A provision is recognized when the Company has present obligation as a result of past events and it is probable that an out flow of resources will be required to settle such obligation, in respect of which a reliable estimate can be made. Contingent liabilities not provided for in the accounts are disclosed in the accounts by way of notes specify the nature and quantum of such liabilities.

## 2 NOTES TO ACCOUNTS

- Contingent Liability on account of capital commitments not provided for in respective of Purchasing new Assets against which advances has been given to the party. But the goods supplied was not as per the technical terms. The matter is still pending for settlement hence contingent liability at the end of financial year Rs.96.37/-Lakhs.
- Sundry Debtors, Sundry Creditors & Loans & Advances balances are subject to confirmations.
- On the basis on information furnished to us Company does not have any amount due (inclusive of interest) to a Small Scale Industrial Undertaking.

### 4. Details of Auditors Remuneration:

Particulars	Amount in (Rs.)	
	2007-2008	
Audit Fees	20,000/-	
Tax Audit Fees	15,000/-	
Service Tax	3090/-	
<b>Total</b>	<b>28090/-</b>	

### 5. Expenditure in Foreign Currency is (Rs.)

	Current Year	Previous Year
Telecommunication (PSEN) Expenses	Nil	9.72 lacs

- No income in Foreign Exchange booked during the current year.
- Deferred Tax adjustments for the year ended 31<sup>st</sup> March, 2008 amounting to Rs. 61.17 Lacs (23.48Lakhs/-) has been recognized in the Profit & Loss Account. The accumulated balance in Net Deferred Tax Liability as on 31<sup>st</sup> March, 2007 comprises of:

### 8. Earning Per Share:

Particulars	2007-2008	2006-2007
Amounts used as numerator in calculating Basic (EPS) (Rs.)	19,446,799	(11,131,958)
No. of Equity Shares used as denominator (Nos.) (Weighted Average No. of Shares)	6229391	6229391
Nominal Value per Equity Share (Rs.)	10	10
<b>Earnings / (Loss) per share (Rs.)</b>	<b>3.12</b>	<b>(1.79)</b>

## QUANTUM eSERVICES PRIVATE LIMITED

(Formerly known as Vcollect Global Services India Private Limited)

### 9. RELATED PARTY DISCLOSURE:

List of related parties with whom transaction have taken place and relationship:

Sr. No.	Name of Related Party	Relationship
1	Mobile Telecommunication Limited	Holding company
2	Priyanka Vedmehta	Director and Shareholder
3	Anil Vedmehta	Director and Shareholder

Transactions with the related parties during the period:

Nature of Transaction	(Rs. In Lakhs)
Unsecured Loan Taken (Opening Balance – Rs.159.45Lacs)	1055.22
Unsecured Loan Given	1244.97
Closing Balance	20.95

As per our report of even date  
for **N. S. BHATT & CO.**  
Chartered Accountants

For and on behalf of the Board

**N. S. BHATT**  
Proprietor  
Membership No. : 10149

**ANIL B. VEDMEHTA**  
Director

**PRIYANKA VEDMEHTA**  
Director

Place : Mumbai  
Date : 30th June, 2008

# QUANTUM eSERVICES PRIVATE LIMITED

(Formerly known as Vcollect Global Services India Private Limited)

	As At <b>31.3.2008</b> (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>	
Net Profit/(Loss) Before Tax and Extraordinary Items	(8,778,709)
<b>Adjustments For :</b>	
Depreciation	8,179,468
Preliminary expenses written off	123,688
Interest income	#REF!
Loss on Sale of Fixed Assets	-
Preliminary Expenses Paid	(24,505,451)
<b>Operating Profit Before Working Capital Changes</b>	<b>#REF!</b>
<b>Adjustment For :</b>	
Trade & Other Receivables	#REF!
Loans & Advances	(2,108,790)
Trade Payables	25,278,841
<b>Cash Generated From Operation</b>	<b>#REF!</b>
<b>Net Cash From Operating Activities</b>	<b>#REF!</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>	
Changes in Gross Block	#REF!
Sale of Fixed Assets	15,000
Interest received	#REF!
Deposits Paid	(6,487,700)
<b>Net Cash Used in Investing Activities</b>	<b>#REF!</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>	
Vehicle Loan taken (Secured)	484,055
Vehicle Loan repaid	(48,640)
Unsecured Loan taken	40,570,000
Unsecured Loan Repaid	
Share Capital	62,293,910
Share Application Money recd	-
Taxes Paid	(297,381)
<b>Net Cash Used in Financing Activities</b>	<b>103,001,944</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>#REF!</b>
<b>Cash &amp; Cash Equivalents As At 25-01-2005 (Op Balance)</b>	<b>-</b>
<b>Cash &amp; Cash Equivalents As At 31.03.2006 (Cl. Balance)</b>	<b>2,886,569</b>

As per our report of even date  
for **N. S. BHATT & CO.**  
Chartered Accountants

For and on behalf of the Board

**N. S. BHATT**  
Proprietor  
Membership No. : 10149

**ANIL B. VEDMEHTA**  
Director

**PRIYANKA VEDMEHTA**  
Director

Place : Mumbai  
Date : 30th June, 2008



## QUANTUM eSERVICES PRIVATE LIMITED

*(Formerly known as Vcollect Global Services India Private Limited)*

### Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE

<b>I Registration Details</b>	U 72900 MH 2005 PTC 150806	State Code	11
	Balance Sheet Date		31.03.2008
<b>II Capital raised during the year</b>	(Amount in Rupees Thousand )		
	Public Issue	Right Issue	NIL
	Bonus Issue	Private Placement	NIL
<b>III Position of Mobilisation and Development of funds:</b>	(Amount in Rupees Thousand)		
	Total Liabilities	Total Asstes	84,697
	Sources of Funds		
	Paid up Capital	Reserves & Surplus	-
	Secured Loans	Unsecured Loans	22,295
	Deferred Tax Liabilities		-
	Application of Funds		
	Net Fixed Assets	Investments	23,859
	Net Current Assets	Misc. Expenditure	4,909
<b>IV Performance of Company</b>			
	Turnover	Total Expenditure	44,834
	Profit/Loss (Before Tax)	Profit/Loss (After Tax)	19,447
	Earning per Share In Rs.	Dividend Rate (%)	-
<b>V Generic Names of One Principal Product/Services of the Company</b>	(As per Monetary terms)		
	Item Code No.	Product Description	N.A.

For and on behalf of the Board

**ANIL B. VEDMEHTA**  
Director

**PRIYANKA VEDMEHTA**  
Director

Place : Mumbai  
Date : 30th June, 2008

# MOBILE TELECOMMUNICATIONS LIMITED

Registered Office : 46, Empire Tower, Near Associated Petrol Pump, C.G.Road, Ahmedabad, Gujarat.

## ATTENDANCE SLIP

(Members attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall)

I, hereby, record my presence at the 13th Annual General Meeting of the company to be held on Tuesday, the 30th September, 2008 at Hotel Inder Residency, Opp. Gujarat College, Ellisbridge, Ahmedabad - 380 006, Gujarat, India at 11.00 a.m.

Folio No : \_\_\_\_\_

No. of shares held \_\_\_\_\_

Full name of the member / proxy : \_\_\_\_\_

\_\_\_\_\_  
Signature

— — — — Please cut here and bring the above attendance slip at the meeting — — — —

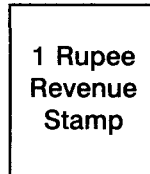
# MOBILE TELECOMMUNICATIONS LIMITED

Registered Office : 46, Empire Tower, Near Associated Petrol Pump, C.G.Road, Ahmedabad, Gujarat.

## PROXY FORM

I / We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being a member/members of the above named company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our Proxy to vote for me/us on my/our behalf at the 13th Annual General Meeting of the company to be held on Tuesday, the 30th September, 2008 at Hotel Inder Residency, Opp. Gujarat College, Ellisbridge, Ahmedabad - 380 006, Gujarat, India at 11.00 a.m.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2008



Signature \_\_\_\_\_

Note : This form duly completed and signed should be deposited at the Registered Office of the company not later than 48 hours before the time of the meeting