

Mobile Telecommunications Ltd.

Empowering Technology Infrastructure

WIRELESS COMMUNICATION



14TH ANNUAL REPORT 2008-2009



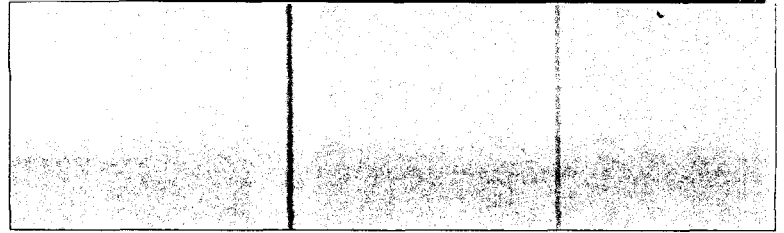
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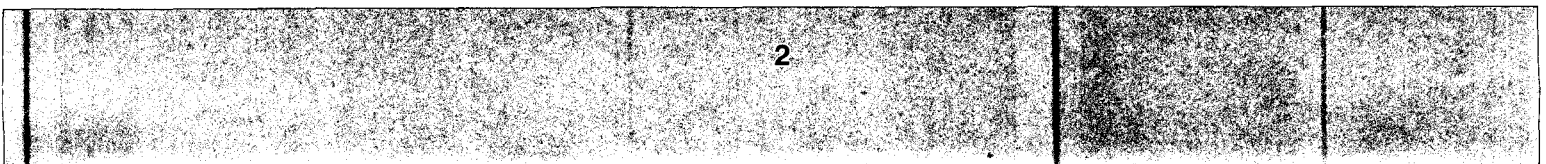
For Mobile Telecommunications Ltd.

Authorised Sign./Director.

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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)
Suhas Jadhav (Additional 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 :** 3rd Floor, B Wing, Interface Bldg. No. 16,
Off Link Road, Malad (West),
Mumbai - 400 064.
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 FOURTEENTH ANNUAL GENERAL MEETING of the Members of MOBILE TELECOMMUNICATIONS LIMITED will be held on Wednesday, 30th September, 2009 at 11.00 a.m. at the Registered Office of the Company at 46, Empire Tower, Near Associated Petrol Pump, C G. Road, Ahmedabad, Gujarat to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March 2009 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 Ajay Kapoor, 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:

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 Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, **Mr. Suhas Jadhav** be and is hereby elected and appointed as a Director of the Company liable to retire by rotation”

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

“**RESOLVED THAT** pursuant to Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, **Mr. Amit Nandkishore Varma** be and is hereby elected and appointed as a Director of the Company liable to retire by rotation”

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

“**RESOLVED THAT** pursuant to the provisions of sections 269, 198, 309, 310, 311, Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) and such other approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the Authorities in granting such approvals, permissions and sanctions, and pursuant to the approval of the remuneration committee of the Board and the Board of Directors at their meeting held on 31st August, 2009, approval of the Company be accorded to the re-appointment of Mr. Anil Vedmehta as Chairman & Managing Director of the Company for a period of 3 (Three) years with effect from 01.09.2009 on a total monthly remuneration not exceeding Rs.2,50,000/- (Rupees Two Lac Fifty Thousand Only).

FURTHER RESOLVED that the Board of Directors be and is hereby authorized to vary, alter, increase, enhance or widen the scope of remuneration and perquisites, to the extent specified in schedule XIII and other applicable provisions, if any, of the Act as amended from time to time.



FURTHER RESOLVED that where in any Financial year during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company may pay to the Managing Director the above remuneration as the minimum remuneration by way of salary subject to receipt of the requisite approvals, if any.

FURTHER RESOLVED that for the purpose of giving effect to this resolution, any Director of the Company be authorized to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.”

Registered Office:

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

Date: 31st August, 2009

For and Behalf of the Board

Anil B. Vedmehta
Chairman & Managing Director



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 28th September, 2009 to 30th September, 2009 (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 Ajay Kapoor, 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.

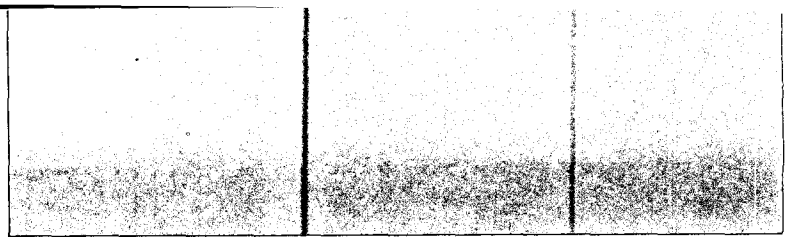
EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 4:

Mr. Suhas Jadhav was appointed as an Additional Director of the Company on 31st October, 2008 by the Board of Directors pursuant to the Articles of Association and the provisions of Section 260 of the Companies Act, 1956. According to the provisions of the Articles and Section 260 of the Companies Act, 1956, he will hold office up to the date of this Annual General Meeting. As required under Section 257 of the said Act, notice has been received from a member alongwith a deposit of Rs.500/- signifying his intention to propose Mr. Suhas Jadhav as a candidate for the office of the Director.

Mr. Suhas Jadhav has good experience in the field of management and general administration. It is, therefore, in the interest of the Company to continue to avail of his services as a member of the Board.

Your directors recommend his appointment as a director. None of the directors of the company is in any way concerned or interested in the said resolution.



Item No. 5:

Mr. Amit Nandkishore Varma was appointed as an Additional Director of the Company on 31st August, 2009 by the Board of Directors pursuant to the Articles of Association and the provisions of Section 260 of the Companies Act, 1956. According to the provisions of the Articles and Section 260 of the Companies Act, 1956, he will hold office up to the date of this Annual General Meeting. As required under Section 257 of the said Act, notice has been received from a member along with a deposit of Rs.500/- signifying his intention to propose Mr. Amit Nandkishore Varma as a candidate for the office of the Director

Mr. Varma has good experience in the field of telecommunications and software. It is, therefore, in the interest of the Company to continue to avail of his services as a member of the Board.

Your directors recommend his appointment as a director. None of the directors of the company is in any way concerned or interested in the said resolution.

Item No. 6:

The tenure of Mr. Anil Vedmehta as Chairman & Managing Director was upto 31st August, 2009. Subject to the approval of the Shareholders in the ensuing Annual General Meeting, the Board of Directors have at their Meeting held on 31st August, 2009, pursuant to the approval of the remuneration committee, approved the re-appointment of Mr. Vedmehta as Chairman & Managing Director of the Company for a period of 3 years w.e.f. 01.09.2009. He is a Commerce Graduate and completed Chartered Accountancy upto Intermediary Level. He has business experience of about 19 years in finance, telecommunications, software and animation industry. He is aged about 42 years. The proposed remuneration will be within overall limit of Schedule XIII of the Companies Act, 1956.

Briefly, the terms and conditions of the re-appointment and remuneration of Mr. Vedmehta are as follows:

1. He shall carry out such duties as may be entrusted to him subject to the supervision of the Board of Directors.
2. The re-appointment shall be for a period of 3 (three) years w.e.f. 01.09.2009.
3. Remuneration:
 - (i) Basic Salary: Rs. 23,97,500 p.a.
 - (ii) H.R.A: Rs. 6,00,000 p.a.
 - (iii) PT: Rs. 2,500 p.a.

The proposed resolution is required to be passed as a Special Resolution as required under the amended Schedule XIII to the Companies Act, 1956 and as such, the Directors commend your approval.

Copy of the terms and conditions governing the appointment is available for inspection by members during business hours on any working day before the date of annual general meeting.

None of the directors are concerned or interested in this resolution.

Statement containing the information as required in accordance with the Clause B (iv) of Section II, Part II of the Schedule XIII of the Companies Act, 1956, as an Annexure to the Notice convening the Annual General Meeting to be held on 30th September, 2009:





GENERAL INFORMATION													
Nature of industry	Manufacturing of Digital Electronics Circuit Design, Analog Electronics Circuit Design, Power Electronics system and control design, SMT Line and Telephone Instruments etc.												
Date or expected date of commencement of commercial production	<i>The date of commencement of business is 8th March, 1995</i>												
In case if new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	<i>Not Applicable</i>												
Financial performance based on given indicators	<p style="text-align: center;">(Rs. in Lacs)</p> <table><thead><tr><th></th><th>March, 2007</th><th>March, 2008</th><th>March, 2009</th></tr></thead><tbody><tr><td>Sales</td><td>3024.38</td><td>3171.81</td><td>3458.72</td></tr><tr><td>Net Profit(loss)</td><td>11.38</td><td>31.21</td><td>40.68</td></tr></tbody></table>		March, 2007	March, 2008	March, 2009	Sales	3024.38	3171.81	3458.72	Net Profit(loss)	11.38	31.21	40.68
	March, 2007	March, 2008	March, 2009										
Sales	3024.38	3171.81	3458.72										
Net Profit(loss)	11.38	31.21	40.68										
Export performance and net foreign exchange collaborations.	<i>Not applicable as the Company manufactures and distributes its products in India.</i>												
Foreign investments or collaborators, if any	<i>Nil</i>												

INFORMATION ABOUT THE APPOINTEE	
Background details.	Mr. Anil Vedmehta is a Commerce Graduate and completed Chartered Accountancy upto Intermediary Level. He is aged about 42 years
Past remuneration	<i>Rs. 1,20,000 per month</i>
Recognition or Awards	<i>NIL</i>
Job profile and his suitability	He has business experience of about 19 years in finance, telecommunications, software and animation industry. <i>He is responsible for the management of overall business and financial operations of the Company including financial decision making. Considering the above, he is well suited for the job of Chairman & Managing Director of the Company to control and manage the affairs of the Company subject to the superintendence and control of the Board of Directors of the Company.</i>
Remuneration proposed	Remuneration: (i) Basic Salary : Rs. 23,97,500 p.a. (ii) H.R.A : Rs. 6,00,000 p.a. (iii) PT : Rs. 2,500 p.a. Total, not exceeding Rs. 2,50,000 per month.



Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t the country of his origin)	<i>Considering the size of the Company, its nature of business and the job profile and position of Mr. Anil Vedmehta, comparative figures are not available. Hence the comparisons could not be established.</i>
Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	<i>Mr. Anil Vedmehta is the promoter director and is in control of the affairs of the Company.</i>

OTHER INFORMATION	
Reasons of loss or inadequate profits	<i>The Company has been making profits. However, its profits at present are inadequate as per the provisions of the Companies Act, 1956.</i>
Steps taken or proposed to be taken for improvement.	<i>The investments made by the company in the infrastructure has started yielding higher volumes and in the coming years the Company should be able to make sufficient profits. Efforts are being made in increasing the reach of the company in terms on new territories and new tie-ups to leverage the available resources.</i>
Expected increase in productivity and profits in measurable terms.	<i>The Company has implemented the plans, which will reap the fruits in the next few years and if properly and successfully implemented it will give a substantial increase in the sales and profits of the company in the coming years.</i>

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

Date: 31st August, 2009

For and on Behalf of the Board of Directors

ANIL B. VEDMEHTA
Chairman & Managing Director



DIRECTORS' REPORT

To the members,

Your Directors are pleased to present the Fourteenth Annual Report and Audited Accounts for the year ended March 31, 2009.

Financial Results

(Rs in lacs)

For the Year Ended	31-03-2009	31-03-2008
Total Income	3,540.88	3,249.54
Total expenditure	3,455.06	3,167.67
Operating profit (PBIDT)	85.82	81.87
Depreciation	25.89	37.12
Profit before Taxation/Prior period Adjustment	59.93	44.75
Prior period Adjustment	-	-
Provision for Tax	14.16	9.37
Deferred Tax	5.09	4.16
Profit after Taxation	40.68	31.21
Add Balance Brought forward from previous year	625.54	594.33
Amount available for appropriation	666.22	625.54
Balance carried to Balance Sheet	666.22	625.54

Results of Operations

During the year under review, total revenue was Rs.3540.88 lacs as compared to Rs.3249.54 lacs in the previous year thereby registered an increase of 8.97 % and operating profit at Rs.85.82 lacs as compared to Rs.81.87 lacs in the previous year thus registered an increase of 4.82%.

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

Mr. Abhishek Mishra 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. Suhas Jadhav was appointed as an additional director w.e.f. 31st October, 2008 and Mr. Amit Nandkishore Varma was appointed as an additional director w.e.f. 31st August, 2009. The tenure of both the directors is upto the date of ensuing annual general meeting and they have offered themselves for appointment as a director. Your directors recommend appointment of Mr. Suhas Jadhav and Amit Varma as directors of the Company.

The office of Mr. Anil Vedmehta as Chairman & Managing Director expired on 31st August, 2009. The Board at its meeting held on 31st August, 2009 re-appointed Mr. Vedmehta as Chairman & Managing Director for a further period of 3 (Three) years w.e.f. 1st September, 2009. The relevant resolution is placed in the notice of AGM for the approval of the members.

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 31.03.2009 and of the results of operations for the year ended 31.03.2009.

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:

A. Conservation of Energy:

The operations of the Company are not energy intensive. However, energy conservation measures are being taken for regular preventive maintenance of all equipments. This enhances productivity and efficiency of the equipment resulting in power saving.

B. Technology Absorption:

As the Company has not acquired any technology, the question of absorption of technology does not apply to the Company.

C. 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 of Directors

Place : Mumbai
Date : 31st August, 2009

ANIL B. VEDMEHTA
Chairman & Managing Director



CORPORATE GOVERNANCE REPORT

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, 9 Board Meeting were held on 21st April, 2008, 30th June, 2008, 7th July, 2008, 15th July, 2008, 31st July, 2008, 4th September, 2008, 31st October, 2008, 31st January, 2009 and 31st March, 2009. 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 2008 - 09 Attendance at		No. of Directorships	Committee positions	
		Board Meetings	Last AGM		Chairman	Member
Mr. Anil B Vedmehta	Executive Chairman and Managing Director	8	Yes	7	1	2
Mr. Ajay Kapoor	Non-Executive, Independent	6	No	3	1	3
Mr. Ramakrishnan Guruswamy	Non-Executive, Independent	5	Yes	1	2	3
Mr. Deotamuni Mishra	Non-Executive	4	Yes	2	1	2
Mr. Abhishek Mishra	Non-Executive	-	No	-	-	-
Mr. Suhas Jadhav	Non-Executive Independent	3	No	-	-	1

As may be seen from the above details, the Board of the Company comprises of more than 50% Non-Executive Independent 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.

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:-

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



- s Quarterly details of finance and risk management strategies.
- s Compliance with Regulatory and Statutory requirements including listing requirement and shareholders services.
- s 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. Abhishek Mishra and Mr. Ajay Kapoor retire by rotation at the forthcoming Annual General Meeting.

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

Mr. Suhas Jadhav and Mr. Amit Nandkishore Varma were appointed as additional directors of the Company. The relevant resolution proposing their appointment as directors have been placed in the Notice convening the Annual General Meeting of the members of the Company.

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 15th July, 2008, 31st July, 2008, 31st October, 2008 and 31st January, 2009. 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	3	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 Non Executive Directors Mr. Ajay Kapoor, Mr. Ramakrishnan Guruswamy, Chairman of the Committee and Mr. Deotamuni Mishra. Mr. Suhas Jadhav was appointed as an additional director effective 31st October, 2008. since then he has replaced Mr. Deotamuni Mishra as a member of the remuneration committee. During the year under review, two Remuneration Committee Meetings were held on 31st July, 2008 and 31st January, 2009 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	14,40,000	Nil	Nil	Nil	Nil

The office of Mr. Anil Vedmehta as Chairman & Managing Director expired on 31st August, 2009. The Board at its meeting held on 31st August, 2009 re-appointed Mr. Vedmehta as Chairman & Managing Director for a further period of 3 (Three) years w.e.f. 1st September, 2009. The relevant resolution alongwith requisite disclosures are placed in the notice of AGM for the approval of the members.

INVESTORS' GRIEVANCE COMMITTEE

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

3rd Floor, B Wing, Interface Bldg. No. 16, Phone : 4001 8086
Off Link Road, Malad (West), Fax : 4001 8086
Mumbai - 400 064. E-mail: ravindra@mobileteleindia.com
Maharashtra.

The Committee consists of two independent directors and one executive director. The Committee is chaired by a non-executive independent director. Mr. Suhas Jadhav was appointed as an additional director effective 31st October, 2008. Since then he has replaced Mr. Deotamuni Mishra as a member of the investors' grievance committee. 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 2008-2009. Attendance at the Committee meetings were as under:-

Composition of the Committee	Ramakrishnan Guruswamy	Anil B. Vedmehta	Deotamuni Mishra	Suhas Jadhav
No. Meeting Attended	11	10	7	5

No members' complaints/queries were received during the period under review and no complaints/queries were pending as on March 31, 2009.

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	2	1	2



GENERAL BODY MEETINGS

Location and time of Last Three Annual General Meetings:

Year	Type	Date of AGM	Venue	Time
2007-2008	AGM	September 30, 2008	Hotel Inder Residency Ellis Bridge, Ahmedabad	11.00 am
2006-2007	AGM	September 28, 2007	Registered Office	10.00 am
2005-2006	AGM	September 30, 2006	Registered Office	11.00 am

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	www.mobileteleindia.com
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, 2009 at 11.00 a.m.
- Venue** : 46, Empire Tower, Near Associated Petrol Pump,
C. G. Road, Ahmedabad, Gujarat.
- Dividend Payment Date** : The Directors have not recommended any dividend on Equity Shares for the Financial year 2008 -2009.
- Date of Book Closure** : 28th September, 2009 to 30th September, 2009 (inclusive both days).
- Financial Calendar** : Financial reporting for the quarter ending
September 30, 2009 - End October 2009
Financial reporting for the quarter ending
December 31, 2009 - End January 2010
Financial reporting for the quarter ending
March 31, 2010 - End April 2010
Financial reporting for the quarter ending
June 30, 2010 - End July 2010



ä **Listing:**

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

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

ä **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			
	Month	High (Rs.)	Low (Rs.)	No. of Shares Traded
April 2008	16.40	11.70	221035	3,161,114.00
May 2008	18.65	15.30	79566	1,357,756.00
June 2008	17.80	14.00	37046	581,646.00
July 2008	18.95	12.31	50393	793,985.00
August 2008	19.80	15.70	258449	4,663,318.00
September 2008	29.10	18.00	563675	13,923,239.00
October 2008	26.30	1.85	413867	7,606,211.00
November 2008	2.10	1.55	1030791	1,905,967.00
December 2008	1.79	1.45	276642	442,187.00
January 2009	1.76	1.23	118259	181,097.00
February 2009	1.89	1.30	71801	117,301.00
March 2009	1.82	1.39	373738	612,304.00

* Sub-division of face value of the equity shares from Rs. 10 each to Re. 1 each.

ä **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:

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

ä **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.



ä **Shareholding Pattern as on March 31, 2009 :**

Category	As on March 31, 2009	
	No. of Shares	%
Individuals	23045307	19.36
Companies, Mutual Funds & Trusts	32844643	27.60
Directors and relatives	62726545	52.71
NRIs & Foreign Companies	363300	0.31
Government & Public Financial Institutions	Nil	NA
Clearing Members	20205	0.02

ä **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 (86.50%) and Central Depository Securities (India) Limited (6.42%) as on March 31, 2009.

ä **Plant Locations:**

Plant Location	Range of Products Produced
E - 78, MIDC, Nashik, Maharashtra.	1) Push Button Telephone Instrument 2) Multi Function Telephone Instrument 3) Set-Top Boxes

ä **Address for Correspondence:** 3rd Floor, B Wing, Interface Bldg. No. 16,
Off Link Road, Malad (West),
Mumbai - 400 064.
MAHARASHTRA.



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, 2009, 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, 2009, 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 : 31st August, 2009



MANAGEMENT'S DISCUSSION AND ANALYSIS

EMS segment is a growth area in electronics manufacturing for India which has been growing rapidly since last 3 years and most global leaders have set up base in India. This expansion of EMS activity is due to the rapid growth in all segments of the market for electronic hardware products mentioned above, as well as other growth drivers listed below:

- Strong and growing domestic demand for mobile phones, personal computers, consumer, medical, strategic and automotive electronics
 - Highly talented workforce, especially for design and engineering services with good communication skills
 - Presence of global EMS majors in India and their plans for increased investments in India to diversify risks and access the Indian market
 - Rising labor costs in western countries and now also in Asia
 - More outsourcing of manufacturing by both Indian and global OEMs
- Apart from the above factors, the robust and consistent growth in the electronic hardware market is due to a buoyant economy growing at 8% per annum, a large and aspiring middle class of 350 million and spread of telecom services to rural areas. Recent trends show that an increasing number of engineering and design activities are also being outsourced to EMS companies and they are becoming ODMs (Original Design manufacturers) and provide final system integration and logistical support. This is a favorable trend given India's strengths in electronic design. iSuppli, predicts that "many more EMS providers and OEMs will be heading to India over the next five years because of India's low cost workforce and to gain access to India's lucrative market. On a projected manufacturing base of US\$ 40 billion, this could mean that EMS may account for an output over US\$10 billion. India has the potential to become the next China". A more optimistic forecast for EMS reconfirms that many more EMS companies will move to India and by 2010 electronics contract manufacturers will handle about 30% of India's electronics manufacturing

The recent acceleration in EMS activity in India is due to rapid growth in all segments of the market for electronic hardware products. The market is expected to expand quickly from an estimated US\$24-25 Billion at present to US\$ 150 Billion by 2015 at a CAGR of 22-23% per annum. This growth is a result of a number of growth drivers which have emerged globally as well as in India.

1. Strong and growing domestic demand for mobile phones, personal computers, consumer, medical, strategic and automotive electronics.
2. Presence of global EMS majors in India and their plans for increased investments in India to diversify risks and access the Indian market.
3. Highly talented workforce, especially for design and engineering services with good communication skills.
4. Increased use of electronics in all spheres of life to make products and services intelligent and efficient.
5. Rising labor costs in western countries and now also in Asia.
6. More outsourcing of manufacturing by both Indian and global OEMs.

Apart from the above factors, the robust and consistent growth in Electronic Hardware market is due to a buoyant economy growing at 7-8% per annum, a large and aspiring middle class of 350 million and spread of telecom services to rural areas. Recent trends show that an increasing number of engineering and design activities are also being outsourced to EMS companies and they are



becoming ODMs (Original Design manufacturers) and also provide final system integration and logistical support. With India's strengths in electronic design, this is a favourable trend for us. Within next 5 years penetration of telephone users (both landline & mobile) is projected to increase from 100 to 500 per thousand while for PC's it will increase from 10 to 30 plus per thousand. As market penetration levels are low for all electronic products in India, this growth is expected to sustain for the next 10 years and beyond.

U.S. technology researcher iSuppli Inc. predicts that "many more EMS providers and OEMs will be heading to India over the next five years because of India's low cost workforce and to gain access to India's lucrative market. India has the potential to become the next China". However the report also says that India has a long way to go but recent trends in improvement in infrastructure, setting up of special economic zones and opening up its doors to foreign investment would definitely enable India to become a significant player.

The EMS industry is a sub-set of the domestic electronics industry and thus will grow as demand and production of electronics goods grows. Computers and consumer electronics equipment represent about 60% of India's electronics market and these are like to grow as demand for these products outstrips other segments. However Cellphones are today a major driver of the market as they have crossed demand levels of 4 million per month, a figure which could not be imagined even as recently as a year ago.

Kothari of iSuppli predicts that, "more EMS companies will move to India and by 2010 electronics contract manufacturers will handle about 30% of India's electronics manufacturing." On a projected manufacturing base of US\$ 35 to 40 Billion, this could mean that EMS may account for an output over US\$10 Billion.

Some of the concerns of EMS providers relate to the still underdeveloped road infrastructure and the inadequate electronics supply chain. Due to a limited supply base of components, particularly semi-conductors, EMS providers have to import virtually all components and manufacturing inputs. However, we are optimistic that as large EMS companies move in their supply chain will follow to cater to the captive market. Such a positive development is presently taking place as Nokia sets up its manufacturing base in Tamil Nadu along with a large number of its global suppliers.

One of the factors in favour of India is that it offers an alternate location to China and global players do not want to put all their eggs in one basket. Though it is a moot point whether, China provides a better environment or India, political stability is always an important consideration for MNCs.

Wireless Communication:

Mobiletelecommunications has partnered with U.S. based wireless equipments manufacturing companies :

Trango Broadband Wireless (a division of Trango Systems Inc.) U.S.A. :

Trango Systems, Inc. is on the forefront of innovation in developing high-capacity carrier grade fixed wireless microwave communications equipment in licensed and unlicensed frequencies for both point-to-point and point-to-multipoint wireless transmission systems. Trango specializes in long-range licensed wireless backhaul for carriers and operators that require both Ethernet/IP traffic as well as traditional TDM traffic with E1/T1 connectivity. Other applications include unlicensed secure wireless backhaul, enterprise wireless outdoor WAN/LAN extensions, wireless IP video surveillance systems, municipal data and public safety networks, high-speed broadband Internet access, and more. The privately held corporation is headquartered in Poway, San Diego, CA, U.S.A. where it conducts product development, manufacturing, marketing and distribution activities. Product specifications and details are subject to change.



BridgeWave Communications, Inc.

BridgeWave Communications, Inc. is the leading supplier of wireless gigabit solutions, including point-to-point wireless bridges.

Founded in 1999 by veteran technology executives from the high-performance wireless industry, BridgeWave delivers highly-reliable, cost-effective gigabit wireless solutions for enterprise, service provider, and government metro Ethernet networks, including municipal and military applications. High performance, lower cost and excellent wireless network security deliver a superior alternative to fiber-based solutions, including wireless backhaul and 4G mobile network requirements.

BridgeWave's U.S.-designed and -manufactured gigabit wireless products are enabled by BridgeWave's proprietary transceiver and modem technologies. BridgeWave's products utilize the upper millimeter-wave radio spectrum in the recently-allocated 60-90 GHz range, enabling multi-gigabit per second wireless connectivity at affordable price points.

Setting the standard for product quality, BridgeWave employs Highly Accelerated Life Testing (HALT) during design and Highly Accelerated Stress Screening (HASS) during production to ensure the highest levels of product reliability and customer satisfaction. BridgeWave has achieved ISO9001 registration for over six years running.

BridgeWave is a U.S.-based company headquartered in Santa Clara, California. The company has strong global presence with over 4,000 radios deployed in more than 30 countries. BridgeWave has a network of experienced distributors and resellers worldwide, making it today's leading vendor of high capacity, high frequency solutions to address private networks and service providers.

PayBlox:

The mobile payment system is a software application loaded onto a compatible mobile phone. It comes with a palm-sized credit card reader and invoice printer, which enables a mobile business to process credit cards and other forms of payment on-the-road.

The system was developed two years ago to break the tedious invoicing and payment cycle that most businesses have to endure. It not only simplifies the payment process for many types of business, it also streamlines cash-flow and accounting processes. At the same time reducing the risk of fraud and bad debts.

Payblox successfully takes advantage of the huge technical advances made in mobile phones and the increased speed of data transfers on mobile networks, which is why our portable payment system is the accepted by most of the corporate in India.

Infrastructure (Mobile tower erection):

Operators worldwide have realized the importance of network outsourcing and Infrastructure sharing, and are learning from the Indian experience. From the inception three-to-four years back, the Indian Tower industry has gone through some exciting changes and telecom companies from India and around the globe have taken a keen interest in participating in the growing opportunity.

Regulation wise, the laws are more inclusive now, though much needs to be done. With carriers in an intense capex mode and with 3G auctions, carriers are likely to step up sharing to better prioritize capital allocation. Carriers are likely to resort to an intra-circle roaming in rural areas to tap the markets effectively and active sharing especially in 3G in urban areas.

There are many reasons behind the success of this industry. First and foremost, there is a tremendous value proposition to operators, in terms of capex and opex costs. This has lead to

judicious use of precious financial resources. Availability of ready infrastructure also enables the operators to reduce their time to market. To put things into perspective, the savings in capex is approximately 30% and considering the average tenancy of around 1.5 industry wise (on approximately 2,00,000 towers) a saving of min 15-20% of opex reduction over year 2006 levels, and as the tenancy moves upto 2 to 2.5 in next 3-5 years minimum saving would be 35-50% on opex besides direct saving on fuel electricity and diesel costs. By outsourcing their infrastructure requirements, operators are able to focus on their core activities of providing quality service, brand building and customer relationship.

The impending auction of third-generation (3G) licenses, which is expected to take place in India in the later half of 2009, followed by WiMAX licenses shortly thereafter should further give an impetus to the industry.

The tower industry has also played a role in enhancing the rural connectivity. Telecom operators after facing saturated markets in the urban areas started paying greater attention to rural and semi-urban areas. Additionally in the rural areas operating and maintaining the passive infrastructure in the cell sites is a cumbersome task where among other things power supply is also intermittent.

Telecom infrastructure sharing also has a positive impact on costs and tariffs, the extent and how soon the benefits can be realized depends on the underlying environment and business dynamics. With the ARPU's heading south, the wider aspects of such savings will be critical for the existing as well as the newer operators.

An increase in the rural teledensity is having an impact on improving access to family, education, health and financial services and by enabling the development of non-agricultural economic activity.

Telecom Infrastructure in the rural areas require large amount of customization, providing avenues to several associated industries like material movement required in construction of the tower sites impact a lot of transportation and distribution companies. All this economic activity also results in significant employment generation potential. About 3.6 mn jobs could be generated directly or indirectly. Ovum Research has estimated that employment dependent on the industry is expected to rise by at least 30% over the next 12 months.

The tower companies through their efforts are also helping in the ancillary development. The tower companies have a huge vendor base consisting of material suppliers and sub contractors for sourcing services. Technology providers like manufacturers of diesel generators, battery backup, power and SMPS, cables, shelters etc are directly impacted by tower business.

Shared networks also provide environmental benefits, as the sites are most effectively shared involving reduced number of towers. Environment and energy friendly-shared infrastructure, used by many operators lead to judicious use of precious natural resources. This prevents extra pressure on environment and energy resources as the electricity requirement reduces and when the site is run by diesel, the emission reduces as a common diesel generator set takes multiple (3 to 5) operator infrastructures live. Telecom infrastructure sharing helps in better skylines by preventing cluttered structures.

The operators are expected to migrate towards an operating model inherent with both passive and active sharing arrangements in the future, to derive the maximum benefit from sharing. Hence, tower companies will have to collaborate with technology providers, to enhance their shared infrastructure offerings. Encouraged by the success of passive infrastructure sharing, last year the Government of India allowed sharing of active network infrastructure by operators. This measure is expected to expedite network rollout, especially in rural areas.



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, 2009 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 31st March, 2009 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 subject to note no.7 of schedule 15 regarding decline in the market value of the quoted investment of Rs. 33,82,510/- (33,54,330/-) , 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, 2009.
 - 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 : 31st August, 2009



**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) The Company has not disposed of any substantial part of fixed assets. However during the year the Company has sold certain fixed assets as per the information and explanation given by the management this has not affected the going concern status of the Company.
- 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, 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 to a company listed in the above said register amounting to 333.77lacs (Rs.227.22lacs) carrying no interest. The maximum amount outstanding at any time during the year is Rs.336.23lacs. In our opinion the terms & conditions of such loan is prima facie not prejudicial to the interest of the company and as regards the payment no terms of repayment has been stipulated.
 - b) As per the information and explanations given to us the Company has taken unsecured loan from a Company covered in the register maintained under section 301 of the Companies Act 1956 amounting to Rs.49.16 Lacs (807.37) as on 31-03-2009, the Maximum amount outstanding during the year is Rs.74.18 Lacs, carry no interest and other terms and conditions of such loans are prima face not prejudicial to the interest of the Company. As regards the repayment of above loan no terms of repayment have been stipulated.
- 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 nd 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 Lacs 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, Fringe Benefit Tax of Rs. 150334/-, TDS of Rs. 612/- and Professional Tax of Rs. 35,071/- which has remained outstanding for more than six months as at 31st March 2009.
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 is not dealing in or trading in shares, debentures and other investments.
- 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 taken term loan from Banks earlier 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 : 31st August, 2009



BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	31.3.2009 (Rupees)	31.3.2008 (Rupees)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	119,000,000	119,000,000
Reserves and Surplus	2	69,600,357	65,532,420
		<u>188,600,357</u>	<u>184532420</u>
LOAN FUNDS			
Secured Loan	3	21,048,391	26,725,557
Unsecured Loan	4	13,924,774	836,147,036
Deferred Tax Liability /(Assets)		6,260,227	5,751,016
		<u>229,833,749</u>	<u>1,053,156,029</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	76,448,424	76,580,070
Less : Depreciation / Amortisation		21,597,669	19,694,233
Net Block		<u>54,850,755</u>	<u>56,885,837</u>
Capital Work in Progress		523,327	—
		<u>55,374,082</u>	<u>56,885,837</u>
Investments	6	40,835,340	111,140,450
Current Assets, Loans and Advances			
Inventories	7	66,862,000	53,957,348
Sundry Debtors		187,238,457	266,304,869
Cash and Bank Balance		859,654	845,846
Loans and Advances		50,474,751	795,651,104
		<u>305,434,861</u>	<u>1,116,759,167</u>
Less :			
Current Liabilities and Provisions			
Current Liabilities	8	169,853,247	231,106,205
Provisions		2,680,487	1,764,472
		<u>172,533,734</u>	<u>232,870,677</u>
Net Current Assets		132,901,127	883,888,491
Miscellaneous Expenditure	9	723,200	1,241,252
(to the extent not written off or adjusted)			
		<u>229,833,749</u>	<u>1,053,156,029</u>
Notes on Accounts	15		

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

For and on behalf of the Board of Directors

N. S. BHATT
Proprietor
Membership No.: 10149

ANIL B. VEDMEHTA
Chairman &
Managing Director

SUHAS JADHAV
Director

Place : Mumbai
Date : 31st August, 2009



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	Schedule	31.3.2009 (Rupees)	31.3.2008 (Rupees)
INCOME			
Sales and services	10	346,573,302	317,181,091
Less : Excise Duty		701,707	2,840,946
		<u>345,871,595</u>	<u>314,340,145</u>
Other Income	11	8,216,005	7,773,081
		354,087,600	322,113,226
EXPENDITURE			
Cost of goods sold	12	324,163,457	294,824,442
Administration and other expenses	13	12,800,892	13,676,480
Depreciation		2,588,619	3,711,777
Interest and Financial Charges	14	8,023,417	4,907,322
Miscellaneous Expenditure written off		518,052	518,053
		<u>348,094,437</u>	<u>317,638,073</u>
Profit Before Taxation		5,993,163	4,475,153
Provision for Taxation		1,384,430	861,503
Fringe Benefit Tax		31,586	75,969
Deferred Tax		509,211	416,423
Profit After Taxation		4,067,936	3,121,258
Balance Brought Forward		62,553,990	59,432,732
Balance carried to Balance Sheet		66,621,926	62,553,990
Basic and diluted earning per Share Face Value Re. 1/-		0.03	0.26

Notes on Accounts

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

For and on behalf of the Board of Directors

N. S. BHATT
Proprietor
Membership No.: 10149

ANIL B. VEDMEHTA
Chairman &
Managing Director

SUHAS JADHAV
Director

Place : Mumbai
Date : 31st August, 2009



SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2009

	31.3.2009 (Rupees)	31.3.2008 (Rupees)
1 SHARE CAPITAL		
Authorised		
30,00,00,000 Equity Shares of Re. 1/- each (Previous Year it is 300,00,000 Equity Share of Rs.10/- each)	<u>300,000,000</u>	<u>300,000,000</u>
Issued, Subscribed and Paid-up		
11,90,00,000 Equity Shares of Re. 1/- each (includes 2,75,00,000 Equity Shares of Re. 1/- each issued for consideration other than cash)	<u>119,000,000</u>	<u>119,000,000</u>
Total	<u>119,000,000</u>	<u>119,000,000</u>
2 RESERVES AND SURPLUS		
General Reserve :		
Balance as per last Balance sheet	2,978,431	2,978,431
Surplus as per profit and loss account	<u>66,621,926</u>	<u>62,553,990</u>
Total	<u>69,600,357</u>	<u>65,532,420</u>
3 LOAN FUNDS		
SECURED LOAN		
Term Loan from Bank	1,772,357	4,601,270
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)	19,248,436	21,252,056
ICICI Bank - Car Loan A/c (against hypothecation of Motor Cars)	27,598	872,231
Total	<u>21,048,391</u>	<u>26,725,557</u>
4 UNSECURED LOAN		
From Directors & Share Holders	9,008,315	3,326,871
From Other Corporate Bodies	4,916,459	832,820,165
Total	<u>13,924,774</u>	<u>836,147,036</u>



SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2009

5 FIXED ASSETS

(Rupees)

Assets	Gross Block				Depreciation				Net Block	
	As at 1.4.2008	Additions during the Year	Deduction During the Year	As at 31.3.2009	As at 1.4.2008	For the year	Deductions	As at 31.3.2009	As at 31.3.2009	As at 31.3.2008
Land	5,056,230	-	-	5,056,230	-	-	-	-	5,056,230	5,056,230
Factory Building	32,321,456	-	-	32,321,456	5,068,775	1,079,537	-	6,148,312	26,173,144	27,252,681
Plant & Machineries	19,299,023	139,796	-	19,438,819	3,913,665	919,487	-	4,833,152	14,605,667	15,385,358
Networking Systems	1,370,725	-	-	1,370,725	1,370,725	-	-	1,370,725	-	-
Computer Equipment	6,366,340	-	-	6,366,340	6,359,030	7,310	-	6,366,340	-	7,310
Furniture and Fittings	2,963,734	31,873	-	2,995,607	823,360	189,385	-	1,012,745	1,982,862	2,140,374
Electrical Installation	3,945,173	1,137,401	-	5,082,574	919,549	201,753	-	1,121,302	3,961,272	3,025,624
Air Conditioners	2,543,964	-	-	2,543,964	490,837	120,838	-	611,675	1,932,289	2,053,127
Office Equipment	35,640	1,900	-	37,540	7,516	1,745	-	9,261	28,279	28,124
Motor Car	2,677,785	766,000	2,208,616	1,235,169	740,776	68,564	685,183	124,157	1,111,012	1,937,009
Total	76,580,070	2,076,970	2,208,616	76,448,424	19,694,233	2,588,619	685,183	21,597,669	54,850,755	56,885,837
Previous Year	90,567,840	1,390,586	15,378,356	76,580,070	18,727,446	3,711,777	2,744,989	19,694,233	56,885,837	-

6. INVESTMENTS (AT COST)

Particular	Face Value	Current Year 2008-09		Previous Year 2007-08	
		Nos. of Shares	Amount Rupees	Nos. of Shares	Amount Rupees
LONG TERM INVESTMENTS :					
(A) In Shares (Quoted)					
Media Matrix Worldwide Limited	1/-	148,448	4,203,450	148,448	4,203,450
Fiem Industries Limited	10/-	1,000	7,400	1,000	7,400
(Market Value As on 31.03.2009 Rs. 8,28,340/- (lacs) (856,520)					
Total 'A'		149,448	4,210,850	149,448	4,210,850
(B) In Shares (Unquoted)					
Acqua Coll Safe Water (India) Limited	10/-	29,400	294,000	29,400	294,000
I Can Connect	10/-	10,000	500,000		
Komal Healthcare Private Limited	10/-	5,000	525,000		
Manmade Solutions (India) Private Limited	10/-	90,000	1,800,000		
Sai Ashish Marketing India Private Limited	10/-	10,000	1,000,000		
Sentinel Support (P) Limited	10/-	-	-	90,000	900,000
Proximus Knowledge and Technologies Private Limited	10/-	-	-	4,500,000	45,000,000
Osian Limited	10/-	147,120	735,600	147,120	735,600
Total 'B'		291,520	4,854,600	4,766,520	46,929,600
(C) Shares of Subsidiary Company (Unquoted)					
Quantum E-Services Private Limited	10/-	3,176,989	31,769,890	6,000,000	60,000,000
Total 'C'		3,176,989	31,769,890	6,000,000	60,000,000
Total 'A' + 'B' + 'C'			40,835,340		111,140,450

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2009

	31.3.2009 (Rupees)	31.3.2008 (Rupees)
7 CURRENT ASSETS, LOANS AND ADVANCES		
INVENTORIES		
Electronic & Telecom System and Software	60,472,396	47,156,028
Stock of Raw Materials	6,389,604	6,801,320
	<u>66,862,000</u>	<u>53,957,348</u>
Sundry Debtors		
(Unsecured, Considered good)		
Outstanding for a period exceeding six months	33,853,702	38,260,684
Others	153,384,755	228,044,185
	<u>187,238,457</u>	<u>266,304,869</u>
Cash and Bank Balances		
Cash on hand	330,869	404,298
Balance with Scheduled Banks		
In Current Accounts	528,785	441,548
	<u>859,654</u>	<u>845,846</u>
Loans and Advances		
(Unsecured, Considered good)		
Advances recoverable in cash or kind or for value to be received	49,414,129	793,501,504
Sundry Deposits	1,060,622	2,149,600
	<u>50,474,751</u>	<u>795,651,104</u>
Total	<u><u>305,434,861</u></u>	<u><u>1,116,759,167</u></u>
8 CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	169,853,247	231,106,205
	<u>169,853,247</u>	<u>231,106,205</u>
PROVISIONS		
Provision for Frige Benefit Tax	181,920	150,334
Provision for Taxation	2,498,568	1,614,138
	<u>2,680,487</u>	<u>1,764,472</u>
Total	<u><u>172,533,735</u></u>	<u><u>232,870,677</u></u>
9 MISCELLANEOUS EXPENDITURE		
Preliminary and Preoperative expenses	1,126,252	1,586,805
Less : Written off during the year	460,553	460,553
	<u>665,700</u>	<u>1,126,252</u>
Project development expenses	115,000	172,500
Less : Written off during the year	57,500	57,500
	<u>57,500</u>	<u>115,000</u>
Total	<u><u>723,200</u></u>	<u><u>1,241,252</u></u>



SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	31.3.2009 (Rupees)	31.3.2008 (Rupees)
10 SALES AND SERVICES		
Sales	335,761,850	315,030,044
Service Charges	10,811,452	2,151,047
Total	<u>346,573,302</u>	<u>317,181,091</u>
11 OTHER INCOME		
Dividend	25	1,032
Interest including TDS of Rs. 9,35,413/- (207411)	4,540,836	1,006,849
Scrap Sales	976,082	-
Rent Received	1,800,000	300,000
Other Income	899,062	6,465,200
Total	<u>8,216,005</u>	<u>7,773,081</u>
12 COST OF GOODS SOLD		
Opening Stock		
- Electronic & Telecom System	47,156,028	31,441,107
- Raw Material	6,801,320	6,746,200
	<u>53,957,348</u>	<u>38,187,307</u>
Purchases		
- Electronic & Telecom System/Software	332,934,039	294,731,284
- Raw Material	4,134,070	15,863,199
	<u>337,068,109</u>	<u>310,594,483</u>
	391,025,457	348,781,790
Less : Closing Stock		
- Electronic & Telecom System , Software	60,472,396	47,156,028
- Raw Material	6,389,604	6,801,320
	<u>66,862,000</u>	<u>53,957,348</u>
Total	<u>324,163,457</u>	<u>294,824,442</u>
13 FACTORY, ADMINISTRATION AND OTHER EXPENSES		
A FACTORY EXPENSES		
Project Execution Expenses	907,284	-
Factory Expenses	45,199	-
Water Charges	30,835	-
Inwards Clearing and Forwarding Expenses	191,407	-
Electricity Charges	729,814	897,459
Total Factory Expenses	<u>1,904,539</u>	<u>897,459</u>



SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	31.3.2009 (Rupees)	31.3.2008 (Rupees)
B ADMINISTRATION AND OTHER EXPENSES		
Salaries & Allowances	6,491,133	7,003,055
Staff Welfare Expenses	171,617	369,241
Rent, Rates and Taxes	1,077,796	1,087,500
Communication Expenses	212,917	284,795
Repairs & Maintenance - Machineris	132,345	606,713
Repairs & Maintenance - others	28,704	-
Auditors' Remuneration	66,200	67,416
Advertisement Selling and Distribution Expenses	76,551	117,500
Travelling Expenses	812,646	291,065
Business Promotion Expenses	14,805	750
Conveyance Expenses	27,687	116,714
Legal & Professional Fees	130,700	562,447
Vehicle Expenses	145,683	121,370
Miscellaneous Expenses	-	716,662
Printing & Stationery Expenses	64,399	134,890
Loss on sales of Vehicals	42,828	-
Insurance Charges	81,361	-
Office Expenses	1,318,981	1,298,902
Total Administrative and Other Expenses	10,896,353	12,779,021
Total (A+B)	12,800,892	13,676,480
14 INTEREST AND FINANCIAL CHARGES		
Bank Charges	228,525	313,135
Interest on Term Loan	584,807	1,084,621
Interest on Working Capital Loans	7,210,084	3,509,566
	8,023,417	4,907,322



15. Notes on Accounts for the year ended 31st March, 2009

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. 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.

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 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:**

	31/03/2009 (Rs.)	31/03/2008 (Rs.)
Audit Fees	55,150	56,180
Taxation Matters	11,030	11,236
	<u>66,180</u>	<u>67,416</u>

4. Managerial Remuneration:

Managerial remuneration to Managing Director for the year ended 31st March, 2009.

	31/03/2009 (Rs.)	31/03/2008 (Rs.)
Directors Remuneration	14,40,000	13,40,000



5. **Earning Per Share**

Computation of earning per share is as under:

	31/03/2009	31/03/2008
	Rs.	Rs.
Net Profit (After Taxation)	40,67,936	31,21,258
Weighted average number of shares	119,000,000	119,00,000
Basic / Diluted EPS (Rs.)	0.03	0.26
Nominal Value per Share	1	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.33,82,510/- (33,54,330/-) 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 Rs5,09,211/- (Rs. 4,16,423/-) has been recognized in Profit & Loss Account. The net deferred tax liability as at 31st March, 2009 is given below:

Deferred Tax Liability	31/03/2009	31/03/2008
	Rs.	Rs.
Depreciation	62,22,082	57,12,871
Deferred Revenue Expenditure	38,145	38,145
Net Deferred Tax (Assets)/Liability	<u>62,60,227</u>	<u>57,51,016</u>

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	N.A.
2.	Installed Capacity (Nos.) PCB	45 lacs (45 lacs) P.A.
3.	Production (Nos.) PCB	0.33 lacs (1.60 lacs)
4.	Opening Stock	Nil (Nil)
5.	Sales No. PCB	0.26 lacs (1.60 lacs) Value Rs. 5202348/- (31970342/-)
6.	Closing Stock No. PCB	0.07 lacs (Nil) Value Rs. 1395293/- (Nil)



B. Consumption of Raw Materials

Items	VALUE (Rs.)
PCB Components	4134070 (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	578 (577)	47156028 (31441107)	1762 (2356)	332934039 (294731284)	1774 (2355)	329857795 (283059702)	566 (578)	60472396 (47156028)

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

10. Expenditure in Foreign Currency:

Imports of Raw Material Rs. 635800/- (8315041/-)(CIF)

11. Consumption of Imported Raw Material :

	%	Value (Rs.)
Imported Raw Materials	15.40 (45.00)	6,35,800/- (8315041/-)
Indigenous Raw Materials	84.60 (55.00)	34,98,270/- (10333984/-)

12. Related Party Disclosures

(A) List of Related Parties

- Subsidiary Company**
Quantum e Services Private Limited
- Director Interested Companies**
Media Matrix Worldwide Limited
Proximus Knowledge & Technology Services Private Limited
- Key Managerial Person & their Relative**
Anil B. Vedmehta
Priyanka Vedmehta

(B) Related Party Transaction:

(Rs. In Lacs)

Transaction	Subsidiary Company	Director Interested Companies	Key Management Personal including their Relative
Dir. Remuneration	—	—	14.40 (13.40)
Amount Received	200.88 (696.92)	35.44 (326.33)	195.18 (60.00)
Amount Paid	151.71 (537.47)	51.06 (1675.11)	149.79 (-)
Purchases	- (-)	- (-)	- (-)
Sales	- (-)	898.30 (-)	- (-)
Closing Balance			
Loan & Advances	49.17 (-)	248.00 (1034.59)	78.65 (160.80)

Note: Figure in bracket indicates for the previous year.



13. The balances of debtors, creditors, loans & advances are subject to confirmation.
14. During the year Company has diluted certain investment in subsidiary Company Quantum eServices Private Limited as such the investment in subsidiary Company has been retain to 51% of the total capital of the subsidiary Company.
15. The previous year's figures are regrouped, rearranged or recast, wherever required, to make them comparable.

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

For and on behalf of the Board of Directors

N. S. BHATT
Proprietor
Membership No. : 10149

ANIL B. VEDMEHTA
Chairman &
Managing Director

SUHAS JADHAV
Director

Place : Mumbai
Date : 31st August, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009
INFORMATION PURSUANT TO THE LISTING AGREEMENT

	31.3.2009	31.3.2008
	(Rupees)	(Rupees)
A Cash Flow from Operating Activities :		
Profit before taxation	5,993,163	4,475,153
Adjustments for :		
Add : Depreciation and amortisation	2,588,619	3,711,777
Add : Miscellaneous Expenditure Written off	518,052	518,053
	<u>9,099,834</u>	<u>8,704,983</u>
Less : Scrap Sales	976,082	-
: Commision & Misc Income	-	6,465,200
: Dividend	25	1,032
: Interest from Bank including TDS	4,540,836	1,006,849
	<u>3,582,891</u>	<u>1,231,902</u>
Operating Profit before Working Capital changes	3,582,891	1,231,902
Working Capital Changes :		
Changes in Inventories	(12,904,652)	(15,770,041)
Changes in Trade Receivables	79,066,412	(206,571,690)
Changes in Loans & Advances	745,176,353	(773,197,431)
Changes in Current Liabilities	(61,752,958)	207,814,474
Net Changes in Working Capital	749,585,156	(787,724,689)
	<u>753,168,047</u>	<u>(786,492,787)</u>
Net Cash generated by Operating Activities (A)	753,168,047	(786,492,787)
B Cash Flow from Investing Activities :		
Changes in Fixed Assets	(1,076,864)	11,242,781
Change in Miscellaneous Expenditure	-	-
Changes in Investments	70,305,110	(45,050,410)
Scrap Sales	976,082	-
Commision & Misc Income	-	6,465,200
Dividend	25	1,032
Interest from Bank including TDS	4,540,836	1,006,849
	<u>74,745,189</u>	<u>(26,334,548)</u>
Net Cash used in Investing Activites (B)	74,745,189	(26,334,548)
C Cash Flow from Financing Activities :		
Changes in Secured Loans	(5,677,166)	(2,215,206)
Changes in Unsecured Loans	(822,222,262)	814,066,545
	<u>(827,899,428)</u>	<u>811,851,339</u>
Net Cash generated by Financing Activities (C)	(827,899,428)	811,851,339
Net Increase / (Decrease) in Cash & Cash Equivalents	13,808	(975,996)
Cash & Cash Equivalents as at 1.4.2008	845,846	1,821,842
Cash & Cash Equivalents as at 31.03.2009	859,654	845,846
	<u>13,808</u>	<u>(975,996)</u>
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	13,808	(975,996)

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

For and on behalf of the Board of Directors

N. S. BHATT
 Proprietor
 Membership No.: 10149

ANIL B. VEDMEHTA
 Chairman &
 Managing Director

SUHAS JADHAV
 Director

Place : Mumbai
 Date : 31st August, 2009



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	31.03.2009		

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 Development of funds: (Amount in Rupees Thousand)

Total Liabilities	229,834	Total Asstes	229,834
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Sources of Funds

Paid up Capital	119,000	Reserves & Surplus	69,600
Secured Loans	21,048	Unsecured Loans	13,925
		Deferred Tax Liabilities	6,260

Application of Funds

Net Fixed Assets	55,374	Investments	40,835
Net Current Assets	132,901	Misc. Expenditure	723

IV. Performance of Company

Turnover	354,088	Total Expenditure	348,094
Profit/Loss (Before Tax)	5,993	Profit/Loss (After Tax)	4,068
Earning per Share In Rs.	0.03	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 of Directors

ANIL B. VEDMEHTA
Chairman &
Managing Director

SUHAS JADHAV
Director

Place : Mumbai
Date : 31st August, 2009



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 31st March, 2009 and the consolidated profit & loss account and consolidated cash flow statement for the year ended on that date. These financial statements 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. 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.
4. 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 above read with other notes in schedule no 15 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 31st March, 2009.
 - b. In the case of consolidated profit & loss account of the profit 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 : 31st August, 2009



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	31.3.2009 (Rupees)	31.3.2008 (Rupees)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	119,000,000	119,000,000
Reserves and Surplus	2	78,771,110	71,416,032
Minority Interest		21,610,054	2,222,740
		<u>219,381,164</u>	<u>192,638,772</u>
LOAN FUNDS			
Secured Loan	3	21,048,391	26,833,631
Unsecured Loan	4	15,489,525	858,442,036
Deffered Tax Liability /(Assets)		(259,685)	(3,856,796)
		<u>255,659,394</u>	<u>1,074,057,644</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	180,902,752	188,521,214
Less : Depreciation / Amortisation		<u>76,033,065</u>	<u>62,910,548</u>
		104,869,687	125,610,665
Add: Capital Work in Progress		<u>1,886,327</u>	<u>1,363,000</u>
Net Block		106,756,014	126,973,665
Investments	6	35,024,850	74,999,850
Current Assets, Loans and Advances			
Inventories		66,862,000	53,957,348
Sundry Debtors		187,709,551	266,530,994
Cash and Bank Balance		4,245,008	3,824,910
Loans and Advances		<u>75,767,174</u>	<u>806,810,172</u>
		334,583,732	1,131,123,424
Less :			
Current Liabilities and Provisions			
Current Liabilities	8	217,505,564	258,211,520
Provisions		<u>4,143,926</u>	<u>2,413,805</u>
		221,649,490	260,625,325
Net Current Assets		112,934,242	870,498,100
Miscellaneous Expenditure	9	944,288	1,586,029
(to the extent not written off or adjusted)			
		<u>255,659,394</u>	<u>1,074,057,644</u>
Notes on Accounts	15		

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

N. S. BHATT
Proprietor
Membership No.: 10149

Place : Mumbai
Date : 31st August, 2009

For and on behalf of the Board of Directors

ANIL B. VEDMEHTA
Chairman &
Managing Director

SUHAS JADHAV
Director



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	Schedule	31.3.2009 (Rupees)	31.3.2008 (Rupees)
INCOME			
Sales and services	10	385,350,662	37,575,419
Less : Excise Duty		<u>701,707</u>	<u>2,840,946</u>
		384,648,955	372,910,473
Other Income	11	<u>8,528,315</u>	<u>7,965,343</u>
		393,177,270	380,875,816
EXPENDITURE			
Cost of goods sold	12	324,163,457	294,824,442
Administration and other expenses	13	32,683,816	28,382,179
Depreciation		13,807,699	33,625,599
Interest and Financial Charges	14	8,038,553	4,998,366
Miscellaneous Expenditure written off and Prior period		<u>641,740</u>	<u>641,741</u>
		379,335,265	362,472,327
Profit Before Taxation		13,842,004	18,403,489
Less: Transfer to Minority Interest		659,694	715,642
		13,182,310	17,687,847
Provision for Taxation		2,192,860	1,438,838
Fringe Benefit Tax		37,261	97,063
Deferred Tax		3,597,110	(5,700,469)
Profit After Taxation		7,355,079	21,852,415
		7,355,079	21,852,415
Balance Brought Forward		<u>68,437,600</u>	<u>46,585,186</u>
Balance carried to Balance Sheet		75,792,679	68,437,600
Basic and diluted earning per Share		0.06	1.84
Notes on Accounts	15		

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

N. S. BHATT
Proprietor
Membership No.: 10149

Place : Mumbai
Date : 31st August, 2009

For and on behalf of the Board of Directors

ANIL B. VEDMEHTA
Chairman &
Managing Director

SUHAS JADHAV
Director



CONSOLIDATED SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2009

	31.3.2009 (Rupees)	31.3.2008 (Rupees)
1 SHARE CAPITAL		
Authorised		
30,00,00,000 Equity Shares of Re. 1/- each (Previous Year it is 300,00,000 Equity Share of Rs.10/- each)	<u>300,000,000</u>	<u>300,000,000</u>
Issued, Subscribed and Paid-up		
11,90,00,000 Equity Shares of Re. 1/- each (includes 2,75,00,000 Equity Shares of Re. 1/- each issued for consideration other than cash)	<u>119,000,000</u>	<u>119,000,000</u>
Total	<u>119,000,000</u>	<u>119,000,000</u>
2 RESERVES AND SURPLUS		
General Reserve :		
Balance as per last Balance sheet	2,978,431	2,978,431
Surplus as per profit and loss account	75,792,679	68,437,601
Total	<u>78,771,110</u>	<u>71,416,032</u>
3 LOAN FUNDS		
SECURED LOAN		
Term Loan from Bank	1,772,357	4,601,270
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)	19,248,436	21,252,056
ICICI Bank - Car Loan A/c (against hypothecation of Motor Cars)	27,598	980,305
Total	<u>21,048,391</u>	<u>26,833,631</u>
4 UNSECURED LOAN		
From Directors & Share Holders	14,789,525	5,421,871
From Other Corporate Bodies	700,000	853,020,165
Total	<u>15,489,525</u>	<u>858,442,036</u>



CONSOLIDATED SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2009

5 FIXED ASSETS

(Rupees)

Assets	Gross Block				Depreciation				Net Block	
	As at 1.4.2008	Additions during the Year	Deduction During the Year	As at 31.3.2009	As at 1.4.2008	For the year	Deductions	As at 31.3.2009	As at 31.3.2009	As at 31.3.2008
Land	5,056,230	-	-	5,056,230	-	-	-	-	5,056,230	5,056,230
Factory Building	32,321,456	-	-	32,321,456	5,068,775	1,079,537	-	6,148,312	26,173,144	27,252,681
Plant & Machineries	50,067,849	139,796	-	50,207,645	13,629,574	3,847,948	-	17,477,522	32,730,124	36,438,275
Networking Systems	1,370,725	-	-	1,370,725	1,370,725	-	-	1,370,725	-	-
Computer Equipment	28,266,440	-	-	28,266,440	21,057,614	2,887,916	-	23,945,530	4,320,910	7,208,826
Furniture and Fittings	35,470,592	1,797,383	-	37,267,975	14,046,909	3,905,407	-	17,952,316	19,315,659	21,423,683
Electrical Installation	7,473,730	1,324,401	-	8,798,131	2,036,125	560,954	-	2,597,079	6,201,052	5,437,605
Air Conditioners	13,650,368	50,000	-	13,700,368	4,083,828	1,172,719	-	5,256,547	8,443,821	9,566,540
Office Equipment	2,024,549	32,275	-	2,056,824	564,205	204,455	-	768,660	1,288,164	1,460,344
Motor Car	3,299,574	766,000	2,208,616	1,856,958	1,052,793	148,763	685,183	516,374	1,340,584	2,246,780
Goodwill	9,519,701	-	9,519,701	-	-	-	-	-	-	9,519,701
Total	188,521,214	4,109,855	11,728,317	180,902,752	62,910,549	13,807,699	685,183	76,033,065	104,869,687	125,610,666
Previous Year	202,508,985	1,390,586	15,378,356	188,521,214	32,029,939	18,119,376	12,761,234	62,910,549	125,610,666	

6. INVESTMENTS (AT COST)

Particular	Face Value	Current Year 2008-09		Previous Year 2007-08	
		Nos. of Shares	Amount Rupees	Nos. of Shares	Amount Rupees
LONG TERM INVESTMENTS :					
(A) In Shares (Quoted)					
Media Matrix Worldwide Limited	1/-	148,448	4,203,450	148,448	4,203,450
Fiem Industries Limited	10/-	215,500	23,602,400	215,500	23,602,400
(Market Value As on 31.03.2009 Rs. 10437940 (14050600))					
Total 'A'		363,948	27,805,850	363,948	27,805,850
(B) In Shares (Unquoted)					
Acqua Coll Safe Water (India) Limited	10/-	29,400	294,000	29,400	294,000
I Can Connect	10/-	10,000	500,000	-	-
Komal Healthcare Private Limited	10/-	5,000	525,000	-	-
Manmade Solutions (India) Private Limited	10/-	90,000	1,800,000	-	-
Sai Ashish Marketing India Private Limited	10/-	10,000	1,000,000	-	-
Sentinel Support (P) Limited	10/-	-	-	90,000	900,000
Proximus Knowledge and Technologies Private Limited	10/-	200,000	2,100,000	4,500,000	45,000,000
Osian Limited	10/-	347,120	1,000,000	347,120	1,000,000
Total 'B'		681,520	7,219,000	4,966,520	47,194,000
Total 'A' + 'B'			35,024,850		74,999,850



SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2009

	31.3.2009 (Rupees)	31.3.2008 (Rupees)
7 CURRENT ASSETS, LOANS AND ADVANCES		
INVENTORIES		
Electronic & Telecom System and Software	60,472,396	47,156,028
Stock of Raw Materials	6,389,604	6,801,320
	<u>66,862,000</u>	<u>53,957,348</u>
Sundry Debtors		
(Unsecured, Considered good)		
Outstanding for a period exceeding six months	33,853,702	38,486,809
Others	153,855,849	228,044,185
	<u>187,709,551</u>	<u>266,530,994</u>
Cash and Bank Balances		
Cash on hand	396,731	610,785
Balance with Scheduled Banks		
In Current Accounts	3,848,276	3,214,125
	<u>4,245,008</u>	<u>3,824,910</u>
Loans and Advances		
(Unsecured, Considered good)		
Advances recoverable in cash or kind or for value to be received	70,977,063	798,172,872
Interest accrued on FDR		
Other Current Assets	4,790,111	8,637,300
	<u>75,767,174</u>	<u>806,810,172</u>
Total	<u>334,583,732</u>	<u>1,131,123,424</u>
8 CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	217,505,564	258,211,520
	<u>217,505,564</u>	<u>258,211,520</u>
PROVISIONS		
Provision for Frige Benefit Tax	259,593	222,332
Provision for Taxation	3,884,333	2,191,473
	<u>4,143,926</u>	<u>2,413,805</u>
Total	<u>221,649,490</u>	<u>260,625,325</u>
9 MISCELLANEOUS EXPENDITURE		
Preliminary and Preoperative expenses	1,471,029	2,055,270
Less : Written off during the year	584,241	584,241
	<u>886,788</u>	<u>1,471,029</u>
Project development expenses	115,000	172,500
Less : Written off during the year	57,500	57,500
	<u>57,500</u>	<u>115,000</u>
Total	<u>944,288</u>	<u>1,586,029</u>

CONSOLIDATED SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	31.3.2009 (Rupees)	31.3.2008 (Rupees)
10 SALES AND SERVICES		
Sales	335,761,850	315,030,044
Service Charges	49,588,812	60,721,375
Total	<u>385,350,662</u>	<u>375,751,419</u>
11 OTHER INCOME		
Dividend	25	1,032
Interst including TDS of Rs. (264,757)	4,819,215	1,199,111
Scrape Sales	976,082	-
Rent Received	1,800,000	300,000
Other Income	932,993	6,465,200
Total	<u>8,528,315</u>	<u>7,965,343</u>
12 COST OF GOODS SOLD		
Opening Stock		
- Electronic & Telecom System	47,156,028	31,441,107
- Raw Material	6,801,320	6,746,200
	<u>53,957,348</u>	<u>38,187,307</u>
Purchases		
- Electronic & Telecom System/Software	332,934,039	294,731,284
- Raw Material	4,134,070	15,863,199
	<u>337,068,109</u>	<u>310,594,483</u>
Purchases	391,025,457	348,781,790
Less : Closing Stock		
- Electronic & Telecom System , Software	60,472,396	47,156,028
- Raw Material	6,389,604	6,801,320
	<u>66,862,000</u>	<u>53,957,348</u>
Total	<u>324,163,457</u>	<u>294,824,442</u>
13 FACTORY, ADMINISTRATION AND OTHER EXPENSES		
A FACTORY EXPENSES		
Project Execution Expenses	907,284	-
Factory Expenses	45,199	-
Water Charges	30,835	-
Inwards Clearing and Forwarding Expenses	191,407	-
Electricity Charges	1,617,888	897,459
Total Factory Expenses	<u>2,792,613</u>	<u>897,459</u>



CONSOLIDATED SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	31.3.2009 (Rupees)	31.3.2008 (Rupees)
13 FACTORY, ADMINISTRATION AND OTHER EXPENSES		
B ADMINISTRATION AND OTHER EXPENSES		
Salaries & Allowances	7,481,517	7,283,455
Staff Welfare Expenses	171,617	369,241
Rent	17,175,946	14,063,701
Communication Expenses	335,058	334,795
Repairs & Maintenance - Machineris	1,013,790	774,799
Repairs & Maintenance - others	28,704	-
Auditors' Remuneration	93,775	95,506
Advertisement Selling and Distribution Expenses	76,551	117,500
Travelling Expenses	876,469	291,065
Business Promotion Expenses	14,805	750
Conveyance Expenses	27,687	116,714
Legal & Professional Fees	427,228	562,447
Vehicle Expenses	145,683	121,370
Miscellaneous Expenses	-	716,662
Printing & Stationery Expenses	66,886	140,930
Loss on sales of Vehicals	42,828	-
Insurance Charges	81,361	-
Office Expenses	1,831,298	2,495,785
Total Administrative and Other Expenses	29,891,203	27,484,721
Total A+B	32,683,816	28,382,180
14 INTEREST AND FINANCIAL CHARGES		
Bank Charges	240,120	382,066
Interest on Term Loan	588,348	1,106,734
Interest on Working Capital Loans	7,210,084	3,509,566
Total	8,038,553	4,998,366



15 Notes on Consolidated Accounts for the year ended 31st March, 2009

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	51.00%

- 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 is 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 includes the following:

	31/03/2009 (Rs.)	31/03/2008 (Rs.)
Audit Fees	77,210	78,652
Taxation Matters	16,545	16,854
	93,755	95,506



4. 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. 10,432,940/- (14,841,920/-) of the aforesaid investment is of temporary nature requiring no provision.

5. Earning Per Share

Computation of earning per share is as under:

	31/03/2009 (Rs.)	31/03/2008 (Rs.)
Net Profit (After Taxation)	7,355,079	2,18,52,414
Weighted average number of shares	11,90,00,000	1,19,00,000
Basic / Diluted EPS (Rs.)	0.06	1.84
Nominal Value per share	1	10

6. 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 35.97 (57.00) Lac has been recognized in Profit & Loss Account. The net deferred tax liability as at 31st March, 2009 is given below:

	31/03/2009 (Rs. Lacs)	31/03/2008 (Rs. Lacs)
Deferred Tax Assets/(Liability)	61.54	
Depreciation	-	38.95
Deferred Revenue Expenditure	58.94	(0.38)
Net Deferred Tax Assets (Liability)	2.60	38.57

7. Contingent Liability on account of capital commitments (net of advances paid) not provided for is Rs. 96.37 Lac. 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.

8. Related Party Disclosures:

(A) List of Related Parties

1. Director Interested Companies

Media Matrix Worldwide Limited

Proximus Knowledge & Technology Services Private Limited

2. Key Managerial Person & their Relative

Anil B. Vedmehta

Priyanka Vedmehta



(B) Related Party Transaction:

(Rs. in Lacs)

Transaction	Director Interested Companies	Key Management Personal Including their Relative
Director Remunerations	- (-)	14.40 (13.40)
Amount Received	119.80 (326.33)	328.75 (577.75)
Amount Paid	133.22 (1675.11)	246.50 (548.05)
Purchases	- (-)	- (-)
Sales	898.30 (-)	- (-)
Closing Balance Loan & Advances	248.00(1036.45)	136.46 (181.75)

Note: Figure in bracket indicates for the previous year.

- The balances of debtors, creditors, loans & advances are subject to confirmation.
- During the year Company has diluted certain investment in subsidiary Company Quantum eServices Private Limited as such the investment in subsidiary Company has been retain to 51% of the total capital of the subsidiary Company.

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

For and on behalf of the Board of Directors

N. S. BHATT
Proprietor
Membership No. : 10149

ANIL B. VEDMEHTA
Chairman &
Managing Director

SUHAS JADHAV
Director

Place : Mumbai
Date : 31st August, 2009



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009
INFORMATION PURSUANT TO THE LISTING AGREEMENT

	31.3.2009	31.3.2008
	(Rupees)	(Rupees)
A Cash Flow from Operating Activities :		
Profit before taxation	13,842,005	18,403,489
Adjustments for :		
Add : Depreciation and amortisation	13,807,699	33,625,599
Add : Miscellaneous Expenditure Written off	641,740	641,741
	<u>28,291,445</u>	<u>52,670,829</u>
Less : Profit on Sale of Investment	-	-
: Commision & Misc Income	976,082	6,765,200
: Preliminerry expenses increased	-	-
: Dividend	25	1,032
: Interest from Bank including TDS	4,853,146	1,199,111
	<u>22,462,192</u>	<u>44,705,486</u>
Operating Profit before Working Capital changes		
Working Capital Changes :		
Changes in Inventories	(12,904,652)	(15,770,041)
Changes in Trade Receivables	78,821,443	(206,571,691)
Changes in Loans & Advances	726,126,541	(790,885,258)
Changes in Current Liabilities	(40,374,635)	209,366,518
Net Changes in Working Capital	<u>751,668,697</u>	<u>(803,860,472)</u>
Net Cash generated by Operating Activities (A)	<u>774,130,889</u>	<u>(759,154,986)</u>
B Cash Flow from Investing Activities :		
Changes in Fixed Assets	(3,109,749)	9,879,782
Changes in Investments	68,205,110	(68,909,810)
Commision & Misc Income	976,082	6,765,200
Dividend	25	1,032
Interest from Bank including TDS	4,853,146	1,199,111
	<u>70,924,614</u>	<u>(51,064,685)</u>
Net Cash used in Investing Activites (B)		
C Cash Flow from Financing Activities :		
Changes in Secured Loans	(5,785,242)	(2,400,378)
Changes in Unsecured Loans	(838,036,055)	811,736,545
Tax Paid	(814,106)	
	<u>(844,635,402)</u>	<u>809,336,167</u>
Net Cash generated by Financing Activities (C)		
Net Increase / (Decrease) in Cash & Cash Equivalents	420,101	(883,504)
Cash & Cash Equivalents as at 1.4.2008	3,824,910	4,708,414
Cash & Cash Equivalents as at 31.03.2009	<u>4,245,011</u>	<u>3,824,910</u>
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	<u>420,101</u>	<u>(883,504)</u>

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

N. S. BHATT
Proprietor
Membership No.: 10149

Place : Mumbai
Date : 31st August, 2009

For and on behalf of the Board of Directors

ANIL B. VEDMEHTA
Chairman &
Managing Director

SUHAS JADHAV
Director



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	M/s. Quantum eServices Pvt. Ltd.
2 Date from which the company became subsidiary	30th March, 2006
3 Financial year of the subsidiary ended on	31.03.2009
4 Holding Company's interest in terms of number of shares and percentage	31,76,989 Equity Shares 51%
5 Net Aggregate amount of Subsidiary's Profit/(Losses) not dealt with in the Holding Company's Accounts :	Rs. 6,59,694/-
(i) Profit/(Loss) for the Subsidiary's financial period ended 01.04.2008 to 31.03.2009	Nil
(ii) Profits/(Losses) for its Previous financial years	Nil
Net Aggregate of Subsidiary's Profit/(Losses) Dealt within the Holding Company's Accounts.	Nil
(i) Profit/(Loss) for the subsidiary's financial year ended 31.03.09	
(ii) Profits/(Losses) for its Previous financial years	

For and on behalf of the Board of Directors

ANIL B. VEDMEHTA
Chairman &
Managing Director

SUHAS JADHAV
Director

Place : Mumbai
Date : 31st August, 2009

QUANTUM eSERVICES PRIVATE LIMITED

Board of Directors : Anil B. Vedmehta – Director Priyanka Vedmehta – Director	Bankers : Oriental Bank of Commerce Corporation Bank	Auditors : M/s. N S Bhatt & Co. Chartered Accountants
Registered Office : 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 4th Annual Report of the company for the financial year ended 31st March, 2009.

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

During the year total income was Rs. 390.90 Lacs as compared to previous year figure of Rs. 587.63 Lacs. The Net Profit after tax stood at Rs. 39.46 Lacs as compared to previous year figure of 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 31.03.2009	Year Ended 31.03.2008
Total Income	390.90	587.63
Gross Profit / (Loss) before Financial Costs & Depreciation	190.83	439.33
Less: Financial Costs	0.15	0.91
Profit / (Loss) before Depreciation & Tax	190.68	438.42
Less: Depreciation	112.20	299.14
Net Profit / (Loss) before Tax	78.49	139.28
Less: Provision for Tax	8.08	5.77
Fringe Benefit Tax	0.06	0.21
Current Tax	-	-
Deferred Tax	30.88	61.17
Profit / (Loss) after Taxation	39.46	194.47
Profit / (Loss) brought forward from previous Year	(45.64)	(240.11)
Profit / (Loss) carried forward to Balance Sheet	(6.17)	(45.64)



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, 2009 and of the loss of the Company for the period ended 31st March, 2009.
- 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 2008-09	Previous Year 2007-08
Total Amount	888,074	Nil
Units Consumed	Nil	Nil
Rate per unit of Power	Nil	Nil
Rate per unit of Production	Nil	Nil

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 of Directors

ANIL B. VEDMEHTA
Director

PRIYANKA VEDMEHTA
Director

Place : Mumbai

Date : 31st August, 2009



AUDITORS' REPORT

To,
The Members of **Quantum eServices Private Limited**,
Mumbai.

We have audited the attached Balance Sheet of **Quantum eServices Private Limited**, as at **31st March 2009** 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 31st March, 2009 and taken on records by the Board, we report that none of the directors is disqualified as on 31st March, 2009 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, and subject to note no. 5 of schedule 'P' regarding decline in the market value of the quoted investment of Rs. 139.85 lacs (Rs. 96.10 lacs). We have relied on the representation of the management regarding the reason for use provision of demitiation in the value of the investment is temporary in nature. We are unable to express our opinion in the matter, 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 31st March, 2009, and
 - ii) In the case of the Profit and Loss Account, of the **Profit** 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 : 31st August, 2009



ANNEXURE TO AUDITORS REPORT

Annexure referred to in Paragraph 2 of the Auditors Report for the year ended 31st March 2009. 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.
- c) The company has not disposed off any substantial part of fixed assets during the year.
- (ii) a) As per the information and explanations given the Company is not requiring any inventory as such the Clause for "II" "A", "B" and "C" are not to be applicable to the Company.
- (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 except to company total amounting to Rs. 4,916,459/- (Rs. 219465/-) carrying no interest, the maximum outstanding at any time during the year is Rs. 49.16 lacs (Rs. 144.17 lacs). In our opinion the terms and condition of such loans and advances, prima-facie, not prejudicial to the interest of the Company. As regards the payment no terms of the repayment has been stipulated.
- b) The company has not taken unsecured loan from the firms, companies or parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (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 not regularly deposited with the appropriate authorities there are undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2009 i.e. FBT liability of Rs. 50,904/- (Rs. 50,904/-) and professional tax liability of Rs. 64,380/- (Rs. 63,580/-) for a period more than six months from the date they became payable.
- b) There are no amounts due in respect of any disputed income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess.
- (x) This being the third 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 investment during the year Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (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 and vies a versa.
- (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 : 31st August, 2009



QUANTUM eSERVICES PRIVATE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2009

		(Amount in Rupees)	
	Schedule	As at 31.3.2009	As At 31.3.2008
SOURCES OF FUNDS			
SHAREHOLDER'S FUNDS			
Share Capital	A	62,293,910	62,293,910
LOAN FUNDS			
Secured Loans	B	—	108,074
Unsecured Loans	C	6,481,210	22,295,000
	TOTAL	68,775,120	84,696,984
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block [^]	D	104,454,328	102,421,443
Less: Depreciation		54,435,395	43,216,315
Net Block		50,018,933	59,205,128
Capital Work in Process		1,363,000	1,363,000
		51,381,933	60,568,128
INVESTMENT	E	25,959,400	23,859,400
DEFERRED TAX ASSETS		5,646,060	8,733,959
CURRENT ASSETS, LOANS & ADVANCES			
Debtors	F	471,094	226,125
Cash & Bank Balances	G	3,385,356	2,979,058
Loans & Advances	H	30,208,882	11,159,070
		34,065,332	14,364,253
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	I	47,652,317	27,088,100
Provisions		1,463,439	649,333
		49,115,755	27,737,433
NET CURRENT ASSETS		(15,050,423)	(13,373,180)
MISCELLANEOUS EXPENDITURES (To the extent not written off or adjusted)	J	838,151	4,908,677
	TOTAL	68,775,120	84,696,984
Significant Accounting Polices & Notes forming part of the Accounts	P		

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

N. S. BHATT
Proprietor
Membership No. : 10149

Place : Mumbai
Date : 31st August, 2009

For and on behalf of the Board of Directors

ANIL B. VEDMEHTA
Director

PRIYANKA VEDMEHTA
Director



QUANTUM eSERVICES PRIVATE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

		(Amount in Rupees)	
	Schedule	As at 31.3.2009	As At 31.3.2008
INCOME			
Income From Operation	K	38,777,360	58,570,328
OTHER INCOME	L	312,310	192,262
		<u>39,089,670</u>	<u>58,762,590</u>
EXPENDITURE			
Payment to & Provision for Employees	M	990,384	280,400
Administrative Expenses	N	19,016,228	14,548,989
Interest & Finance Charges	O	15,136	91,044
Depreciation		11219080	14,407,599
Prior Period Depericiation Adjusted due to change in Method		—	15,506,224
		<u>31240827</u>	<u>44,834,256</u>
PROFIT/(LOSS) BEFORE TAXATION		7848843	13,928,334
Less: Provision for taxation		808431	577,335
Deffered Tax Liability/ (Assets)		3,087,899	(6,116,893)
Fringe Benefit Tax		5,675	21,094
PROFIT/(LOSS) AFTER TAXATION		<u>3946838</u>	<u>19,446,798</u>
Opening Balance of P&L Account B/F		(4,563,900)	(24,010,698)
Balance carried to Balance Sheet		(617062)	(4,563,900)
Basic and Diluted Earning Per Share (Rs.)		0.63	3.12
Face Value Rs. 10/-			

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 of Directors

N. S. BHATT
Proprietor
Membership No. : 10149

ANIL B. VEDMEHTA
Director

PRIYANKA VEDMEHTA
Director

Place : Mumbai
Date : 31st August, 2009



QUANTUM eSERVICES PRIVATE LIMITED

SCHEDULE FORMING PART OF BALANCE SHEET FOR THE PERIOD ENDED 31ST MARCH 2009

	As At 31.3.2009 (Rs.)	As At 31.3.2008 (Rs.)
SCHEDULE 'A'		
SHARE CAPITAL		
Authorised		
70,00,000 Equity shares of Rs. 10/- each	<u>70,000,000</u>	<u>70,000,000</u>
Issued, Subscribed & Paid-up		
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>
SCHEDULE 'B'		
SECURED LOANS		
From ICICI Bank		
Vehicle Loans (Secured against mortgage of respective Vehicles)	—	108,074
	<u>—</u>	<u>108,074</u>
SCHEDULE 'C'		
UNSECURED LOANS		
Intercompany Deposit	700,000	20,200,000
Loans from Directors/Shareholders	5,781,210	2,095,000
	<u>6,481,210</u>	<u>22,295,000</u>



QUANTUM eSERVICES PRIVATE LIMITED

SCHEDULE FORMING PART OF BALANCE SHEET FOR THE PERIOD ENDED 31ST MARCH 2009

SCHEDULE 'D' : FIXED ASSETS (AT COST)

(In Rupees)

Description	Gross Block				Depreciation				Net Block	
	As at 1.4.2008	Additions during the Year	Deductions During the Year	As at 31.3.2009	Upto 31.3.2008	For the Period	Adjustment During the Year	Upto 31.3.2009	As at 31.3.2009	As at 31.3.2008
Plant & Machinery	30,768,826	-	-	30,768,826	9,715,909	2928461	-	12644370	18124456	21,052,917
Computer	21,900,100	-	-	21,900,100	14,698,584	2880606	-	17579190	4320910	7,201,516
Furniture & Fixtures	32,506,858	1,765,510	-	34,272,368	13,223,549	3716022	-	16939571	17332797	19,283,309
Office Equipments	1,988,909	30,375	-	2,019,284	556,689	202710	-	759399	1259885	1,432,220
Motor Car	621,789	-	-	621,789	312,018	80200	-	392218	229571	309,771
Air Conditioner	11,106,404	50,000	-	11,156,404	3,592,990	1051880	-	4644870	6511534	7,513,414
Electrical Installation	3,528,557	187,000	-	3,715,557	1,116,576	359201	-	1475777	2239780	2,411,981
TOTAL	102,421,443	2,032,885	-	104,454,328	43,216,315	11219080	-	54435395	50018933	59,205,128
Previous Year	102,421,443	-	-	102,421,443	13,302,492	14,407,599	15,506,224	43,216,315	59,205,128	

As At
31.3.2009
(Rs.)

As At
31.3.2008
(Rs.)

SCHEDULE 'E'

INVESTMENTS (Long Term)

Quoted

	Face Value	No. Shares	As At 31.3.2009 (Rs.)	As At 31.3.2008 (Rs.)
Fiem Industries Ltd	10/-	214,500	23,595,000	23,595,000
Aggregate Market Value				
Rs. 96,09,600/- (1,39,85,400/-)				

Un-Quoted

Osian Industries Ltd	10/-	200000	264,400	264,400
Proximus Knowledge & Tech. Services Pvt. Ltd.	10/-	2000000	2,100,000	-
			<u>25,959,400</u>	<u>23,859,400</u>

SCHEDULE 'F'

SUNDRY DEBTORS

(Unsecured Considered Good)

More Than Six Months	-	226,125
Others	471,094	-
	<u>471,094</u>	<u>226,125</u>



QUANTUM eSERVICES PRIVATE LIMITED

SCHEDULE FORMING PART OF BALANCE SHEET FOR THE PERIOD ENDED 31ST MARCH 2009

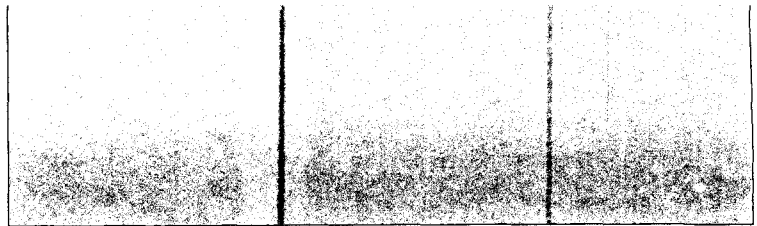
	As At 31.3.2009 (Rs.)	As At 31.3.2008 (Rs.)
SCHEDULE 'G'		
CASH & BANK BALANCES		
Cash-in-hand	65,862	206,479
Balance with Schedule Banks in		
Current Accounts	514,815	(32,100)
Fixed Deposit Account (Lien with Customs Authorities)	2,800,000	2,800,000
EEFC Accounts.	4,679	4,679
	<u>3,385,356</u>	<u>2,979,058</u>
SCHEDULE 'H'		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or value to be received	14579,786	2,767,457
Advance Tax & TDS	11,899,607	1,903,913
Deposits	3,729,489	6,487,700
	<u>30,208,882</u>	<u>11,159,070</u>
SCHEDULE 'I'		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	19,406,526	19,938,100
Other Current Liabilities	28,245,791	7,150,000
	<u>47,652,317</u>	<u>27,088,100</u>
Provisions		
Provision for Income Tax	1,385,766	577,335
Provision for FBT	77,673	71,998
	<u>1,463,439</u>	<u>649,333</u>
	<u>49,115,755</u>	<u>27,737,433</u>
SCHEDULE 'J'		
MISCELLANEOUS EXPENDITURE		
(a) PRELIMINARY EXPENDITURE		
Opening Balance	344,777	468,465
Less: Written off during the Year	123,688	123,688
	<u>221,089</u>	<u>344,777</u>
Profit & Loss Account	<u>(617,062)</u>	<u>(4,563,899)</u>
Total Miscellaneous Expenditure	<u>838,151</u>	<u>4,908,676</u>



QUANTUM eSERVICES PRIVATE LIMITED

SCHEDULE FORMING PART OF BALANCE SHEET FOR THE PERIOD ENDED 31ST MARCH 2009

	As At 31.3.2009 (Rs.)	As At 31.3.2008 (Rs.)
SCHEDULE 'K'		
INCOME FROM OPERATIONS		
Income From Services Rendered	38,777,360	58,570,328
	<u>38,777,360</u>	<u>58,570,328</u>
SCHEDULE 'L'		
OTHER INCOME		
Interest Income (Including TDS of Rs.57346/- (Rs.39606))	278,379	192,262
Other Income	33,931	-
	<u>312,310</u>	<u>192,262</u>
SCHEDULE 'M'		
PAYMENT TO & PROVISION FOR EMPLOYEES		
Salaries, Wages & Bonus	990,384	280,400
	<u>990,384</u>	<u>280,400</u>
SCHEDULE 'N'		
ADMINISTRATIVE EXPENSES		
Rent, Rates and Taxes	16,098,150	12,976,201
Electricity Charges	888,074	-
Insurance	-	13,568
Communication Costs	122,141	50,000
Printing & Stationery	2,487	6,040
Travelling and Conveyance	63,823	-
Legal & Professional Charges	296,528	-
Repair & Maintenance - Others	881,445	168,086
Auditors Remuneration	27,575	28,090
General Expenses	512,317	101,962
Service Tax	-	1,081,353
Preliminary Expenses written off	123,688	123,688
	<u>19,016,228</u>	<u>14,548,988</u>
SCHEDULE 'O'		
INTEREST & FINANCE CHARGES		
Interest on car loans	3,541	22,113
Bank Charges	11,595	68,931
	<u>15,136</u>	<u>91,044</u>



QUANTUM eSERVICES PRIVATE LIMITED

SCHEDULE "P" SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS - 31.03.2009

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 'Written Down Value Method (WDV)' 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 revalued 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

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

f) 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.

g) MISCELLANEOUS EXPENDITURE

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

h) PROVISION, 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.



QUANTUM eSERVICES PRIVATE LIMITED

i) **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.

2 **NOTES TO ACCOUNTS**

1. Contingent Liability on account of capital commitments of Rs. 96.37 Lacs not provided for in respect 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 as the goods supplied was not as per technical team
2. The balances of Sundry Debtors, Sundry Creditors & Loans & Advances balances are subject to confirmations.
3. 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:**

Amount in (Rs.)

Particulars	31-03-2009	31-03-2008
Audit Fees	22,060	22,472
Tax Audit Fees	5,515	5,618
Total	27,575	28,090

5. The Market/Book value of certain long term investment is lower than its cost considering the statergic 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. 96.09 lacs (Rs. 139.85 lacs) of the aforesaid investment is of temporary nature requiring no provision.

6. Expenditure in Foreign Currency is (Rs.)

	Current Year	Previous Year
Telecommunication (PSEN) Expenses	Nil	Nil

7. Deferred Tax adjustments for the year ended 31st March, 2009 amounting to Rs. 30.88 Lacs (Rs. 23.49/- Lacs) has been recognized in the Profit & Loss Account. The accumulated balance in Net Deferred Tax Assets as on 31st March, 2009 comprises on account of timing difference on depreciation of Rs. 0.68 Lacs and deferred tax assets on business loss and unabsorbed depreciation of Rs. 55.78 Lacs and net amounting to Rs. 56.46 Lacs (Rs. 87.34 Lacs).

8. **Earning Per Share:**

Particulars	2008-2009	2007-2008
Amounts used as numerator in calculating Basic (EPS) (Rs.)	3,946,838	19,446,799
No. of Equity Shares used as denominator (Nos.) (Weighted Average No. of Shares)	62,29,391	6,229,391
Nominal Value per Equity Share (Rs.)	10	10
Earnings / (Loss) per share (Rs.)	0.63	3.12

QUANTUM eSERVICES PRIVATE LIMITED

9. RELATED PARTY DISCLOSURE:

(A) List of Related Parties

1. **Holding Company**
Mobile Telecommunications Limited
2. **Director Interested Companies**
Media Matrix Worldwide Limited
Proximus Knowledge & Technology Services Private Limited
3. **Key Managerial Person & their Relative**
Anil B. Vedmehta
Priyanka Vedmehta

(B) Related Party Transaction :

(Rs. In Lacs)

Transaction	Holding Company	Director Interested Companies	Key Management Personal Including their Relative
Amount Received	151.71 (537.47)	84.36 (-)	133.57 (517.75)
Amount Paid	200.88 (696.92)	82.16 (-)	96.71 (548.05)
<u>Closing Balance</u>			
Loan & Advances	49.16 (-)	- (1.86)	57.81 (20.95)

Note: Figure in bracket indicates for the previous year.

10. The Previous year figures are regrouped, rearranged or recast, wherever required to make them comparable.

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

For and on behalf of the Board of Directors

N. S. BHATT
Proprietor
Membership No. : 10149

ANIL B. VEDMEHTA
Director

PRIYANKA VEDMEHTA
Director

Place : Mumbai
Date : 31st August, 2009



QUANTUM eSERVICES PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

Information pursuant to the Listing agreement

	31.3.2009 (Rupees)	31.3.2008 (Rupees)
A Cash Flow from Operating Activities :		
Profit before taxation	7,848,843	13,928,334
Adjustments for :		
Add : Depreciation and amortisation	11,219,080	29,913,822
Add : Miscellaneous Expenditure Written off	123,688	123,688
	<u>19,191,611</u>	<u>43,965,845</u>
Less: Profit on Sale of Investment	-	-
: Commision & Misc Income	-	-
: Preliminerry expenses increased	-	-
: Interest from Bank including TDS	312,310	192,262
	<u>18,879,301</u>	<u>43,773,583</u>
Operating Profit before Working Capital changes		
Working Capital Changes :		
Changes in Inventories	-	-
Changes in Trade Receivables	(244,969)	-
Changes in Loans & Advances	(19,049,812)	(1,742,828)
Changes in Current Liabilities	21,378,322	1,552,045
Net Changes in Working Capital	2,083,541	(190,783)
	<u>20,962,842</u>	<u>43,582,800</u>
Net Cash generated by Operating Activities (A)		
B Cash Flow from Investing Activities :		
Changes in Fixed Assets	(2,032,885)	(1,362,999)
Changes in Investments	(2,100,000)	(23,859,400)
Commision & Misc Income	-	-
Interest from Bank including TDS	312,310	192,262
	<u>(3,820,575)</u>	<u>(25,030,137)</u>
Net Cash used in Investing Activites (B)		
C Cash Flow from Financing Activities :		
Changes in Secured Loans	(108,074)	(185,172)
Changes in Unsecured Loans	(15,813,790)	(18,275,000)
Tax Paid	(814,106)	-
	<u>(16,735,970)</u>	<u>(18,460,172)</u>
Net Cash generated by Financing Activities (C)		
Net Increase / (Decrease) in Cash & Cash Equivalents	406,298	92,490
Cash & Cash Equivalents as at 1.4.2008	2,979,058	2,886,568
Cash & Cash Equivalents as at 31.03.2009	3,385,357	2,979,058
	<u>406,298</u>	<u>92,490</u>
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		

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

For and on behalf of the Board of Directors

N. S. BHATT
Proprietor
Membership No. : 10149

ANIL B. VEDMEHTA
Director

PRIYANKA VEDMEHTA
Director

Place : Mumbai
Date : 31st August, 2009



QUANTUM eSERVICES 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

I Registration Details	U 72900 MH 2005 PTC 150806	State Code	11
Balance Sheet Date	31.03.2009		
II Capital raised during the year (Amount in Rupees Thousand)			
Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL
III Position of Mobilisation and Development of funds: (Amount in Rupees Thousand)			
Total Liabilities	68,775	Total Asstes	68,775
Sources of Funds			
Paid up Capital	62,294		
Secured Loans	-	Unsecured Loans	6,481
		Deferred Tax Liabilities	(5,646)
Application of Funds			
Net Fixed Assets	51,382	Investments	25,959
Net Current Assets	(15,050)	Misc. Expenditure	838
IV Performance of Company			
Turnover	39,090	Total Expenditure	31,241
Profit/Loss (Before Tax)	7,849	Profit/Loss (After Tax)	3,947
Earning per Share In Rs.	0.63	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.

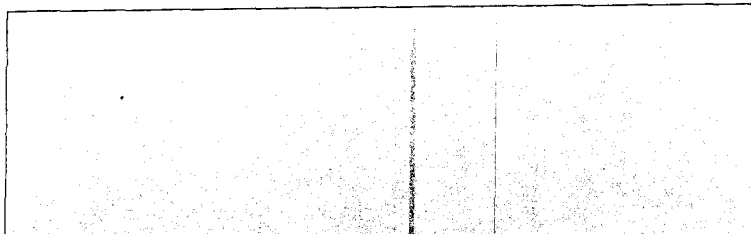
For and on behalf of the Board of Directors

ANIL B. VEDMEHTA
Director

PRIYANKA VEDMEHTA
Director

Place : Mumbai

Date : 31st August, 2009



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 14th Annual General Meeting of the company to be held on Wednesday, the 30th September, 2009 at the Registered Office of the Company at 46, Empire Tower, Near Associated Petrol Pump, C G. Road, Ahmedabad, 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 — — — —

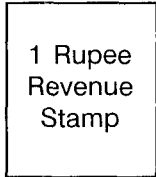
MOBILE TELECOMMUNICATIONS LIMITED

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

PROXY FORM

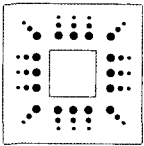
I / We _____ of _____ in the district of _____ being a member/members of the above named company, hereby appoint _____ of _____ or failing him _____ of _____ in the district of _____ as my/our Proxy to vote for me/us on my/our behalf at the 14th Annual General Meeting of the company to be held on Wednesday, the 30th September, 2009 at the Registered Office of the Company at 46, Empire Tower, Near Associated Petrol Pump, C G. Road, Ahmedabad, Gujarat, India at 11.00 a.m.

Signed this _____ day of _____ 2009



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



Mobile Telecommunications Ltd.

Corp. Off. : 3rd Floor, B Wing, Interface Bldg. No. 16, Off Link Road, Malad (W), Mumbai-400 064.
Factory : E-78, MIDC, Ambad, Nashik, MAHARASHTRA.

