

9th Annual Report 2003-2004

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BOARD OF DIRECTORS : Anil B. Vedmehta (Chairman & Director)
Rajkumar Jain (Director)
Ajay Kapoor (Director)
Shailesh Nayak (Director)
Atul Kochar (Director)
Santanu Nandy (Director)
Ramakrishnan Guruswamy (Director)
Deotamuni Mishra (Director)

BANKERS : Indusind Bank Limited
Global Trust Bank Limited
Indian Overseas Bank
UTI Bank Limited

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

REGISTERED OFFICE : 414, Anand Milan Complex
Opp. Jain Derasar,
Near Navrangpura Bus Stand Cross Road,
Navrangpura, Ahmedabad-380 009.
GUJARAT

CORPORATE OFFICE : 1050, Adarsh Nagar, New Link Road,
Opp. Hyundai Showroom, Andheri (West)
Mumbai - 400 102

FACTORY : E-78, MIDC, 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 Nineth ANNUAL GENERAL MEETING of the Members of MOBILE TELECOMMUNICATIONS LIMITED will be held on Wednesday, the 29th September, 2004 at 11.00 a.m. at the Registered Office of the Company at 414, Anand Milan Complex, Opp. Jain Derasar, Near Navrangpura Bus Stand Cross Road, Navrangpura, Ahmedabad 380 009, Gujarat to transact following business:

ORDINARY BUSINESS

- 1 To receive, consider and adopt the Balance Sheet as at 31st March 2004 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 Rajkumar Jain, who retires by rotation and being eligible, offers himself for re-appointment.
- 3 To appoint a Director in Place of Shri Shailesh Nayak, who retires by rotation and being eligible, offers himself for re-appointment.
- 4 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 :

- 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. Santanu Nandy 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 an **Ordinary Resolution:**

"RESOLVED THAT pursuant to Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Ramakrishnan Guruswamy be and is hereby elected and appointed as a Director of the Company liable to retire by rotation"

- 7 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. Deotamuni Mishra be and is hereby elected and appointed as a Director of the Company liable to retire by rotation"

Registered Office:
414, Anand Milan Complex,
Opp. Jain Derasar,
Near Navrangpura Bus Stand Cross Road,
Navrangpura, Ahmedabad 380009
Date: 30.08.2004

FOR AND BEHALF OF THE BOARD

ANIL B. VEDMEHTA
CHAIRMAN & MANAGING DIRECTOR

NOTE :

- 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.
- 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.
- The Register of Members and Share Transfer Books of the Company will remain closed for Three days i.e. from Monday the 27th day of September, 2004 to Wednesday the 29th day of September, 2004 (inclusive both days).
- Members are requested to intimate to the Company, quoting Registered Folio number, change in their address, if any, with the Pin code number.
- 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.
- 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.
- 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.

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

Item No. 5 :

Mr. Santanu Nandy was appointed as an Additional Director of the Company 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 upto 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. Santanu Nandy as a candidate for the office of the Director. Mr. Santanu Nandy is a Bachelor of Electronics (Electronics & Communications) from Mysore University in 1990. he has worked at the senior management level in some of the top corporates including Reliance Infocomm, Global Telesystems, HCL and PCL. His rich experience will immensely help the Company in its new ventures. 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. Except Mr. Santanu Nandy, none of the other directors of the Company is, in any way, concerned or interested in the resolution.

Item No. 6 :

Mr. Ramakrishnan Guruswamy was appointed as an Additional Director of the Company 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 upto 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. Mr. Ramakrishnan Guruswamy as a candidate for the office of the Director. Mr. Ramakrishnan Guruswamy has carried out doctorate research in algorithms, computational methods. He has served as R&D consultant for leading companies in Pharma, Media, and Telecom sectors. He has been actively involved in Product Development Activities of IIT Mumbai based Trellis Lalis for media delivery and security applications. It is , therefore, in the interest of the company to continue to avoail of his services as a member of the board.

Your directors recommend his appointment as a director. Except Mr. Ramakrishnan Guruswamy, none of the other directors of the Company is, in any way, concerned or interested in the resolution.

Item No. 7 :

Mr. Deotamuni Mishra was appointed as an Additional Director of the Company 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 upto 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. Deotamuni Mishra as a candidate for the office of the Director. Mr. Deotamuni Mishra is a graduate and was working in the senior position in one of the leading steel manufacturing company and has good knowledge and experience of inventory management stock replenishment on just-in-time basis. 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. Except Mr. Deotamuni Mishra, none of the other directors of the Company is, in any way, concerned or interested in the resolution.

Registered Office:
414, Anand Milan Complex,
Opp. Jain Derasar,
Near Navrangpura Bus Stand Cross Road,
Navrangpura,
Ahmedabad 380009
Date: 30.08.2004

FOR AND BEHALF OF THE BOARD

ANIL B. VEDMEHTA
MANAGING DIRECTOR

Directors' Report

To the members,
Your Directors have pleasure in presenting the ninth Annual Report and Audited Accounts for the financial year ended 31st March , 2004

Financial results

(Rs in lacs)

	2004	2003
Total Income	3841.33	3178.57
Total expenditure	3788.57	3101.18
Operating profit (PBIDT)	78.34	77.39
Depreciation	25.46	51.86
Profit before Taxation/Prior period Adjustment	52.88	25.53
Prior period Adjustment	-	-
Provision for Tax	2.00	2.00
Deferred Tax	6.30	19.10
Profit after Taxation	(80.41)	42.63
Add Balance brought forward from previous year	<u>79.95</u>	<u>12.32</u>
Amount available for appropriation	<u>(0.45)</u>	<u>254.95</u>
Appropriation :		
-- To General Reserve	-	175.00
Balance carried to Balance Sheet	<u>(0.45)</u>	<u>079.95</u>
	(0.45)	254.95

Results of operations

During the year under review, the company has registered an increase of 20.85% in its turn over to Rs. 3848.33 lacs from Rs. 3178.57 lacs last year and operating profit of Rs. 78.34 lacs as againsts last year's Rs. 77.39 lacs. However due to disposing off of obsolete computer equipments, the company recorded a net loss of Rs. (80.41) lacs. The revenue growth and increase of operating profit margin was a result of continuous emphasis towards providing various services to the IT industries by utilizing our infrastructure, expertise and experience.

The Indian hardware industry is set to improve its competitiveness in the global market. These will provide numerous outsourcing opportunities in this sector. The Indian hardware industry is expected to grow from USD 7 billion in year 2002 to USD 70 billion in year 2010, as per the recent study carried out by Earnst & Young. The EMS sector is expected to contribute significantly to the growth with its share ranging between USD 15 billion USD 20 billion.

The EMS industries is in the nascent stage and the firms with the right skill and sustainable competencies will be able to tap growth potential. The improving competitiveness of India in the EMS sector is primarily all ributable to the following:

- Gradual improvement in duty structure by the government to facilitate global competitiveness of Indian Hardware industry.
- Burgeoning deman in the domestic market which could support the required scale of operations neccessary to be complete in the global market.
- Emergence of indigenous VLSI design house centers which could support delivery of value added servises to the global clients

New Project and Business Development

The Company is embarking upon an ambitious project to establish SMT Line at its Nashik Plant. With the new manufacturing facility, The Company would be able to perform the following roles:

Original Equipment Manufacturer (OEM) There are certain products for which complete design is being executed / procured in-house and MTL has resources to carry out direct marketing. These products include IRDs (for delivery through DTH or cable), Cable Modem, Energy Meters, Digital Projectors. In such case, MTL is engaged in the complete delivery chain of design, manufacture and sale under own brand-name.

Original Design Manufacturer There are certain products for which complete design or design optimization on certain reference design has been carried out by MTL. However, the sale of the products would be carried out to an OEM. The typical products designs could be DVDs, network cards, graphic cards. MTL will serve as ODM for Consumer Electronics companies for such products.

Electronics Manufacture Service Provider on providing contract design, manufacturing and product support services on behalf of OEMs. The services will include PCB assembly, box-build and testing. These services would be offered to ensure base capacity utilization of the plant. The expected jobs in this category could be for a variety of products such as IP phones, mobile handset circuits, PC motherboards, etc. as the plant has the requisite flexibility.

Management Discussion & Analysis Report

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

Corporate Governance

A separate section on Corporate Governance and certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance pursuant to clause 49 of the Listing Agreement with the Stock Exchange, form part of the Annual Report.

Fixed Deposits

Your company has not accepted any fixed deposits during the year under review and as such, no amount of principle or interest was outstanding as on the balance sheet date.

Directors

Mr. Rajkumar Jain and Mr. Shailesh Nayak, retire by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for reappointment. The necessary resolution is being placed before the members for approval.

Mr. Santanu Nandy, Mr. Ramkrishna Guruswamy, Mr. Dattatray Pandit and Mr. Deotamuni Mishra were appointed as additional directors during the financial year. Further Mr. Dattatray Pandit has resigned on dated 25th August 2004. The remaining directors i.e. Mr. Santanu Nandy, Mr. Ramakrishnan Gurusamy and Mr. Deotamuni Mishra, who were appointed as additional directors during the financial year are seeking appointment as directors at the ensuing annual general meeting under Section 257 of the Companies Act, 1956. Your directors recommend their appointment as directors.

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 is eligible 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.

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 regards.

Directors' Responsibility Statement

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the company hereby state and confirm that:

- in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts on a going concern basis.

Statutory Disclosure

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

Part A and Part B relating to Conservation of Energy and Technology Absorption are not applicable to the company.

Appreciation

Your directors would like to express their grateful appreciation for the assistance and co-operation received from the Banks, Government Authorities and Shareholders during the year under review. Your Directors wish to place on record their deep appreciation for the services rendered by the Executives, Staff and Workers of the Company at all levels and for their dedication and loyalty.

FOR AND ON BEHALF OF THE BOARD

Place: Mumbai
Date: 30.08.2004

ANIL B. VEDMEHTA
MANAGING DIRECTOR

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

MTL 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.

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

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.

Corporate governance is concerned with both the internal, and the external aspects of the Company and which are well dealt by the MTL. The Company is offering value added products for its customers and timely execution of orders with standard quality has become the habit of the Company. MTL has complied with all applicable laws, rules and regulations.

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, 8 Board Meeting were held on May 15, 2003, June 30, 2003, July 31, 2003, October 31, 2003, December 10, 2003, January 15, 2004, January 31, 2004 and March 27, 2004. 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 2003-04 Attendance at		No. of Directorships	Committee positions Member Chairman	
		Board Meetings	Last AGM			
Mr. Anil B Vedmehta	Executive Chairman and Managing Director	8	Yes	6	3	1
Mr. Rajkumar Jain	Non-Executive, Independent	5	Yes	2	5	3
Mr. Ajay Kapoor	Non-Executive, Independent	4	No	3	3	Nil
Mr. Atul Kochar	Non-Executive, Independent	4	Yes	1	2	1
Mr. Sailesh Nayak	Non-Executive, Independent	5	Yes	1	2	Nil
Mr. Santanu Nandy	Additional Director	2	No	1	Nil	Nil
Mr. Dattatray Pandit	Additional Director	2	No	1	Nil	Nil
Mr. Ramakrishnan Gurusamy	Additional Director	2	No	1	Nil	Nil
Mr. Deotamuni Mishra	Additional Director	2	No	Nil	Nil	Nil