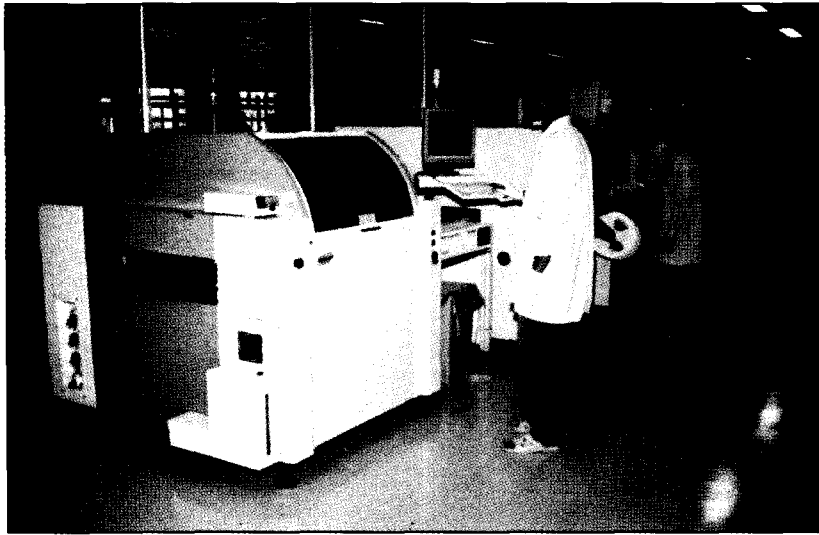


10TH ANNUAL REPORT 2004 - 2005

Report Junction





CONTENTS

| | |
|--|----|
| ➤ Notice | 3 |
| ➤ Directors' Report | 6 |
| ➤ Corporate Governance Report | 9 |
| ➤ Management's Discussion and Analysis | 16 |
| ➤ Auditors' Report | 19 |
| ➤ Balance Sheet | 22 |
| ➤ Profit and Loss Account | 23 |
| ➤ Schedules Forming Part of the Accounts | 24 |
| ➤ Notes on Accounts | 28 |
| ➤ Cash Flow Statement | 31 |
| ➤ Balance Sheet Abstract & Company's General Business Profile | 32 |

Mobile Telecommunication Ltd.


Director / Authorised Signatory

BOARD OF DIRECTORS : Anil B. Vedmehta (Chairman & Managing Director)
Ajay Kapoor (Director)
Ramakrishnan Gurusamy (Director)
Deotamuni Mishra (Director)
Abhishek Mishra (Director)
Ashok Ramchand Lalwani (Director)

BANKERS : Oriental Bank of Commerce
Indusind Bank Limited

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 : 1056, Adarsh Nagar, New Link Road,
Opp. Hyundai Showroom, Andheri (W),
Mumbai - 400 102, 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 TENTH ANNUAL GENERAL MEETING of the Members of MOBILE TELECOMMUNICATIONS LIMITED will be held on Friday, 30th September, 2005 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, 2005 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 a Director in-Place of Shri Ramakrishnan Guruswamy, 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. Abhishek Mishra 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. Ashok Ramchand Lalwani be and is hereby elected and appointed as a Director of the Company liable to retire by rotation.”

Registered Office:

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

Date: 3rd September, 2005

For and Behalf of the Board

ANIL B. VEDMEHTA

Chairman & Managing Director

Mobile Telecommunication Ltd.

Director / Authorised Signatory

**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 27th September, 2005 to 30th September, 2005 (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 its 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.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.**Item No. 5:**

Mr. Abhishek Mishra was appointed as an Additional Director of the Company on 30th October, 2004 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. Abhishek Mishra as a candidate for the office of the Director.

Mr. Abhishek Mishra 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. Except Mr. Anil B Vedmehta, brother-in-law and Mr. Deotamuni Mishra, father of Mr. Abhishek Mishra, none of the other directors of the Company is, in any way, concerned or interested in the resolution.

Item No. 6:

Mr. Ashok Ramchand Lalwani was appointed as an Additional Director of the Company on 9th August, 2005 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. Ashok Lalwani as a candidate for the office of the Director.

Mr. Ashok Lalwani is a Bachelor of Arts and has good experience in the field of finance. 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. Ashok Lalwani, none of the other directors of the Company is, in any way, concerned or interested in the resolution.

Registered Office:

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

Date: 3rd September, 2005

For and Behalf of the Board

ANIL B. VEDMEHTA
Chairman & Managing Director



DIRECTORS' REPORT

To the members,

Your Directors have pleasure in presenting the tenth Annual Report and Audited Accounts for the financial year ended 31st March, 2005

| Financial results | (Rs. in Lacs) | |
|--|---------------|---------|
| | 2005 | 2004 |
| Total Income | 2126.84 | 3841.45 |
| Total expenditure | 2084.26 | 3763.11 |
| Operating profit (PBIDT) | 42.58 | 78.34 |
| Depreciation | 39.91 | 25.46 |
| Profit before Taxation/Prior period Adjustment | 2.67 | 52.88 |
| Prior period Adjustment | — | 137.59 |
| Provision for Tax | 0.25 | 2.00 |
| Deferred Tax | (92.31) | 6.30 |
| Profit after Taxation | 94.73 | (80.41) |
| Add : Balance brought forward from previous year | (0.45) | 79.96 |
| Amount available for appropriation | 94.28 | (0.45) |
| Balance carried to Balance Sheet | 94.28 | (0.45) |

Results of Operations

During the year under review the Company posted a turnover of Rs. 2126.84 Lacs (Previous Year Rs. 3841.45 Lacs) and a net profit of Rs. 94.73 Lacs (Previous year Loss Rs. 80.41 Lacs).

New Project and Business Development

The Company has successfully established the SMT Line project at its plant located at Nashik, Maharashtra. At the Nashik Factory, the Company has the facility of carrying on the following activities:

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 a 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 terms 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 Exchanges, forms 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. Abhishek Mishra and Mr. Ashok Ramchand Lalwani, who were appointed as additional directors on 30th October, 2004 and 9th August, 2005 respectively, 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.

Mr. Shailesh Nayak and Mr. Atul Kochar have resigned from the Directorship of the Company on 30th October, 2004 and Mr. Rajkumar Jain and Mr. Santanu Nandy have resigned from the Directorship of the Company on 9th August, 2005.

Mr. Ajay Kapoor and Mr. Ramakrishnan Guruswamy retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. The necessary resolutions are being placed before the members for approval.

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 are eligible for re-appointment.

Generally the comments by the Auditors in their Report are self-explanatory except as explained herein below and in the opinion of the Board, do not require any further clarifications.

- i. Firm of Chartered Accountant is being appointed as an internal auditor.
- ii. TDS has already been paid.
- iii. Fixed Assets register is being updated.

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.



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:

- i. in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. 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;
- iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. 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:

- i. **Form A - Conservation of Energy**
The energy consumption of the company is very less, which does not warrant any energy conservation measure.
- ii. **Form B - Technology Absorption**
Nil.

Details of foreign exchange earnings and outgo are as follows:

| | |
|----------------------------|-----|
| Foreign Exchange Earnings: | Nil |
| Foreign Exchange Outgo: | Nil |

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 : 3rd September, 2005.

ANIL B. VEDMEHTA
Chairman & Managing Director