

# 11th Annual Report 2005 - 2006



MOBILE TELECOMMUNICATIONS LIMITED





## Quantum eServices Pvt. Ltd.

(a wholly owned subsidiary of Mobile Telecommunications Ltd.)



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<b>BOARD OF DIRECTORS :</b>	Anil Vedmehta	(Chairman & Managing Director)
	Ajay Kapoor	(Director)
	Ramakrishnan Guruswamy	(Director)
	Deotamuni Mishra	(Director)
	Abhishek Mishra	(Director)
	Ashok Ramchand Lalwani	(Director)
<b>BANKERS :</b>	Oriental Bank of Commerce Indusind Bank Limited	
<b>AUDITORS :</b>	N. S. Bhatt & Co. Chartered Accountants	
<b>REGISTERED OFFICE :</b>	46, Empire Tower, Near Associated Petrol Pump, C. G. Road, Ahmedabad – 380 009. GUJARAT.	
<b>CORPORATE OFFICE :</b>	1056, Adarsh Nagar, New Link Road, Opp. Hyundai Showroom, Andheri (W), Mumbai – 400 102. MAHARASHTRA.	
<b>FACTORY :</b>	E – 78, MIDC, Ambad, Nashik, MAHARASHTRA.	
<b>REGISTRAR &amp; TRANSFER AGENT :</b>	Bigshare Services Pvt. Ltd. E – 2, Ansa Ind. Estate, Saki Vihar Rd., Sakinaka, Andheri (E), Mumbai – 400 072.	

## NOTICE

NOTICE is hereby given that the ELEVENTH ANNUAL GENERAL MEETING of the ~~Director of SANSKO~~ SANSKO MOBILE TELECOMMUNICATIONS LIMITED will be held on Saturday, 30<sup>th</sup> September, 2006 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 businesses:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March 2006 and the Profit & Loss Account for the year ended on that date and reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Deotamuni Mishra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in-place of Shri Abhishek Mishra, 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 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 modification 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 31<sup>st</sup> August, 2006, 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 01.09.2006 on a total monthly remuneration of Rs. 1,20,000/- (Rupees One Lac Twenty Thousand Only).

**FURTHER RESOLVED** that the Board of Directors be and is hereby authorised 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 the 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 authorised 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.

For and on Behalf of the Board

**ANIL VEDMEHTA**  
 Chairman & Managing Director

**Date: 31<sup>st</sup> August, 2006**

**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 28<sup>th</sup> September, 2006 to 30<sup>th</sup> September, 2006 (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 :**

The tenure of Mr. Anil Vedmehta as Chairman & Managing Director was upto 31<sup>st</sup> August, 2006. Subject to the approval of the Shareholders in the ensuing Annual General Meeting, the Board of Directors have at their Meeting held on 31<sup>st</sup> August, 2006, 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. 01.09.2006. He is a Commerce Graduate and completed Chartered Accountancy upto Intermediary Level. He has business experience of about 16 years in finance, telecommunications, software and animation industry. He is aged about 39 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. 01.09.2006.
3. Remuneration:
  - (i) Salary : Rs. 1,20,000 Per month or Rs. 14,40,000 per annum. (All inclusive)

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 interested or concerned in this resolution.

The information given herein above be treated as the relevant abstract, as required under Section 302 of the Companies, 1956.

**Registered Office:**

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

For and on Behalf of the Board

**Date: 31<sup>st</sup> August, 2006**

**ANIL VEDMEHTA**

Chairman & Managing Director

## DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Eleventh Annual Report and Audited Accounts for the financial year ended 31<sup>st</sup> March, 2006

### Financial results

	(Rs. in lacs)	
	2006	2005
Total Income	2712.64	2126.84
Total expenditure	2166.97	2084.26
Operating profit (PBIDT)	545.67	42.58
Depreciation	50.74	39.91
Profit before Taxation/Prior period Adjustment	494.93	2.67
Prior period Adjustment	-	-
Provision for Tax	6.21	0.25
Deferred Tax	0.53	(92.31)
Profit after Taxation	488.19	94.73
Add Balance brought forward from previous year	94.28	(0.45)
Amount available for appropriation	582.47	194.28
Balance carried to Balance Sheet	582.47	94.28

### Results of operations

During the year under review the Company posted a turnover of Rs. 2712.64 Lacs (Previous Year Rs. 2126.84 Lacs) and a net profit of Rs.488.19 Lacs (Previous year Rs.94.73 Lacs).

### New Project and Business Development

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

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

### BPO Industry

Quantum eServices Pvt. Ltd., is a wholly owned subsidiary of Mobile Telecommunications Limited, and it has a beautiful 550 seater facility in Mindspace, Malad (W), Mumbai.





MTL is planning to enter into BPO space in a big way and the contract with one of the world's big airline for its outsourcing requirement are underway.

The company expect to achieve a turnover of INR 60 Crores by BPO operations in next one year and it has plans to put up a campus on A.B. Road 30 kms away from Thane. Company intend to reach a capacity of 2000 seats over the next two years.

### **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. Anil Vedmehta, Chairman & Managing Director, whose tenure as MD expired on 31.08.2006 was re-appointed as Managing Director at the Board Meeting held on 31<sup>st</sup> August, 2006 effective 01.09.2006 for a period of 3 (Three) years pursuant to the approval of the remuneration committee. His appointment is subject to the approval of the shareholders at the ensuing AGM

Mr. Rajkumar Jain and Mr. Santanu Nandy have resigned from the Directorship of the Company on 9<sup>th</sup> August, 2005.

Mr. Deotamuni Mishra and Mr. Abhishek Mishra retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. The necessary resolution is 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 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:

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

### 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.

PLACE : Mumbai  
 DATE : 31<sup>st</sup> August, 2006.

For and on Behalf of the Board

**ANIL VEDMEHTA**  
 Chairman & Managing Director

## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

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

### BOARD OF DIRECTORS

During the year under review, 10 Board Meeting were held on 30<sup>th</sup> April, 2005, 30<sup>th</sup> June, 2005, 31<sup>st</sup> July, 2005, 9<sup>th</sup> August, 2005, 29<sup>th</sup> August, 2005, 16<sup>th</sup> September, 2005, 10<sup>th</sup> October, 2005, 29<sup>th</sup> October, 2005, 30<sup>th</sup> November, 2005 and 31<sup>st</sup> January, 2006. 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 2005 - 06 Attendance at		No. of Directorships	Committee positions	
		Board Meetings	Last AGM		Member	Chairman
Mr. Anil Vedmehta	Executive Chairman and Managing Director	10	Yes	7	2	1
Mr. Ajay Kapoor	Non-Executive, Independent	8	Yes	3	3	1
Mr. Ramakrishnan Gurusamy	Non-Executive, Independent	6	Yes	1	2	3
Mr. Deotamuni Mishra	Non-Executive	9	Yes	2	-	-
Mr. Abhishek Mishra	Non-Executive	9	Yes	2	1	-
Mr. Ashok Ramchand Lalwani	Non-Executive	2	No	2	2	-
Mr. Rajkumar Jain*	Non-Executive	-	No	-	3	-
Mr. Santanu Nandy*	Non-Executive	-	No	-	-	-

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

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

\* Resigned w.e.f. 09.08.2005