

Airtel M Commerce Services Limited

Airtel Center call +91 124 4222222
Plot no. 16, Udyog Vihar fax +91 124 4248063
Phase – IV, Gurgaon - 122015



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the First Annual General Meeting of the Members of Airtel M Commerce Services Limited will be held on Friday, the 3rd day of June, 2011 at 11.00 A.M. at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi - 110070 to transact the following business.

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2011, Profit & Loss Account and Cash Flow Statement for the year ended on that date along with notes and schedules forming an integral part to the Annual Accounts and reports of the Board of Directors and Auditors thereon.
2. To reappoint M/s. S. R. Batliboi & Associates, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT Mr. Srikanth Balachandran, who was appointed as a First Director of the Company pursuant to Article 63 of the Articles of Association of the Company and in respect of whom a notice in writing under Section 257 of the Companies Act, 1956 has been received by the Company, proposing him as a candidate for the office of Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Mr. Sriraman Jagannathan, who was appointed as a First Director of the Company pursuant to Article 63 of the Articles of Association of the Company and in respect of whom a notice in writing under Section 257 of the Companies Act, 1956 has been received by the Company, proposing him as a candidate for the office of Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Mr. Atul Mohan Bindal, who was appointed as a First Director of the Company pursuant to Article 63 of the Articles of Association of the Company and in respect of whom a notice in writing under Section 257 of the Companies Act, 1956 has been received by the Company, proposing him as a candidate for the office of Director of the Company, be and is hereby appointed as 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 the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from existing Rs. 10,00,00,000/- (Rupees Ten Crores) divided into 1,00,00,000 (One Crore) equity shares of Rs. 10/- (Rupees Ten) each to Rs. 15,00,00,000/- (Rupees Fifteen Crores) divided into 1,50,00,000 (One Crore Fifty Lacs) equity shares of Rs. 10/- (Rupees Ten) each.

RESOLVED FURTHER THAT pursuant to Section 16 and other applicable provisions, if any, of the Companies Act, 1956, the existing Clause V of the Memorandum of Association of the Company relating to share capital be and is hereby altered by deleting the same and substituting in its place the following as a new Clause V.

- V. The Authorised Share Capital of the Company is Rs. 15,00,00,000/- (Rupees Fifteen Crores) divided into 1,50,00,000 (One Crore Fifty Lacs) equity shares of Rs. 10/- (Rupees Ten) each.**

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do and perform all such acts, deeds and things as may be deemed necessary and proper in this regard."

7. 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 81(1A) and such other provisions of the Companies Act, 1956 and enabling provisions in the Memorandum and Articles of Association of the Company as may be applicable, approval of the Company be and is hereby accorded to the Board of Directors to create, offer, issue and allot 8,000,000 (Eight Million) equity shares of face value of Rs. 10/- (Rupees Ten) each in cash at par aggregating to Rs. 80,000,000/- (Rupees Eighty Million) to 'Bharti Airtel Limited' in one or more tranches from time to time.

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RESOLVED FURTHER THAT the new equity shares to be issued and allotted by the Company shall rank pari passu in all respects with the existing equity shares of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to finalise the terms of offer, to allot the said shares upon receipt of full consideration from the proposed allottee, to file necessary forms/ returns with the office of Registrar of Companies, to issue Share Certificate(s) and to do all such other acts, deeds, matters and things as may be deemed necessary in this regard."

Date: May 03, 2011

By the order of the Board
For Airtel M Commerce Services Limited

Registered Office:

Bharti Crescent, 1,
Nelson Mandela Road,
Vasant Kunj, Phase-II,
New Delhi - 110070

A handwritten signature in black ink, appearing to read "Sriraman Jagannathan".

Sriraman Jagannathan
Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE FILED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN FORTY – EIGHT HOURS BEFORE THE MEETING. A PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.
2. The explanatory statement setting out the material facts in respect of the business under item no. 3 to 7 is appended herewith.
3. Corporate members are requested to send a duly certified copy of the board of directors' resolution/ power of attorney authorizing their representative to attend and vote at the shareholders' meeting.
4. The Register of Directors' Shareholding maintained under Section 307 of the Companies Act, 1956, will be available for inspection by the members at the Annual General Meeting.

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Keeping in view the experience and qualifications of Mr. Atul Mohan Bindal, the Board considers it to be in the best interest of the Company if he is appointed as director of the Company and therefore recommends the resolution as set out under item no. 5 for approval of members as an ordinary resolution.

Except Mr. Atul Mohan Bindal, since the resolution relates to his appointment, no other director of the company is, in any way, concerned or interested in the said resolution.

Item No. 6

The present Authorised Share Capital of the Company is Rs. 100,000,000/- (Rupees Ten Crores) divided into 10,000,000 (One Crore) equity shares of Rs. 10/- (Rupees Ten) each. To enable the Company to meet the growing fund requirements, it is proposed to increase the Authorised Share Capital to Rs. 15,00,00,000/- (Rupees Fifteen Crores) divided into 1,50,00,000 (One Crore Fifty Lacs) equity shares of Rs. 10/- (Rupees Ten) each by creation of additional 50,00,000 (Fifty Lacs) equity shares of Rs. 10/- (Rupees Ten) each.

In terms of applicable provisions stipulated under Section 94 of the Companies Act, approval of members by way of an ordinary resolution is required to increase the authorised share capital and accordingly to make requisite amendment in the Capital clause of the Memorandum of Association of the Company.

The Board therefore recommends the resolution as set out under item no. 6 of the notice for approval of the members as an ordinary resolution.

None of the directors is in any way concerned or interested in the resolution.

Item No. 7

It is proposed to create, offer, issue and allot upto 8,000,000 equity shares of face value of Rs. 10/- each at par to Bharti Airtel Limited on preferential basis. The equity shares so allotted vide the preferential allotment shall rank pari passu in all respects with the existing equity shares of the Company.

The other information prescribed under the Unlisted Companies (Preferential Allotment Rules), 2003 (the "Preferential Allotment Rules") is as follows:

- (i) The issue of shares shall be made at par at a price of Rs. 10/- each per equity share.
- (ii) The shares shall be issued at face value.
- (iii) The object(s) of the issue through preferential offer is to meet additional fund requirements of the Company.
- (iv) The allotment is proposed to be made to Bharti Airtel Limited.
- (v) The proposed offer of shares is intended to be made to Bharti Airtel Limited, Promoter.

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- (vi) Pre – Preferential allotment - Bharti Airtel Limited, Promoter holds 50% of paid up share capital of the Company and Bharti Airtel Services Limited holds 50% of paid up share capital of the Company.
Post Preferential allotment - Bharti Airtel Limited, Promoter shall hold 83.3% of paid up share capital of the Company and Bharti Airtel Services Limited shall hold 16.7% of paid up share capital of the Company.
- (vii) Allotment is expected to be completed within a period of 6 months.
- (viii) Whether a change in control is intended or expected: to the extent of new shares being allotted.

The Company Secretary in whole time practice has also issued a certificate stating that the issue of the shares is being made in accordance with the Preferential Allotment Rules. The said certificate shall be placed before the meeting for inspection of members. Also, the members can inspect the said certificate till the date of meeting during office hours between 11 A.M. to 2 P.M. at the registered office of the Company situated at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi – 110070.

The Board therefore recommends the resolution as set out under item no. 7 of the notice for approval of the members as a special resolution.

None of the directors is in any way concerned or interested in the resolution.

Date: May 03, 2011

**By the order of the Board
For Airtel M Commerce Services Limited**

Registered Office:

Bharti Crescent, 1,
Nelson Mandela Road,
Vasant Kunj, Phase-II,
New Delhi - 110070

A handwritten signature in black ink, appearing to read 'Sriraman Jagannathan'.

**Sriraman Jagannathan
Director**

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**AIRTEL M COMMERCE SERVICES LIMITED**

Regd. Office: Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi - 110070

ADMISSION SLIP

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the Company.

Regd. Folio No.		No. of Shares	
-----------------	--	---------------	--

Name(s) in Full Father/ Husband's Name Address as Regd. with the Company

1. _____

I/WE HEREBY RECORD MY PRESENCE AT THE FIRST ANNUAL GENERAL MEETING OF THE COMPANY BEING HELD ON FRIDAY, 3RD DAY OF JUNE, 2011 AT 11.00 A.M. AT BHARTI CRESCENT, 1, NELSON MANDELA ROAD, PHASE-II, VASANT KUNJ, NEW DELHI 110 070.

Please (✓) in the box

☐ MEMBER ☐ PROXY

Member's Signature

Proxy's Signature

AIRTEL M COMMERCE SERVICES LIMITED

Regd. Office: Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi - 110070

PROXY FORM

Regd. Folio No.		No. of Shares	
-----------------	--	---------------	--

I/We

Name(s) in Full Father/ Husband's Name Address as Regd. with the Company

1. _____

being a member of Airtel M Commerce Services Limited, hereby appoint _____ of _____ in the district of _____ or failing him _____ of _____ in the district of _____ as my/our Proxy to attend and vote for me/us on my/our behalf at the first Annual General Meeting of the Company scheduled to be held on 3rd day of June, 2011 at 11.00 a.m. at Bharti Crescent, 1, Nelson Mandela Road, Phase-II, Vasant Kunj, New Delhi 110 070 or /and at any adjournment thereof.

Signed by the said _____

Affix Rs.1/-
Revenue
Stamp

Notes: The Proxy form duly completed and signed should be deposited at the Corporate Office of the Company situated at Bharti Crescent, 1 Nelson Mandela Road, Phase-II, Vasant Kunj, New Delhi 110 070 not later than 48 hours before the commencement of the Annual General Meeting.

Regd. Office: Bharti Crescent, 1 Nelson Mandela Road, Vasant Kunj , Phase II, New Delhi – 110 070, India

DIRECTORS' REPORT

Dear Members,

The directors are pleased to present the first annual report on the business and operations of the Company together with audited financial statement and accounts for the financial year ended on March 31, 2011.

Business Review

The Company received the certificate of authorization for issuance and operation of prepaid instruments from the Reserve Bank of India on June 30, 2010. Under the license, the Company launched its first mobile money services branded as "Airtel Money" in Gurgaon in January 2011. The service allows customers to load their airtel money wallets with cash at authorized retail outlets and then use virtual cash to pay for goods and services at established merchants while availing attractive discounts and offers. The service has been received positively by the customers in our limited launch. We are currently strengthening our processes to ensure highest degree of compliance and security before expanding to other geographies.

Financial Results and Results of Operation

Particulars	For the Year ended 31 st March 2011* (in Rs.)
Income including other income	550,313
Profit/(Loss) before finance expenses, depreciation & amortisation and taxation	(22,287,661)
Finance Income (Net)	678,112
Depreciation & Amortisation	-
Profit / (Loss) before Tax	(21,609,549)
Provision for Taxation	-
Net Profit / (Loss) after Tax	(21,609,549)
Profit / (Loss) brought forward from earlier years	-
Profit / (Loss) carried to Balance Sheet	(21,609,549)

* Since this is the first year of incorporation of the Company, there are no previous year figures.

Certificate of Authorization issued by Reserve Bank of India

The Reserve Bank of India has granted a **Certificate of Authorization (COA)** to the Company to operate payment system for issuance and operation of pre-paid payment instruments in India known as "**Stored Value Card Wallet (SCW)**" with effect from June 30, 2010.

Changes in the Capital Structure

During the year under review, the Board of Directors at their meeting held on March 29, 2011 allotted 2,000,000 equity shares of Rs. 10/- each aggregating to Rs. 20,000,000/- to Bharti Airtel Services Limited to meet additional fund requirements of the Company

Consequent to the said allotment, the paid up share capital of the Company stands increased from Rs. 20,000,000/- to Rs. 40,000,000/-.

Dividend

In view of losses during the year under review, the Board of Directors express their inability to recommend any dividend for the financial year ended March 31, 2011.

Fixed Deposits

The Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the date of Balance Sheet.

Auditors

The Statutory Auditors of the Company M/s. S. R. Batliboi & Associates, Chartered Accountants, shall retire at the conclusion of forthcoming Annual General Meeting and being eligible has offered itself for re-appointment. A certificate has been received from M/s. S. R. Batliboi & Associates confirming therein that its appointment, if made, will be within the limits prescribed u/s 224(1B) of the Companies Act, 1956. The directors recommend its re-appointment as the Statutory Auditors of the company.

Auditor's Report

The Auditors' Report to accounts has been duly considered by the Board. The Auditors' observations are self explanatory and are suitably explained in the Notes to the accounts section.

Board of Directors

Mr. Atul Mohan Bindal, Mr. Srikanth Balachandran and Mr. Sriraman Jagannathan were appointed as first directors of the Company pursuant to Article 63 of the Articles of Association of the Company.

In accordance with the Companies Act, 1956, the appointment of Mr. Atul Mohan Bindal, Mr. Srikanth Balachandran and Mr. Sriraman Jagannathan has to be approved by shareholders. The Company has received notices from the members along with requisite deposit under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Atul Mohan Bindal, Mr. Srikanth Balachandran and Mr. Sriraman Jagannathan for appointment as directors of the Company, liable to retire by rotation.

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 3

Mr. Srikanth Balachandran was appointed as a first director of the Company pursuant to Article 63 of Articles of Association of the Company. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member alongwith the requisite deposit proposing the candidature of Mr. Srikanth Balachandran for appointment as director of the Company, liable to retire by rotation.

Keeping in view the experience and qualifications of Mr. Srikanth Balachandran, the Board considers it to be in the best interest of the Company if he is appointed as director of the Company and therefore recommends the resolution as set out under item no. 3 for approval of members as an ordinary resolution.

Except Mr. Srikanth Balachandran, since the resolution relates to his appointment, no other director of the company is, in any way, concerned or interested in the said resolution.

Item No. 4

Mr. Sriraman Jagannathan was appointed as a first director of the Company, pursuant to Article 63 of Articles of Association of the Company. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member alongwith the requisite deposit proposing the candidature of Mr. Sriraman Jagannathan for appointment as director of the Company, liable to retire by rotation.

Keeping in view the experience and qualifications of Mr. Sriraman Jagannathan, the Board considers it to be in the best interest of the Company if he is appointed as director of the Company and therefore recommends the resolution as set out under item no. 4 for approval of members as an ordinary resolution.

Except Mr. Sriraman Jagannathan, since the resolution relates to his appointment, no other director of the company is, in any way, concerned or interested in the said resolution.

Item No. 5

Mr. Atul Mohan Bindal was appointed as a first director of the Company, pursuant to Article 63 of Articles of Association of the Company. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member alongwith the requisite deposit proposing the candidature of Mr. Atul Mohan Bindal for appointment as director of the Company, liable to retire by rotation.

Statutory Statement: Particulars of Employees

There are no employees during the year under review whose particulars are to be provided in terms of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975. Therefore, the information required to be furnished in the statement pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is not applicable to the Company.

Statutory Statement: Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The information as required under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed hereto and form an integral part of this Report.

Directors' Responsibility Statement - Section 217(2AA)

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm:

- (1) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (2) that appropriate accounting policies have been selected and applied consistently and have 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 on March 31, 2011 and of the loss of the Company for that period;
- (3) that proper and sufficient care has been taken 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;
- (4) that the annual accounts have been prepared on a going concern basis.

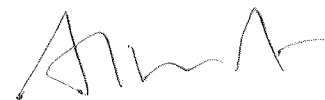
Acknowledgement

The directors' on behalf of the Company and management express their gratitude for the co-operation and support extended by its shareholders, Bharti Group, The Reserve Bank of India, Company's Bankers and other agencies and departments of Government of India.



Atul Mohan Bindal
Director

For and on behalf of the Board



Sriraman Jagannathan
Director

Place: New Delhi
Date: May 03, 2011

ANNEXURE TO DIRECTORS' REPORT

INFORMATION RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNING AND OUTGO FORMING PART OF DIRECTORS' REPORT IN TERMS OF 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.

A. CONSERVATION OF ENERGY

(a) **Energy Conservation Measures Taken:**

Your Company takes appropriate measures to reduce energy consumption by using energy efficient equipments and processes. As an ongoing process your Company continuously evaluates new technologies and techniques to make infrastructure more energy efficient.

Continuous study is being made on measures to conserve energy. The results wherever found suitable are implemented from time to time.

(b) **Additional investments and proposals, if any, being implemented for reduction of consumption of energy:** None

(c) **Impact of the Measures at (a) and (b) above for Reduction of Energy Consumption:**

The implementation of the measures adopted for energy conservation has resulted in savings in energy and cost.

(d) **Total Energy Consumption & Energy Consumption Per Unit of Production as per Form-A of the Rules in respect of Specified Industries:**

Details as per Form A are not required since the Company is not covered under the list of Specified Industries.

B. TECHNOLOGY ABSORPTION

(e) Details of efforts made in Technology Absorption are given in "Form B" hereunder, as specified in the Annexure to the aforesaid Rules.

FORM – B

Research and Development (R & D)

1. **Specific Areas in which R & D carried out by the Company.**

Your Company is engaged in the business of m commerce, and hence, does not carry out any research and development activities.

2. **Benefits Derived as a Result of the above R & D – N.A.**
3. **Future Plan of Action – N.A.**
4. **Expenditure on R & D**
The Company does not carry out any research and development activities and hence, does not incur any expenditure on R & D.

Technology Absorption, Adaptation and Innovation

The Company continues to use the latest technology for innovation and improving the quality of its services.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO.

- (f) **Activities Relating to Exports, initiatives taken to increase Exports, development of new export markets for products and services and Export Plans:**


The Company is not engaged in any activities related to exports or development of export markets.

- (g) **Foreign Exchange Earnings and Outgo:**

	(in Rs.)
	Current Year
Foreign Exchange Earnings	Nil
Foreign Exchange Used/outgo	Nil
CIF Value of Imports	Nil

For and on behalf of the Board

Place: New Delhi
Date: May 03, 2011


Atul Mohan Bindal
Director


Sriraman Jagannathan
Director

AIRTEL M COMMERCE SERVICES LIMITED
FINANCIAL STATEMENT FOR THE YEAR FROM
APRIL 1, 2010 (DATE OF INCORPORATION) TO MARCH 31, 2011

TOGETHER WITH AUDITORS' REPORT

Auditors' Report

To

The Members of Airtel M Commerce Services Limited

1. We have audited the attached Balance Sheet of Airtel M Commerce Services Limited ('the Company') as at March 31, 2011 and the Profit and Loss account and also the Cash Flow Statement for the year from April 1, 2010 (date of incorporation) to March 31, 2011. 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.
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 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.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.



S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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;
- a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
 - b) in the case of the profit and loss account, of the loss for the year from April 1, 2010 (date of incorporation) to March 31, 2011; and
 - c) in the case of cash flow statement, of the cash flows for the year from April 1, 2010 (date of incorporation) to March 31, 2011 .

S.R. Batliboi & Associates
For S.R. BATLIBOI & ASSOCIATES
Firm registration number: 101049W
Chartered Accountants

Prashant Singhal
per Prashant Singhal
Partner
Membership No.: 93283



Place: New Delhi
Date: May 3, 2011

S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

Annexure referred to in paragraph 3 of our report of even date

Re: Airtel M Commerce Services Limited ('the Company')

- (i) According to the information and explanations given to us, the Company does not have Fixed Assets and therefore clauses (i) (a), (b) & (c) of the Order are not applicable to the Company.
- (ii) Considering the nature of business of the Company, clauses (ii) (a), (b) & (c) of the Order pertaining to physical verification of inventory and records maintained for inventory are not applicable to the Company.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to Companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, clauses (iii) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the sale of services. During the course of our audit and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

Considering the nature of business of the Company, clauses (iv) of the Order to the extent pertaining to internal control system for purchase of fixed assets and inventory is not applicable to the Company for the current year.

- (v) According to the information and explanations given to us, there were no transactions referred to in section 301 that are required to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from the public, therefore clause 4(vi) of the Order is not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business. However, the Company has finalized the internal audit plan during the year and is in the process of conducting the internal audit as per the plan.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, cess and other material statutory dues applicable to it. The provisions relating to sales tax, custom duty, excise duty and wealth tax are not applicable to the Company.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the same or otherwise of the Company in depositing the same.



S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of income tax, service tax, and cess which have not been deposited on account of any dispute.
- (x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year.
- (xi) According to the information and explanations given to us and based on the documents and records produced to us, the Company has no dues to any bank or financial Institution or debenture holders. Accordingly clause (xi) of the Order is not applicable.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of the Order 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 bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (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 no funds raised on short-term basis have been used for long-term investment.
- (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.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year and hence clause (xx) of the Order is not applicable.



S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations 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.

S.R. Batliboi & Associates

For S.R. BATLIBOI & ASSOCIATES

Firm registration number: 101049W

Chartered Accountants

Prashant Singhal

per Prashant Singhal
Partner

Membership No.: 93283



Place: New Delhi

Date: May 3, 2011

Airtel M Commerce Services Limited

BALANCE SHEET AS AT March 31, 2011

PARTICULARS	Schedule No.	As at March 31, 2011 (In Rs)
SOURCES OF FUNDS		
Shareholder's Funds		
Share Capital	1	40,000,000
Total		40,000,000
APPLICATION OF FUNDS		
Current Assets , Loans and Advances		
Cash and Bank Balances	2	41,620,535
Other Current Assets	3	47,946
Loans and Advances	4	2,191,149
		43,859,630
Less: Current Liabilities and Provisions	5	
Current Liabilities		25,437,873
Provisions		31,306
		25,469,179
Net Current Assets		18,390,451
Profit & Loss Account		21,609,549
Total		40,000,000
Statement of Significant Accounting Policies	10	
Notes to the Financial Statements	11	

The Schedules referred to above and Notes to the Financial Statements form an integral part of the Balance Sheet

As per our report of even date

S.R. Batliboi & Associates
For S.R. BATLIBOI & ASSOCIATES
Firm Registration No: 101049W
Chartered Accountants

Prashant Singhal
per Prashant Singhal
Partner
Membership No: 93283



For and on behalf of the Board of Directors of Airtel M Commerce Services Limited

Sriraman Jagannathan
Sriraman Jagannathan

Director

Atul Mohan Bindal

Atul Mohan Bindal

Director

Place : New Delhi

Date: *May 3, 2011*

Airtel M Commerce Services Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED March 31, 2011

PARTICULARS	Schedule No.	For the year ended March 31, 2011 (In Rs)
INCOME		550,313
Service Revenue		550,313
EXPENDITURE		
Personnel	6	9,099,341
Sales and Marketing	7	2,437,854
Administrative and Other	8	11,300,779
Total Expenditure		22,837,974
Profit/(Loss) before Other Income, Finance Expense (Net), Depreciation, Amortisation, Charity and Donation and Taxation		(22,287,661)
Finance Expense / (Income) (net)	9	(678,112)
		(21,609,549)
Profit/(Loss) before Tax		
Tax Expense		
- Current tax & deferred tax		(21,609,549)
Profit/(Loss) after Tax		
		(21,609,549)
Profit/(Loss) carried to Balance Sheet		
		(10.72)
Earnings per share (In Rs) - Basic		(10.72)
Earnings per share (In Rs) - Diluted		
(Refer Note 7 on Schedule 10 and Note 9 on Schedule 11)		10
Nominal value of share (In Rs)		
Statement of Significant Accounting Policies	10	
Notes to the Financial Statements	11	

The Schedules referred to above and Notes to the Financial Statements form an integral part of the Profit and Loss Accounts

As per our report of even date

S. R. Batliboi & Associates
For S.R. BATLIBOI & ASSOCIATES
Firm Registration No: 101049W
Chartered Accountants

Prashant Singhal
per Prashant Singhal
Partner
Membership No: 93283



For and on behalf of the Board of Directors of Airtel M Commerce Services Limited

Sriraman Jagannathan
Sriraman Jagannathan
Director

Atul Mohan Bindal
Atul Mohan Bindal
Director

Place : New Delhi
Date: May 3, 2011

Airtel M Commerce Services Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

For the year ended
March 31, 2011
(In 'Rs)

PARTICULARS	
A. Cash flow from operating activities:	
Net profit/(loss) before tax	(21,609,549)
Adjustments for:	
Interest Income	(678,800)
Operating profit before working capital changes	(22,288,349)
Adjustments for changes in working capital :	
- (Increase)/Decrease in Other Receivables	(2,128,058)
- Increase/(Decrease) in Trade and Other Payables	25,469,179
Cash generated from operations	1,052,772
Taxes (Paid) / Received	(63,091)
Net cash from operating activities	989,681
B. Cash flow from investing activities:	
Interest Received	630,854
Net cash from investing activities	630,854
C. Cash flow from financing activities:	
Issue of Equity Shares	40,000,000
Net cash from financing activities	40,000,000
Net Increase/(Decrease) in Cash and Cash Equivalents	41,620,535
Opening Cash and Cash Equivalents	41,620,535
Cash and Cash Equivalents as at year end	
Cash and Cash Equivalents comprise:	
Cash and Cheques on hand	876,500
Balance with Scheduled Banks #	40,744,035
Cash & Bank Balances as per schedule 2	41,620,535
Cash & Cash Equivalents in Cash Flow Statement:	41,620,535

Notes :

- Figures in brackets indicate cash out flow.
- # Cash and Bank balance includes Rs. 311,113 with escrow account of which Rs 110,934 is towards the liability for unutilised balance in customer account as required under the Reserve Bank of India guidelines.
- The above Cash flow statement has been prepared under the indirect method set out in AS-3 'Cash Flow Statements' notified under the Companies (Accounting Standard) Rules, 2006 (as amended).

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES

Firm Registration No: 101049W

Chartered Accountants

per Prashant Singhal
Partner

Membership No: 93283



For and on behalf of the Board of Directors of Airtel M Commerce Services Limited

[Signature]
Sriraman Jagannathan
Director

[Signature]
Atul Mohan Bindal
Director

Place : New Delhi

Date: May 3, 2011

Airtel M Commerce Services Limited

SCHEDULES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

As at
March 31, 2011
(In Rs)

PARTICULARS

SCHEDULE : 1 SHARE CAPITAL

Authorised 10,000,000 Equity shares of Rs 10 each	100,000,000
Issued, Subscribed and Paid up 4,000,000 of Rs 10 each fully paid up	40,000,000
(Of the above 2,000,000 Equity Shares of Rs.10 each are directly held by Bharti Airtel Limited, the ultimate holding Company & 2,000,000 Equity Shares of Rs.10 each are held Indirectly through Bharti Airtel Services Limited)	40,000,000

SCHEDULE : 2 CASH AND BANK BALANCES

Cheques in Hand	876,500
Balances with Scheduled Banks	30,744,035
- In Current Account	10,000,000
- In Fixed deposits	
(Current account above includes Rs. 311,113 with escrow account of which Rs. 110,934 is towards the liability for unutilised balance in customer account as required under the Reserve Bank of India guidelines.)	41,620,535

SCHEDULE : 3 OTHER CURRENT ASSETS

(Unsecured, considered good unless otherwise stated) Interest Accrued on Fixed Deposits	47,946
	47,946

SCHEDULE : 4 LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated) Cenvat Receivable	2,128,058
Advance Tax [Net of provision for tax Rs Nil]	63,091
	2,191,149

SCHEDULE : 5 CURRENT LIABILITIES AND PROVISIONS

Current Liabilities

Sundry Creditors :		
Total outstanding dues of Micro and Small Enterprises*		21,537,846
Total outstanding dues of Creditors other than Micro and Small Enterprises**	21,537,846	852,195
Advance Received from Distributors		110,934
Liability for unutilised balance in Customer account		412,965
Advance Billing to Merchant		11,204
Deferred Revenue		2,512,729
Other Liabilities		25,437,873

Provisions

Gratuity	11,252
Leave Encashment	16,609
Other employee Benefit	3,445
	31,306

*Refer Note 4 on Schedule 11

** Amount due to Bharti Airtel Limited, the ultimate holding Company, Rs. 20,427,475

25,469,179



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[Signature]

Airtel M Commerce Services Limited

SCHEDULES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

For the year ended
March 31, 2011
(In Rs.)

PARTICULARS

SCHEDULE : 6

PERSONNEL EXPENDITURE

(Refer Note 4 on Schedule 10 and Note 8 on Schedule 11)

Salaries and Bonus	9,089,868
Contribution to Provident and Other Funds	9,443
Staff Welfare	30
	9,099,341

SCHEDULE : 7

SALES AND MARKETING EXPENDITURE

Advertisement and Marketing	1,638,709
Sales Commission	20,845
Others	778,300
	2,437,854

SCHEDULE : 8

ADMINISTRATIVE AND OTHER EXPENDITURE

Legal and Professional	9,461,701
Rates and Taxes	777,335
IT and call Center Outsourcing	1,059,000
Miscellaneous Expenses	2,743
	11,300,779

SCHEDULE : 9

FINANCE EXPENSE / (INCOME) (Net)

Interest :

Other Finance Charges	688
	688

Less:- Interest Income :

- from Fixed Deposits	678,800
(other than Trade) [Gross of TDS of Rs 63,091]	
	678,800

(678,112)



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AIRTEL M COMMERCE SERVICES LIMITED

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED MARCH 31, 2011**

SCHEDULE: 10

1. BASIS OF PREPARATION

The financial statements have been prepared to comply in all material respects with the Notified accounting standards issued by Companies (Accounting Standards) Rules, 2006, ('as amended') and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.

2. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

3. REVENUE RECOGNITION AND RECEIVABLES

Transaction revenue is recognised on completion of provision of services. Revenue, net of discount, is recognised on transfer of all significant risks and rewards to the customer and when no significant uncertainty exists regarding realisation of consideration.

Processing/enrollment fees on customer sign up are being recognised over the estimated customer relationship period, as applicable.

Merchant sign up fees is recognized over the estimated relationship period, as applicable.

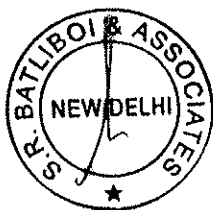
Investing and other Activities

Income on account of interest and other activities are recognised on an accrual basis.

4. EMPLOYEE BENEFITS

- (a) Short term employee benefits are recognised in the year during which the services have been rendered.
- (b) All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (presently 12%) of the employees' basic salary. These contributions are made to the fund administered and managed by the Government of India. In addition, some employees of the Company are covered under the employees' state insurance schemes, which are also defined contribution schemes recognized and administered by the Government of India.

The Company's contributions to both these schemes are expensed in the Profit and Loss Account. The Company has no further obligations under these plans beyond its monthly contributions.



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AIRTEL M COMMERCE SERVICES LIMITED

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED MARCH 31, 2011**

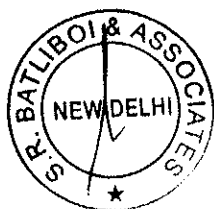
- (c) Short term compensated absences are provided for, based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- (d) The Company provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Company. The Company provides for the Gratuity Plan based on actuarial valuations as per the Projected Unit Credit Method at the end of each financial year in accordance with Accounting Standard 15 (revised), "Employee Benefits".
- (e) Other Long term service benefits are provided based on actuarial valuation made at the end of each year. The actuarial valuation is done as per projected unit credit method.
- (f) Actuarial gains and losses are recognized as and when incurred.

5. TAXATION

Current Income tax is measured at the amount expected to be paid to the tax authorities in accordance with Indian Income Tax Act, 1961

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised and reviewed at each balance sheet date, only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each balance sheet date, unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably or virtually certain that future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternative tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the ICAI, the said asset is created by way of a credit to the Profit and Loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.



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AIRTEL M COMMERCE SERVICES LIMITED

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED MARCH 31, 2011**

6. SEGMENTAL REPORTING

The Company operates in single business and geographical segment. Therefore, segment information as per AS-17 has not been disclosed.

7. EARNINGS/ (LOSS) PER SHARE

The earnings considered in ascertaining the Company's Earnings per Share ('EPS') comprise the net profit/ (loss) after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless impact is anti dilutive.

8. PROVISIONS

Provisions are recognised when the Company has a present obligation as a result of past event; it is more likely than not that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date.

9. CASH AND CASH EQUIVALENTS

Cash and Cash equivalents in the Balance Sheet comprise cash in hand and at bank and short-term investments.



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AIRTEL M COMMERCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

SCHEDULE: 11
NOTES TO ACCOUNTS

1. Background

Airtel M Commerce Services Limited (AMSL) was incorporated in India on April 1, 2010. Bharti Airtel Limited, the ultimate holding Company, directly holds 50% of the Equity Share Capital with the balance being held indirectly through Bharti Airtel Services Limited, which is a wholly owned subsidiary of Bharti Airtel Limited. The Company obtained the certificate of authorization to operate payment system for issuance and operation of prepaid payment instruments in India known as Stored Value Card wallet, (SCW) with effect from June 30, 2010.

The Company started its commercial operation of issuance and operation of prepaid instruments from January 21, 2011.

2. Contingent liabilities: As on March 31, 2011, there are no claims against the Company.

3. Auditors Remuneration :

Particulars	For the Year ended March 31, 2011
1. Audit Fee	600,000
2. Other Services	25,000
Total (excluding service tax)	625,000

4. There is no amount payable to Micro and small enterprises as at March 31, 2011. Accordingly disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) are not applicable.

5. The Company is in the business of issuance and operation of prepaid instruments in India. Considering the nature of the Company's business, its internal financial reporting, element of risks and returns, there is only one primary business and geographical segment within the meaning of the Accounting Standard-17- "Segment Reporting", notified under Companies (Accounting Standard) Rules, 2006 ('as amended').

6. Related Party Disclosures :

In accordance with the requirements of Accounting Standards (AS) -18 on Related Party Disclosures, the names of the related parties where control exists and with whom transactions have taken place during the year and description of relationships, as identified and certified by the management are:

List of Related Parties

Bharti Airtel Limited
Bharti Telemedia Limited
Bharti Airtel Services Limited

Nature of Relationship

Ultimate holding Company
Fellow Subsidiary
Fellow Subsidiary



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AIRTEL M COMMERCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

Nature of transaction	Bharti Airtel Limited	Bharti Airtel Services Limited	Bharti Telemedia Limited
Rendering of Service	1,880	-	186
Receiving of Services	(59,732)	-	-
Fund Received/including Expenses Incurred on behalf of Company	(13,662,439)	-	-
Fund Transferred/including Expenses incurred on behalf of others	-	-	-
Employee related transaction incurred on behalf of Company	(9,834,817)	-	-
Employee related transaction incurred on behalf of Others	75,314	-	-
Share Subscription received	(20,000,000)	(20,000,000)	-
Closing Balance	(20,427,475)	-	-
Unsecured Loans	(20,427,475)	-	-
Creditors	-	-	-
Loans and Advances	-	-	-
Debtors	(20,427,475)	-	-
Closing Balance	(20,427,475)	-	-
Maximum Amount outstanding during the period	(20,427,475)	-	-

Note: In addition to above transactions, the Company has also received free of cost manpower support services, IT / Operational support services and other infrastructure services from the ultimate holding company.

7. **Lease** – The Company has not entered in any type of lease during the year ended March 31, 2011.

8. **Employee Benefits**

a) During the year, the Company has recognized the following amounts in the Profit and Loss Account

Defined Contribution Plans

Particulars	(Amt. in Rs)
	For the year ended March 31, 2011
Employer's Contribution to Provident Fund *	9,443

* Included in Contribution to Provident and Other Funds (Refer Schedule - 6)

Defined Benefit Plans

Gratuity liability and leave encashment liability are defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.



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AIRTEL M COMMERCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

For the Year ended March 31, 2011

(Amt. in Rs)

Particulars	Gratuity #	Leave Encashment #
	Unfunded	Unfunded
	7,874	12,435
Current service cost	-	-
Interest cost	-	-
Expected Return on plan assets	(4,736)	(5,013)
Actuarial (gain) / loss	-	-
Past service cost	-	-
Curtailment and Settlement cost / (credit)	3,138	7,422
Net gratuity/Leave encashment cost		

included in Salaries, Wages and Bonus (Refer Schedule - 6)

- b) The assumptions used to determine the benefit obligations are as follows:

For the Year ended March 31, 2011

Particulars	Gratuity	Leave Encashment
Discount Rate	7.50%	7.50%
Expected Rate of increase in Compensation levels	9.00%	9.00%
Expected Rate of Return on Plan Assets	N.A.	N.A.
Expected Average remaining working lives of employees (years)	31.77 years	31.77 years

- c) Reconciliation of opening and closing balances of benefit obligations and plan assets

For the Year ended March 31, 2011

(Amt. in Rs)

Particulars	Gratuity	Leave Encashment
	Unfunded	Unfunded
Change in Projected Benefit Obligation (PBO)		
Projected benefit obligation at beginning of year	7,874	12,435
Current service cost	-	-
Interest cost	-	-
Benefits paid	8,114	9,187
Acquisition	-	-
Contribution by plan participants	-	-
Past service cost	(4,736)	(5,013)
Actuarial (gain) / loss	(11,252)	(16,609)
Net amount recognized		

- d) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- e) Estimated amounts of benefits payable within next year are Rs 56,150.
- f) Other long term service benefits are provided based on actuarial valuation (as per the Projected Unit Credit Method) made at the end of each financial year. Long term service award provided by the Company as at March 31, 2011 is Rs. 3,445.



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AIRTEL M COMMERCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

9. Earnings/(Loss) per share (Basic and Diluted):

Particulars	For the Year ended March 31, 2011
Profit/(Loss) attributable to the Equity Shareholders	(21,609,549)
Weighted average No. of Equity Shares of Rs 10 each outstanding during the Year	2,016,438
Basic and diluted Earning/ (Loss) Per Equity Share (in Rs.)	(10.72)

10. Additional Information pursuant to paragraph 3, 4, 4A, 4C, and 4D of part II, Schedule VI to the Companies Act, 1956 to the extent, either Nil or not applicable has not been furnished.

11. As at year end, the accumulated loss are more than fifty percent of the paid up share capital of the Company and the networth of the Company has eroded to that extent. The Company's ability to continue as going concern is dependent on success of operations and its ability to arrange funding for the project. The Company based on commitments and support from Bharti Airtel Limited, the Ultimate Holding Company, is confident of meeting its operating and capital funding requirements in the future. Accordingly, these financial statements have been prepared on a going concern basis.

12. Since this is the first year of incorporation of the Company, there are no previous year figures.

