BHARTI AQUANET LIMITED

DIRECTORS' REPORT

To Our Members

The Directors take pleasure in presenting the Third Annual Report and Audited Statement of Accounts for the year ending 31st March, 2003.

BUSINESS REVIEW

State of the art landing station, with an installed capacity of 256 STM1s, which the company built in Chennai in the previous year, has become fully operational. The infrastructure has been created keeping in view the future collocation requirements of International Carriers.

The company commenced its operations w.e.f, 19th July, 2002 with the launch of ILD services by Bharti Telesonic Limited. Bharti Telesonic Limited obtained the security clearance for the same.

Bharti Telesonic Limited also obtained the security clearance for Data services in January 2003 and since then your Company has launched Data services.

FINANCIAL PERFORMANCE

During the year, the company achieved total revenue of Rs. 14.99 million. The Company incurred a net loss of Rs. 8.78 million for the year ending 31st March, 2003, being the first year of operations.

DIVIDEND

The Directors' of the Company, in view of the losses, are unable to recommend any dividend for the financial year under review.

DIRECTORS

Mr. Viresh Dayal and Mr. Lim Shyong, Directors of the company are due to retire by rotation and being eligible, have offered themselves for re-appointment. The Board recommends their re-appointment as Director of the Company.

FIXED DEPOSITS

The Company has not sought or accepted any deposits from the Public and is therefore not required to furnish information in respect of outstanding deposits under Non Banking Non Financial Companies (Reserve Bank) Directions, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

AUDITORS' REPORT

The Auditors' Report on Accounts has been duly considered by the Board and clarification, wherever necessary is contained in the Notes to Accounts.

AUDITORS

The Statutory Auditors of the Company M/s. Price Waterhouse, Chartered Accountants shall retire at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment. A Certificate has been received from M/s. Price Waterhouse confirming therein that their appointment, if made, will be within the limits prescribed u/s 224(1B) of the Companies Act, 1956. Your Directors recommend their re-appointment as the Statutory Auditors.

STATUTORY STATEMENTS

There are no employees during the period under review whose particulars are to be provided in terms of Section 217(2A) of the Companies Act, 1956 read with Companies (Particular of Employees) Rules, 1975.

The other disclosures required to be made in terms of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to the Company.

There were no foreign exchange earnings and outgo during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT - SECTION 217(2AA)

The Directors' Confirm:

i. that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;

ii. that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2003 and of the profit and loss account of the Company for the period;

iii. that 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. that the Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors wish to place on record their sincere appreciation for the valuable contribution and dedicated efforts put in by the employees at all levels and for the assistance provided by the Bankers and other associates during the year.

For and on behalf the Board

BADRI AGRAWAL Director

VIRESH DAYAL Director

Place: New Delhi
Date: September 15, 2003

AUDITORS' REPORT

To The Members of Bharti Aquanet Limited

1. We have audited the attached Balance Sheet of Bharti Aquanet Limited, as at March 31, 2003 and the related Profit and Loss Account for the year ended on that date, annexed thereto, which we have signed under reference to this report. 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 have 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 Manufacturing and Other Companies (Auditor's Report) Order 1988, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:

3.1 (a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.

(b) The fixed assets of the Company have been physically verified during the year by the management and no material discrepancies between the book records and the physical inventory have been noticed.

3.2 The fixed assets of the Company have not been revalued during the year.

3.3 In our opinion the terms and conditions of interest free unsecured loans taken by the Company during the year from the holding company are prima facie not prejudicial to the interests of the Company. The Company has not taken any other loans from companies, firms or other parties listed in the register maintained under Section 301 of the Act. In terms of sub-section (6) of Section 370 of the Act, provisions of this Section are not applicable to a company on or after October 31, 1998.

3.4 The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Act. In terms of sub-section (6) of Section 370 of the Act, provisions of this Section are not applicable to a company on or after October 31, 1998.

3.5 The employees to whom interest free loans have been given by the Company are repaying the principal amount as stipulated.

3.6 In our opinion in general there is, an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for purchase of plant and machinery, equipment and similar assets.

3.7 The Company has not purchased goods and materials and sold goods and materials aggregating to Rs. 50,000/- or more in value from/to any of the parties listed in the register maintained under Section 301 of the Act. In respect of sale of services aggregating to Rs. 1,060,000/- rendered in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act, there are no market prices of similar services comparable to those sold which, however, are considered to be of special nature as explained by the management of the Company.

3.8 The Company has not accepted any deposits from the public.

3.9 In our opinion the Company's present internal audit system is generally commensurate with its size and nature of business.

3.10 The Central Government of India has not prescribed the maintenance of cost records by the Company under Section 209(1)(d) of the Act for any of its products.

3.11 The Company has regularly deposited, during the year, Provident Fund and Employees' State Insurance dues with the appropriate authorities in India.

3.12 At the last day of the financial year there was no amount outstanding in respect of undisputed income tax, sales tax, customs duty and excise duty which were due for more than six months from the date they became payable.

3.13 During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any personal expenses which have been charged to Profit and Loss Account, nor have we been informed of any such case by the management other than those payable under contractual obligations and/or accepted business practices.

3.14 In respect of services rendered:

(a) Considering the nature of services rendered, it is not considered to be necessary to have a system of allocation of consumption of materials and stores to the relative jobs.

(b) Considering the nature of services rendered, it is not necessary to have a system of allocation of man-hours utilised to the relative jobs.

3.15 The other clauses of the order are either not applicable or not relevant to the operations of the Company for the year, and accordingly we have not reported on the matters specified in those clauses.

4. Further to our comments in paragraph 3 above, we report that:

a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) 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;

c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;

d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Act;

e) On the basis of written representations received from the Directors, as on March 31, 2003 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2003; and

(ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date.

U. RAJEEV
Partner

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Place: New Delhi
Date: September 15, 2003

BALANCE SHEET AS AT MARCH 31, 2003

Particulars	Schedule No.	As at March 31, 2003 (Rs. '000)	As at March 31, 2002 (Rs. '000)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	25,000	25,000
Reserves and Surplus	2	175,000	175,000
Loan Funds			
Unsecured Loans	3	16,552	12,220
		216,552	212,220
APPLICATION OF FUNDS			
Fixed Assets	4		
Gross Block		212,068	309
Less: Depreciation		7,630	26
Net Block		204,438	283
Capital Work-in-Progress		182	194,334
		204,620	194,617
Investments	5	–	20,378
Current Assets, Loans and Advances			
Cash and Bank Balances	6	145	92
Loans and Advances	7	19,711	5,823
		19,856	5,915
Less: Current Liabilities and Provisions	8		
Current Liabilities		20,184	12,675
Provisions		753	605
		20,937	13,280
Net Current Assets		(1,081)	(7,365)
Miscellaneous Expenditure (to the extent not written off or adjusted)	9	–	360
Profit and Loss Account		13,013	4,230
		216,552	212,220
Statement of Significant Accounting Policies	15		
Notes to Accounts	16		

This is the Balance Sheet referred to
in our report of even date.

The Schedules referred to above form
an integral part of the Balance Sheet

On behalf of the Board

U. RAJEEV
Partner
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

BADRI AGARWAL
Director

VIRESH DAYAL
Director

ANUPAM GARG
Company Secretary

VIVEK AGRAWAL
Chief Financial Officer

Place: New Delhi
Date: September 15, 2003

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2003

Particulars	Schedule No.	For the year ended March 31, 2003 (Rs. '000)	For the year ended March 31, 2002 (Rs. '000)
INCOME			
Service Revenue		1,060	–
Rent (Refer Note 8 on Schedule 16)		13,927	–
		14,987	–
EXPENDITURE			
Network Operating	10	1,460	–
Personnel	11	3,875	–
Administrative and Others	12	11,887	–
		17,222	–
Operating Loss before Finance Expenses (Net), Depreciation, Amortisation and Tax		2,235	–
Finance Expenses (Net)	13	782	–
Operating Loss before Depreciation, Amortisation and Tax		3,017	–
Depreciation		6,505	–
Amortisation of Preliminary Expenditure	9	360	–
Pre-operative (Income)/Expenditure (Net)	14	(1,099)	4,230
Loss for the year		8,783	4,230
Loss brought forward		4,230	–
Loss carried to the Balance Sheet		13,013	4,230
Loss per Share (in Rs.) (Refer Note 7 on Schedule 16)		3.51	6.50
Statement of Significant Accounting Policies	15		
Notes to Accounts	16		

This is the Profit and Loss Account referred to in our report of even date.

The Schedules referred to above form an integral part of the Profit and Loss Account

On behalf of the Board

U. RAJEEV
Partner
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Place: New Delhi
Date: September 15, 2003

BADRI AGARWAL
Director

VIRESH DAYAL
Director

ANUPAM GARG
Company Secretary

VIVEK AGRAWAL
Chief Financial Officer

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Particulars	As at March 31, 2003 (Rs. '000)	As at March 31, 2002 (Rs. '000)
SCHEDULE : 1		
SHARE CAPITAL		
Authorised		
5,000,000 (Previous year 5,000,000) Equity Shares of Rs. 10/- each	**50,000**	50,000
Issued, Subscribed and Paid-up		
2,500,000 (Previous year 2,500,000) Equity Shares of Rs.10/- each	**25,000**	25,000
	25,000	25,000
Of the above, 1,275,000 (Previous year 1,275,000) Equity Shares of Rs. 10/- each are held by Bharti Infotel Limited, the Holding Company		
SCHEDULE : 2		
RESERVES & SURPLUS		
Share Premium Account		
Opening Balance	**175,000**	–
Additions during the year	**–**	175,000
	175,000	175,000
SCHEDULE : 3		
UNSECURED LOANS		
Short Term Loans and Advances :		
From Bharti Tele-Ventures Limited, the ultimate Holding Company	**–**	387
From Bharti Infotel Limited, the Holding Company	**16,552**	11,833
	16,552	12,220

SCHEDULE 4 : FIXED ASSETS
[Refer Notes 2, 3 and 11(a) on Schedule 15 and Note 8 on Schedule 16]

(Rs. '000)

Particulars	Gross Block Value			Depreciation			Net Block Value	
	As at April 1, 2002	Additions	As at March 31, 2003	As at April 1, 2002	For the Year	As at March 31, 2003	As at March 31, 2003	As at March 31, 2002
Freehold Land	–	89,282	89,282	–	–	–	89,282	–
Building	–	77,376	77,376	–	3,755	3,755	73,621	–
Plant and Machinery	–	44,259	44,259	–	3,644	3,644	40,615	–
Office Equipment	51	573	624	4	51	55	569	47
Computers	193	199	392	19	129	148	244	174
Furniture and Fixtures	65	70	135	3	25	28	107	62
Total	309	211,759	212,068	26	7,604	7,630	204,438	283
Previous year	–	309	309	–	26	26		
Capital Work-in-Progress [including capital advances Rs. 182 thousand (Previous year Rs. 129,388 thousand)]							182	194,334
							204,620	194,617

Note :
Building includes certain area given on operating lease basis during the year :

Gross Block	Depreciation			Net Block
	As at Apri 1, 2002	For the year	As at March 31, 2003	As at March 31, 2003
58,033	–	2,816	2,816	55,217

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Particulars	As at March 31, 2003 (Rs. '000)	As at March 31, 2002 (Rs. '000)
SCHEDULE : 5		
INVESTMENTS		
(Refer Note 5 on Schedule 15)		
Current		
Non Trade, Quoted		
– Government Securities		
Nil (Previous year 20,265.83) units of Pioneer Short Term Income Plan; purchased Nil (Previous year 20,265.83) and sold 20,265.83 (Previous year Nil) during the year	–	20,378
	–	20,378
Aggregate Market Value of Quoted Investments	–	20,489
Aggregate Face Value of Quoted Investments	–	20,266
SCHEDULE : 6		
CASH AND BANK BALANCES		
Cash in Hand	–	9
Balance with Scheduled Banks - in Current Account	145	83
	145	92
SCHEDULE : 7		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	13,892	1,352
Security Deposits	5,819	4,471
	19,711	5,823
SCHEDULE : 8		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors		
– Due to Small Scale Industrial Undertakings	–	–
– Others	10,114	11,750
Book Overdraft	–	545
Security Deposit received	10,000	–
Other Liabilities	70	380
	20,184	12,675
Provisions		
(Refer Note 7 on Schedule 15)		
Gratuity	72	–
Leave Encashment	76	–
Provision for Tax	605	605
	753	605
	20,937	13,280
SCHEDULE : 9		
MISCELLANEOUS EXPENDITURE		
(to the extent not written off)		
(Refer Note 9 on Schedule 15)		
Preliminary Expenses		
Opening Balance	360	360
Less: Charged-off during the year	360	–
	–	360

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Particulars	For the year ended March 31, 2003 (Rs. '000)	For the year ended March 31, 2002 (Rs. '000)
SCHEDULE : 10		
NETWORK OPERATING EXPENDITURE		
Electricity and Water	204	–
Repair and Maintenance	1,256	–
	1,460	–
SCHEDULE : 11		
PERSONNEL EXPENDITURE		
Salaries, Wages and Bonus	3,532	–
Contribution to Provident and Other Funds	159	–
Staff Welfare	184	–
	3,875	–
SCHEDULE : 12		
ADMINISTRATIVE AND OTHER EXPENDITURE		
[Refer Note 11(b) on Schedule 15 and Note 9 on Schedule 16]		
Legal and Professional	262	–
Rates, Fees and Taxes	531	–
Electricity and Water	5,401	–
Telephone, Telex and Postage	189	–
Printing and Stationery	84	–
Travelling and Conveyance	1,304	–
Rent	2,741	–
Repairs and Maintenance	584	–
Insurance	280	–
Security	444	–
Miscellaneous	67	–
	11,887	–
SCHEDULE : 13		
FINANCE EXPENSES		
Finance Charges	812	–
Less:		
Profit on Sale of Investments	17	–
Interest Income [Gross, Tax Deducted at Source Nil (Previous year Nil)]	13	–
	782	–

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Particulars	For the year ended March 31, 2003 (Rs. '000)	For the year ended March 31, 2002 (Rs. '000)
SCHEDULE : 14		
PRE-OPERATIVE EXPENDITURE		
(Refer Note 8 on Schedule 15 and Notes 8 and 9 on Schedule 16)		
Opening Balance	–	1,431
Add: Additions during the year		
Personnel		
Salaries	823	580
Contribution to Provident and Other Funds	49	44
Staff Welfare	5	414
Recruitment and Training	185	–
	1,062	1,038
Administrative and Other Expenses		
Legal and Professional	2	245
Rates, Fees and Taxes	6	28
Electricity and Water	1,601	–
Telephone, Telex and Postage	38	68
Printing and Stationery	13	5
Travelling and Conveyance	65	132
Rent	800	1,334
Repairs and Maintenance	55	228
Insurance	–	35
Billing and Software	–	41
Security	185	334
Miscellaneous	98	36
	2,863	2,486
Finance Charges	275	655
Depreciation	1,099	25
Provision for Tax	–	605
Gross Pre-operative Expenditure	5,299	6,240
Less: Income from Mutual Fund	468	1,234
Less: Rent Received	5,930	750
Less: Miscellaneous Income	–	26
Net Pre-operative (Income)/Expenditure	(1,099)	4,230

SCHEDULE : 15

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. The accounts have been prepared under the historical cost convention on the accrual basis of accounting, in accordance with the generally accepted accounting principles in India and comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India and relevant presentational requirements of the Companies Act, 1956 as adopted consistently by the Company.
2. **FIXED ASSETS**

   Fixed Assets are stated at cost of acquisition and subsequent improvements thereto, including taxes, duties, freight and other incidental expenses related to acquisition and installation.

   Capital work-in-progress is stated at cost.

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

3. **DEPRECIATION**

Depreciation is provided on straight-line method to write off the cost of fixed assets over their estimated useful lives as below :

	Rate of Depreciation per annum
Building	5.00%
Plant and Machinery	6.67% / 10.00%
Office Equipment	20.00%
Computer	33.33%
Vehicles	20.00%
Furniture and Fixtures	20.00%

Depreciation is provided for the full value on all assets individually costing less than Rs. 5,000/-.

Software up to Rs. 500 thousand is written-off in the year of purchase.

4. **REVENUE RECOGNITION**

Revenue is recognised upon completion of services in accordance with the related contract.

5. **INVESTMENTS**

Short-term investments are valued at lower of cost and market value.

6. **TRANSLATION OF ITEMS IN FOREIGN CURRENCY**

Transactions in foreign currency are recorded at the exchange rate prevailing at the date of the transaction. Monetary items are restated at year-end foreign exchange rates. Resultant exchange differences arising on payment or conversion of liabilities are recognised as income or expense in the year in which they arise, except in respect of liabilities for acquisition of fixed assets, where such exchange difference is adjusted in the carrying cost of the respective fixed asset.

7. **RETIREMENT BENEFITS**

Contribution to provident fund is made at predetermined rates and is charged to the Profit and Loss Account. The Company has provided for the liability on account of unavailed earned leave and gratuity, payable to its employees, as per the actuarial valuation done on the basis of projected unit credit method.

8. **PRE-OPERATIVE EXPENDITURE**

Expenditure incurred by the Company upto the date of commencement of commercial operations is treated as Pre-operative expenditure and amortised during the year.

9. **MISCELLANEOUS EXPENDITURE**
(to the extent not written-off or adjusted)

Miscellaneous Expenditure comprises preliminary expenses and is charged to the Profit and Loss Account on commencement of commercial operations.

10. **EARNINGS PER SHARE**

The earnings considered in ascertaining the Company's earnings per share (EPS) comprises the net profit after tax. The number of shares used in computing basic and diluted EPS is the weighted average number of shares outstanding during the year.

11. **LEASES**

a) Operating Leases – As Lessor

Building leased out under operating lease is capitalised in the books of the Company. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term.

b) Operating Leases – As Lessee

Lease rentals in respect of assets taken on 'Operating Lease' are charged to the Profit and Loss Account on a straight-line basis over the lease term.

12. **SEGMENT REPORTING**

a) Primary Segment:

The Company operates only in one business segment, viz. landing station services, during the current year.

b) Secondary Segment:

The Company caters mainly to the needs of Indian market hence there are no reportable geographical segments.

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

13. TAXATION

Tax expense for the year, comprising current tax and deferred tax is included in determining the net profit/(loss) for the year.

Deferred tax assets are recognised for all deductible timing differences and carried forward to the extent there is reasonable certainty that sufficient future taxable profit will be available against which such deferred tax assets can be realised.

Deferred tax assets to the extent they pertain to brought forward losses and unabsorbed depreciation, are recognised only to the extent that there is virtual certainty of realisation, based on expected profitability in the future as estimated by the Company.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

SCHEDULE : 16
NOTES TO ACCOUNTS

1. The Company was incorporated on October 3, 2000 with the object of, inter-alia, setting up landing stations for handling data and voice transmission in and out of India in association with Domestic Long Distance operators and submarine cable companies.
   During the year, it has obtained an "in principle" approval to run and operate the Chennai Submarine Cable Landing Station, which links submarine cable between India and Singapore. Pursuant to the above approval, the Company has commenced its commercial operations on July 19, 2002.
2. Outstanding performance and financial bank guarantees as at March 31, 2003 – Rs. 107,722 thousand (Previous year Rs. 103,180 thousand).
3. The Company has obtained licenses under the EPCG scheme for importing CIF value of capital goods at a concessional rate of customs duty against submission of bank guarantee and bonds.

   Under the terms of the scheme, the Company is required to export goods of FOB value equivalent to, or more than, five times the value of imports, within a period of eight years from the date of the respective licenses. Accordingly, the Company is required to export goods of Rs. 2,283,517 thousand.
4. Estimated amount of contracts to be executed on the capital account and not provided for (net of advances) as on March 31, 2003 – Rs. 5,298 thousand (Previous year Rs. 22,110 thousand).

(Rs. '000)

	March 31, 2003	March 31, 2002
5. Expenditure in Foreign Currency:		
Traveling Expenses	–	692
6. Remuneration to the auditors:		
Audit Fees *	**167**	75
* Excluding Service Tax.		

7. Computation of Earnings per Share (Basic and Diluted)

	For the year ended March 31, 2003	For the year ended March 31, 2002
a) Loss attributable to equity shareholders (Rs. '000) (A)	**8,783**	4,230
b) Weighted average number of equity shares outstanding during the year (B)	**2,500,000**	650,688
c) Nominal value of equity shares (Rs.)	**10/-**	10/-
d) Loss per share (Rs.) (A) / (B)	**3.51**	6.50

8. The Company has given a building at Chennai on operating lease basis to certain companies, which is cancellable. The building is disclosed under fixed assets in the books of the Company and the rental income is accounted for on a straight-line basis over the lease term.

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

9. The Company has taken an office at Mumbai on operating lease basis for an initial period of 3 years, which is non-cancellable. The lease rentals paid are charged to the Profit and Loss Account on a straight-line basis over the lease term and the future obligations on the said lease are as follows:

(Rs. '000)

Particulars	March 31, 2003	March 31, 2002
Rent expense for the year charged to the Profit and Loss Account	3,542	1,334
Future obligation:		
Not later than one year	3,442	3,202
Later than one year and not later than five years	2,008	5,069
Total	**5,450**	8,271

10. The balances as assessed for the year ended March 31, 2003 of deferred tax asset/(liability) are as follows:

(Rs. '000)

	2002-2003	2001-2002
Deferred Tax Assets/(Liability) arising from:		
(i) Expenses charged in the financial statements but allowable as deductions in other years under the Income Tax Act	156	(52)
(ii) Unabsorbed depreciation allowance and unabsorbed business loss carried forward (to the extent considered realisable)	3,975	67
(iii) Difference between carrying amount of fixed assets and license fee in the financial statements and the Income Tax Return.	(4,131)	(15)
Net balance	**Nil**	Nil

The Tax impact for the above purpose has been arrived at by applying a tax rate of 35.875% being the prevailing tax rate for Indian companies under the Income Tax Act, 1961.

11. Previous year figures have been regrouped or reclassified wherever necessary to conform to the classification adopted in the current year.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	108006	**State Code**	55
Balance Sheet Date	31 - 03 - 03 (Date Month Year)		

II. Capital raised during the year (Amount in thousands)

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	**Private Placement**
NIL	NIL

III. Position of mobilisation and deployment of funds (Amount in thousands)

	Total Liabilities	**Total Assets**
	216552	216552
Sources of funds	**Paid up Capital**	**Reserves & Surplus**
	25000	175000
	Secured Loans	**Unsecured Loans**
	NIL	16552
Application of funds	**Net Fixed Assets**	**Investments**
	204620	NIL
	Net Current Assets	**Miscellaneous Expenditure**
	(-) 1081	NIL

IV. Performance of the Company (Amount in thousands)

Turnover (including other income)	Total Expenditure
14987	17222
Profit/(Loss) Before Tax	**Profit/(Loss) After Tax**
(-) 8783	(-) 8783
Earning per Share in Rs.	**Dividend Rate**
(-) 3.51	NIL

V. Generic names of three principal products/services of the Company (as per monetary terms)

Item Code No. (ITC Code)	NOT APPLICABLE
Product Description	NOT APPLICABLE

On behalf of the Board

BADRI AGARWAL
Director

VIRESH DAYAL
Director

ANUPAM GARG
Company Secretary

VIVEK AGRAWAL
Chief Financial Officer

Place: New Delhi
Date: September 15, 2003