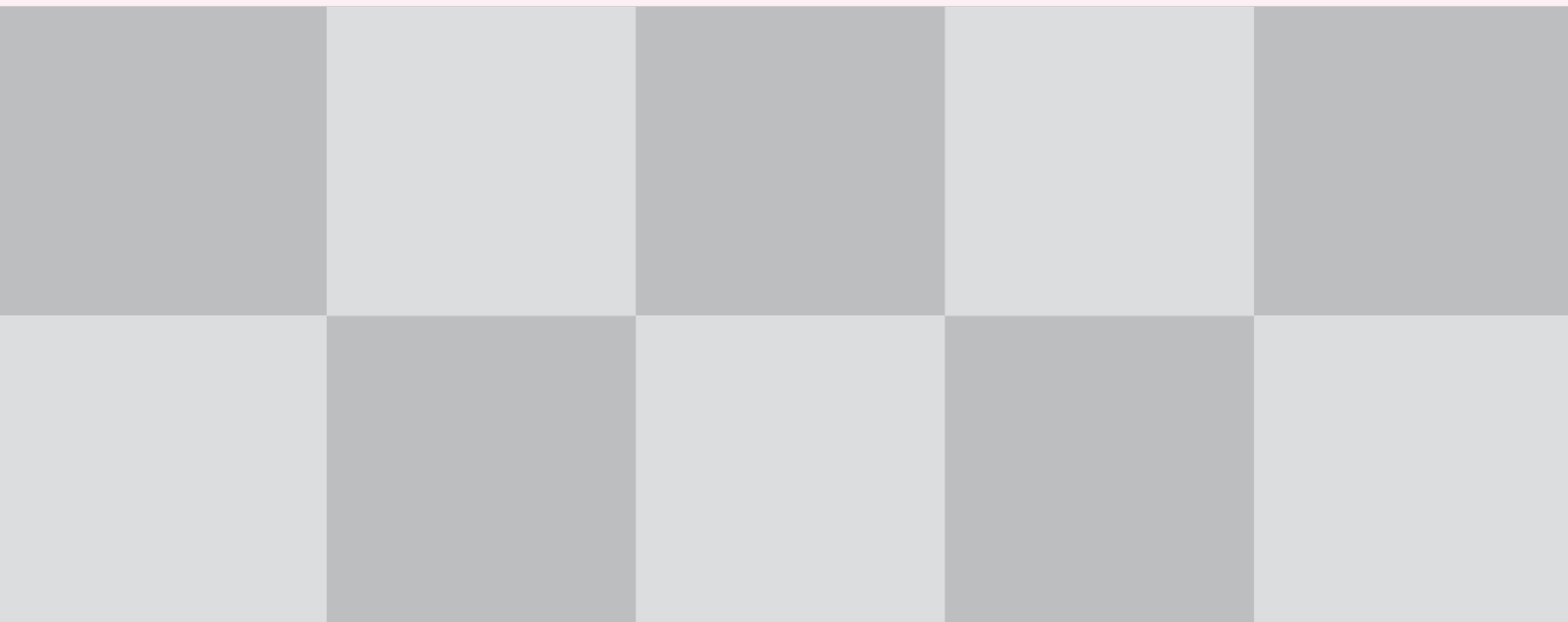


Satcom Broadband Equipment Limited
(Formerly CMax Infocom Private Limited)



Directors' Report

The Directors are pleased to present the fourth Annual Report and Audited Accounts for the year ended March 31, 2005.

FINANCIAL RESULTS

The Company registered a turnover of Rs.8.43 crores for the financial year ended 31st March, 2005 as against Rs.9.02 crores for the previous year. The sale of VSATs during the year was nowhere compared to the previous year. However, export of hardware showed an encouraging trend during the year.

The accounting policies of the Company have been realigned to match that of Bharti's, resulting in additional provision for doubtful debtors and depreciation of inventory. All these events have affected the performance of the Company and resulted in a net loss of Rs.1.78 crore as against Rs.0.01 crore for the previous year. However, the Company expects to do well in the coming years with the support of Bharti's in terms of cost and additional markets.

Summary of financials for the year ended March 31, 2005 is as under :

(Rs. in Thousand)

Particulars	As on March 31, 2005	As on March 31, 2004
Gross Revenue	84,323	90,223
Total Expenditure	94,935	86,125
EBITDA	(10,612)	4,098
Finance Expenses	5,589	3,250
Depreciation	949	798
Deferred Tax Expenses	689	151
Net Profit/(Loss)	(17,839)	(101)

DIVIDEND

In view of the loss for the year, the Directors are unable to recommend any dividend on Equity Shares.

BUSINESS OPERATIONS

With the emergence of new markets and focus on Small and Medium Enterprise (SME) sectors and exports and measures taken to cut down the costs, the Company is expected to gain further momentum and record substantial growth in all business segments.

CHANGE IN SHARE CAPITAL

During the year under review, the Company issued 2,48,49,200 Equity Shares of Rs.10/- each to Max India Limited for cash.

HOLDING COMPANY

Pursuant to the Share Purchase agreement between Max India Ltd. and Bharti Infotel Ltd.(since merged with Bharti Tele-Ventures Limited w.e.f. from 9th June, 2005) to which the Company was a confirming party, Max India Ltd. transferred its entire Shareholding comprising of 2,48,59,200 equity shares of Rs.10/- each to Bharti Infotel Ltd. Subsequent to merger of Bharti Infotel Ltd. with Bharti Tele-Ventures Ltd., the Company has become the wholly owned subsidiary of Bharti Tele-Ventures Ltd.

SUBSIDIARY COMPANY

During the year, the Company acquired 2,92,00,000 Equity Shares of Rs.10/- each of Bharti Broadband Limited (formerly Comsat Max Ltd.) from Max India Ltd. Consequently, Bharti Broadband Limited has become wholly owned subsidiary of the Company.

CONVERSION INTO A PUBLIC LIMITED COMPANY

The Company converted itself into a Public Limited Company w.e.f. 1st February, 2005. The Company has received a certificate from the Registrar of Companies, Maharashtra, Mumbai, giving effect to the said conversion.

CHANGE OF NAME OF THE COMPANY

Consequent upon transfer of 100% equity stake from M/s. Max India Limited to Bharti Tele-Ventures Limited and in order to reflect the dissociation with the erstwhile management i.e. Max Group, the name of the Company has been changed from CMax Infocom Limited to Satcom Broadband Equipment Ltd. The Registrar of Companies, Maharashtra, Mumbai has issued a fresh certificate of Incorporation dated 28th June, 2005 approving the said change of name.

FIXED DEPOSITS

During the year, Company has not sought or accepted any deposits from the Public.

DIRECTORS

During the year, Mr. Shrikant Mate, Mr. Neeraj Basur, Mr. R. G. Herlekar and Mr. Joyjit Chatterji resigned from the directorship of the Company. The Board places on record its sincere appreciation for the services rendered by them during their tenure as Directors of the Company.

Mr. Analjit Singh and Mr. B. Anantharaman were also appointed as Directors who resigned from the Board upon transfer of management and control of the Company to Bharti

Group. The Board places on record its sincere appreciation for Mr. Analjit Singh and Mr. B. Anantharaman.

Mr. Akhil Gupta, Mr. Anil Nayar and Mr. Badri Agarwal were appointed as additional Directors of the Company, pursuant to the provision of Section 260 of the Companies Act, 1956 read with Article 29 of Articles of Association of the Company. The said directors hold office until the date of this Annual General Meeting (AGM). The Company has received notices in writing from a Member(s) of the Company proposing the names of the said Directors for appointment as Directors liable to retire by rotation at the AGM.

AUDIT COMMITTEE

Pursuant to Section 292A of the Companies Act, 1956, the Board of Directors of the Company constituted the Audit Committee comprising of the following members viz., Mr. Akhil Gupta, Mr. Anil Nayar and Mr. Badri Agarwal. The terms of reference of this committee fully conform to the requirements of the Companies Act, 1956.

AUDITORS' REPORT

The observations made by the Auditors in their report are self explanatory and have also been further amplified in the Notes to the Accounts, wherever required.

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 reappointment as Auditors of the Company.

The Company has received a certificate from M/s. Price Waterhouse as required under Section 224(1B) of the Companies Act, 1956 to the effect that their re-appointment, if made, will be in conformity with the limits specified in that Section.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

- ii. they 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, 2005 and of the profit and loss account of the company for that period;
- iii. they have 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. they have prepared the annual accounts on a going concern basis.

ADDITIONAL INFORMATION

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the prescribed format annexed to the Report as Annexure - A.

The Company does not have any employee who is covered under the provisions of Section 217(2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules, 1975.

ACKNOWLEDGEMENT

Your Directors take this opportunity to place on record their appreciation of wholehearted support received from State Government, various banks and Statutory and Internal Auditors, the subscribers, Dealers, Suppliers and all other Business Associates.

For and on behalf of the Board of Directors

BADRI AGARWAL	AKHIL GUPTA
Managing Director	Director

Place : New Delhi
Date : July 16, 2005

ANNEXURE - A

A. CONSERVATION OF ENERGY

- | | |
|---|-----|
| a. Energy Conservation | Nil |
| b. Additional Investment and proposals, if any, for reduction of consumption of energy. | Nil |

B. TECHNOLOGY ABSORPTION

- | | |
|---|-----|
| 1. Specific areas in which R&D carried out by the Company | Nil |
| 2. Benefits derived as a result of above | NA |
| 3. Future Plan of Action | NA |
| 4. Expenditure on R & D | NA |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities relating to Exports, initiatives taken to increase exports, develop New Export Markets, Export Plans etc.	NA
--	----

	(Rs. in Millions)	
	<u>Year ended 31.03.2005</u>	<u>Period ended 31.03.2004</u>
Earnings	22.8	1.1
Outgo	24.6	43.0

For and on behalf of the Board of Directors

BADRI AGARWAL Managing Director	AKHIL GUPTA Director
---	--------------------------------

Place : New Delhi
Date : July 16, 2005

Auditors' Report

TO THE MEMBERS OF SATCOM BROADBAND EQUIPMENT LIMITED (FORMERLY CMAX INFOCOM PRIVATE LIMITED)

1. We have audited the attached Balance Sheet of Satcom Broadband Equipment Limited (Formerly CMax Infocom Private Limited), as at March 31, 2005, and the related Profit and Loss Account and Cash Flow Statement 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 conducted our audit in accordance with the 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 by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we further report that :
 1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
 - (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company, 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.
5. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Act.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 for any of the products of the company.
9. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is generally regular in depositing the undisputed

statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities in India.

- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
10. The Company has accumulated losses as at March 31, 2005 and has incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.
11. According to the records of the company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. The Company has not obtained any term loans.
17. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the company, carried out in accordance

with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

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 and Cash Flow Statement 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 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 Act;
- (e) On the basis of written representations received from the directors, as on March 31, 2005 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2005 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, read with Note 5 on Schedule 17 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, 2005;
- (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

V. NIJHAWAN

Partner

Membership No. F87228

For and on behalf of

PRICE WATERHOUSE

Chartered Accountants

Place : New Delhi

Dated : July 16, 2005

Balance Sheet as at March 31, 2005

Particulars	Schedule No.	As at March 31, 2005 (Rs. '000)	As at March 31, 2004 (Rs. '000)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	248,592	100
Deferred Tax Liability (Net) (Refer Note 11 on Schedule 16 and Note 9 on Schedule 17)		989	300
		249,581	400
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	2	6,437	8,860
Less : Depreciation		993	961
Net Block		5,444	7,899
Investments	3	248,492	–
Current Assets, Loans and Advances			
Inventories	4	11,910	11,931
Sundry Debtors	5	26,076	41,979
Cash and Bank Balances	6	3,782	1,535
Other Current Assets, Loans and Advances	7	2	1,139
		41,770	56,584
Less : Current Liabilities and Provisions	8		
Current Liabilities		68,818	70,360
Provisions		1,423	–
		70,241	70,360
Net Current Assets		(28,471)	(13,776)
Profit and Loss Account		24,116	6,277
		249,581	400
Statement of Significant Accounting Policies	16		
Notes to Accounts	17		

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

V. NIJHAWAN
Partner
Membership No. F87228
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Place : New Delhi
Date : July 16, 2005

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

On behalf of the Board

BADRI AGARWAL
Managing Director

AKHIL GUPTA
Director

VIPIN AGARWAL
Company Secretary

Profit and Loss Account for the year ended March 31, 2005

	Schedule No.	For the year ended March 31, 2005 (Rs. '000)	For the year ended March 31, 2004 (Rs. '000)
INCOME			
Service revenue		21,950	2,698
Sale of Goods		62,354	87,525
Other Income	9	19	–
		<u>84,323</u>	<u>90,223</u>
EXPENDITURE			
Network Operating Expenditure	10	8,529	4,783
Cost of Sales of Goods	11	55,280	66,246
Personnel	12	6,469	5,174
Sales and Marketing	13	3,899	2,347
Administrative and Others	14	20,758	7,575
		<u>94,935</u>	<u>86,125</u>
Operating Profit/(Loss) before Finance Expense(Net), Depreciation, Amortisation and Tax		(10,612)	4,098
Finance Expenses (Net)	15	5,589	3,250
Depreciation		949	798
Profit/(Loss) before Tax		(17,150)	50
Tax Expense			
– Current Tax		–	–
– Deferred Tax		689	151
(Refer Note 11 on Schedule 16 and Note 9 on Schedule 17)			
Profit/(Loss) for the year		(17,839)	(101)
(Loss) brought forward		(6,277)	(6,176)
Profit/(Loss) carried to the Balance Sheet		(24,116)	(6,277)
Earning/(Loss) per share (in Rs.)		(2.40)	(10.10)
(Refer Note 9 on Schedule 16 and Note 10 on Schedule 17)			
Statement of Significant Accounting Policies	16		
Notes to Accounts	17		

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

V. NIJHAWAN
Partner
Membership No. F87228
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

On behalf of the Board

BADRI AGARWAL
Managing Director

AKHIL GUPTA
Director

VIPIN AGARWAL
Company Secretary

Place : New Delhi
Date : July 16, 2005

Cash Flow Statement for the year ended March 31, 2005

	(Rs. '000)
	For the year ended March 31, 2005
A. Cash flow from operating activities :	
Net (loss)/profit before tax but after exceptional/extraordinary items	(17,150)
Adjustments for :	
Depreciation	949
Interest Expense	5,626
Provision for Bad and Doubtful Debts/Advances	(5,811)
Liability no longer required written back	(19)
Provision for warranty	1,423
Operating profit before working capital changes	(14,982)
Adjustments for changes in working capital :	
- (INCREASE)/DECREASE in Sundry Debtors	21,715
- (INCREASE)/DECREASE in Other Receivables	1,136
- (INCREASE)/DECREASE in Inventories	21
- INCREASE/(DECREASE) in Trade and Other Payables	(1,523)
Net cash from operating activities	6,367
B. Cash flow from Investing activities:	
Adjustments for changes in :	
Purchase of fixed assets - Additions during the year	(1,769)
Proceeds from Sale of fixed assets	3,275
Purchase of investments	(248,492)
Net cash used in investing activities	(246,986)
C. Cash flow from financing activities :	
Proceeds form fresh issue of Share Capital	248,492
Interest Paid	(5,626)
Net cash used in financing activities	242,866
Net Increase/(Decrease) in Cash and Cash Equivalents	2,247
Opening Cash and Cash Equivalents	1,535
Cash and cash equivalents as at March 31, 2005	3,782
Cash and cash equivalents comprise	
Cash, Cheques and Drafts (in hand) and Remittances in Transit	
Balance with Scheduled Banks	3,782

This is the Cash Flow Statement referred to in our report of even date.

V. NIJHAWAN
Partner
Membership No. F87228
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

On behalf of the Board

BADRI AGARWAL
Managing Director

AKHIL GUPTA
Director

VIPIN AGARWAL
Company Secretary

Place : New Delhi
Date : July 16, 2005

Schedules Annexed to and forming part of Accounts

Particulars	As at March 31, 2005 (Rs. '000)	As at March 31, 2004 (Rs. '000)
-------------	---------------------------------------	---------------------------------------

SCHEDULE : 1

SHARE CAPITAL

(Refer note 4 on Schedule 17)

Authorised

25,000,000 (Previous year 20,000) Equity Shares of Rs.10/- each 250,000 200

Issued, Subscribed and Paid up

24,859,200 (Previous year 10,000) Equity Shares of Rs.10/- each 248,592 100

Of the above 12,678,192 (Previous year Nil) Equity Shares of Rs. 10/- each are held by Bharti Tele-Ventures Limited, (erstwhile Bharti Infotel Ltd.), the Holding Company. 248,592 100

SCHEDULE : 2

FIXED ASSETS

(Refer Notes 2 and 3 of Schedule 16)

(Rs '000)

Particulars	Gross Block				Depreciation				Net Block	
	As at April 01, 2004	Additions during the Period	Sale / Adjustment during the period	As at March 31, 2005	As at April 01, 2004	For the Period	Sale / Adjustment during the period	As at March 31, 2005	As at March 31, 2005	As at March 31, 2004
Plant & Machinery	8,860	1,769	4,192	6,437	961	949	917	993	5,444	7,899
TOTAL	8,860	1,769	4,192	6,437	961	949	917	993	5,444	7,899
Previous Year	3,090	5,770	-	8,860	163	798	-	961		

Particulars	As at March 31, 2005 (Rs. '000)	As at March 31, 2004 (Rs. '000)
-------------	---------------------------------------	---------------------------------------

SCHEDULE : 3

INVESTMENTS

(Refer Note 6 on Schedule 16)

Long Term

Trade (Unquoted)

Investment in Subsidiary

Bharti Broadband Limited (formerly Comsat Max Limited)

(Previous year Nil) 248,492 -

248,492 -

SCHEDULE : 4

INVENTORY

(Refer Note 5 on Schedule 16)

Stock in Trade 11,910 11,931

11,910 11,931

Schedules Annexed to and forming part of Accounts

Particulars	As at March 31, 2005 (Rs. '000)	As at March 31, 2004 (Rs. '000)
SCHEDULE : 5		
SUNDRY DEBTORS		
(Unsecured, considered good)		
Billing Debtors :		
Outstanding for more than six months		
– Considered good	2,463	8,047
– Considered doubtful	5,576	239
Less : Provision	(5,576)	(239)
	2,463	8,047
Other Debts:-		
– Considered good	23,613	33,932
– Considered doubtful	475	–
Less : Provision	(475)	–
	23,613	33,932
	26,076	41,979
SCHEDULE : 6		
CASH AND BANK BALANCES		
Cash in hand	–	54
Balances in Scheduled Banks in Current Accounts		
– in Current Account	3,777	1,481
– in Fixed deposits	5	–
	3,782	1,535
	3,782	1,535
SCHEDULE : 7		
OTHER CURRENT ASSETS, LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	1	–
Advance Tax Rs.1 thousand (Previous year Advance tax Rs. 0.7)	1	1
Others	–	1,138
	2	1,139
	2	1,139

Schedules Annexed to and forming part of Accounts

Particulars	As at March 31, 2005 (Rs. '000)	As at March 31, 2004 (Rs. '000)
SCHEDULE : 8		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors		
Due to Small Scale Industrial Undertakings*	–	–
Due to Others	<u>62,179</u>	<u>66,832</u>
	62,179	66,832
Advance Received from customers	6,139	–
Other Liabilities	286	3,528
Advance Billing Revenue	214	–
	<u>68,818</u>	<u>70,360</u>
<p>* The above information has been compiled in respect of parties to the extent they could be identified as Small Scale and ancillary undertakings on the basis of information available with the Company.</p>		
Provisions		
Provision for warranty (Refer Note 8 on Schedule 16)	<u>1,423</u>	–
	1,423	–
	<u>70,241</u>	<u>70,360</u>
SCHEDULE : 9		
OTHER INCOME		
Liabilities/Provisions no longer required written back	<u>19</u>	–
	19	–
SCHEDULE : 10		
NETWORK OPERATING EXPENDITURE		
(Refer Note 6 on Schedule 17)		
VSAT Maintenance and Warranty Charges (Net)	1,530	–
Power and Fuel	2,934	2,387
Insurance	162	136
Repairs and Maintenance – Building	827	3
– Plant and Machinery	2,699	2,101
– Others	377	156
	<u>8,529</u>	<u>4,783</u>

Schedules Annexed to and forming part of Accounts

Particulars	As at March 31, 2005 (Rs. '000)	As at March 31, 2004 (Rs. '000)
<u>SCHEDULE : 11</u>		
<u>COST OF SALES</u>		
Opening Stock	11,931	12,243
Add : Purchases	57,007	71,704
Less : Internal issues/capitalised	1,748	5,770
Less : Closing Stock	11,910	11,931
	55,280	66,246
<u>SCHEDULE : 12</u>		
<u>PERSONNEL EXPENDITURE</u>		
(Refer Note 6 on Schedule 17)		
Salaries, Wages and Bonus	6,469	5,174
	6,469	5,174
<u>SCHEDULE : 13</u>		
<u>SALES AND MARKETING EXPENDITURE</u>		
Sales Commission and Incentive	220	95
Business Promotion	760	281
Other selling and distribution expenses	2,919	1,971
	3,899	2,347
<u>SCHEDULE : 14</u>		
<u>ADMINISTRATIVE AND OTHER EXPENDITURE</u>		
(Refer Note 6 on Schedule 17)		
Legal and Professional Charges	1,090	520
Rates and Taxes	3,068	7
Printing and Stationery	254	262
Travelling and Conveyance	3,987	1,926
Rent	2,988	2,157
Repairs and Maintenance – Building	827	524
– Others	377	–
Provision for doubtful debts/advances	5,812	239
Telephone, Telex and Postage	1,988	1,213
Miscellaneous	367	727
	20,758	7,575
<u>SCHEDULE : 15</u>		
<u>FINANCE EXPENSES</u>		
Finance Charges	5,626	4,387
	5,626	4,387
Less :		
Exchange fluctuation gain	37	1,137
	5,589	3,250

Schedules Annexed to and forming part of Accounts

SCHEDULE : 16

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION

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.

Inventory transferred to Fixed Assets is recognised at Weighted Average Cost and vice-versa at Written Down Value as on date.

Capital work-in-progress is stated at cost.

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
Plant and Machinery	10.00%

Depreciation is provided for the full value on all assets individually costing less than Rs.5 thousand.

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

4. REVENUE RECOGNITION AND RECEIVABLES

Revenue from Traded Goods is recognised upon acceptance of goods by customers when title is transferred on endorsement.

Service Revenues comprise revenues from installation and provision of Internet and Satellite services. Installation charges are recognised as revenue on satisfactory completion of installation of hardware and service revenue is recognised from the date of satisfactory installation of equipment and software at the customer site and provisioning of Internet and Satellite services.

Provision for doubtful debts :

Provision for doubtful debts is made for dues outstanding for more than 90 days in case of active subscriber and dues from customers who have been deactivated other than those covered by security deposit or in specific cases where management is of the view that the amounts are recoverable.

5. INVENTORIES

Inventories are valued at the lower of weighted average cost and net realisable value.

6. INVESTMENT

Current Investments are valued at lower of cost and fair market value.

Long term Investments are valued at cost. Provision is made for diminution in value to recognise a decline, if any, other than that of temporary nature.

Schedules Annexed to and forming part of Accounts

7. 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.

8. WARRANTY

Provision for warranty is based on past experience and technical estimates.

9. 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.

10. LEASES

a. Operating Leases – As Lessor

Assets 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. Financial Leases – As Lessee

Assets taken on Finance Lease are accounted for as assets by the Company. Lease rentals payable are apportioned between principle and interest using the internal rate of return method and finance charge is recognised accordingly.

11. 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 is recognized only for such timing differences which reverse after tax holiday period. 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.

Schedules Annexed to and forming part of Accounts

SCHEDULE: 17 NOTES TO ACCOUNTS

- The Company was incorporated in India with the object of providing management and technical services in the field of telecommunications and trading in networking equipments.
- CMax Infocom Private Limited has become a Public Limited Company with effect from February 1, 2005.
- With effect from June 28, 2005 name of the Company has changed to Satcom Broadband Equipment Limited.
- During the year ended March 31, 2005 the Company has acquired 29,200 thousand equity shares of Bharti Broadband Limited ('BBL') (formerly Comsat Max Limited) from Max India Limited for a consideration of Rs. 248,492 thousand by allotting 24,849 thousand shares of Rs. 10 each at par to Max India Ltd.

Pursuant to the share purchase agreement entered on January 27, 2005, between Max India Limited, Bharti Tele-Ventures Ltd.(BTVL) (erstwhile Bharti Infotel Ltd.) and Satcom Broadband Equipment Limited ('SBEL') (formerly Cmax Infocom Limited) the entire shareholding of SBEL (formerly Cmax Infocom Limited) will be transferred to BTVL (erstwhile Bharti Infotel Ltd.) Consequently, till March 31, 2005, 51% of the share capital of the Company has been transferred to BTVL (erstwhile Bharti Infotel Ltd.). The balance 49% has been transferred on April 16, 2005 making this Company a 100% Subsidiary of BTVL (erstwhile Bharti Infotel Limited).

- Pursuant to divestment by Max India Ltd. in favour of BTVL (erstwhile Bharti Infotel Ltd.), (as mentioned above) the Company has made the following changes in its accounting practices to align with that of BTVL (erstwhile Bharti Infotel Ltd.).

Depreciation Rates have been realigned as per Bharti's Policy resulting lower depreciation charge of Rs.397 thousand to the Profit and Loss Account. Consequently, loss for the year is lower by the same amount.

- Pursuant to agreement for sharing of common costs with Bharti Broadband Limited (formerly Comsat Max Limited), following expenses are gross of amounts transferred from Bharti Broadband Limited (formerly Comsat Max Limited).

Particulars	As at March, 31 2005 (Rs. '000)	As at March, 31 2004 (Rs. '000)
Employee Remuneration and Benefits	6,469	5,174
Power and Fuel	2,934	2,387
Rent	2,988	2,157
Repair and Maintenance – Building	Nil	3
– Plant and Machinery	3,876	2,101
Insurance	162	136
Other Operating Expenses	8,207	5,231
Interest	5,124	3,737
Total	29,760	20,926

- Additional Information pursuant to provisions of Part II of Schedule VI to the Companies Act, 1956.

a) Details of Purchases and Sales

Particulars	Purchases				Sales			
	2004-05		2003-04		2004-05		2003-04	
	Quantity (Nos.)	Amount (Rs. '000)	Quantity (Nos.)	Amount (Rs. '000)	Quantity (Nos.)	Amount (Rs. '000)	Quantity (Nos.)	Amount (Rs. '000)
Satellite Communication Equipments*#	502	25,252	511	64,559	576	36,523	448	66,830
Others	–	31,755	–	7,145	–	25,831	–	20,695
Total	502	57,007	511	71,704	576	62,354	448	87,525

* includes Indoor Unit, Outdoor Unit, Antenna, Low Noise Blowdown Convertor, Network Interface Unit and Extended Serial Port Cards.

excludes 23 sets (2004 : 78) capitalised during the year.

Schedules Annexed to and forming part of Accounts

b) Details of Inventories

Particulars	Opening Stock				Closing Stock			
	2004-05		2003-04		2004-05		2003-04	
	Quantity (Nos.)	Amount (Rs. '000)	Quantity (Nos.)	Amount (Rs. '000)	Quantity (Nos.)	Amount (Rs. '000)	Quantity (Nos.)	Amount (Rs. '000)
Satellite Communication Equipments*	97	5,240	112	11,121	-	34	97	5,240
Others	-	6,691	-	-	-	11,876	-	6,691
Total	97	11,931	112	11,121	-	11,910	97	11,931

* includes Indoor Unit, Outdoor Unit, Antenna, Low Noise Blowdown Convertor, Network Interface Unit and Extended Serial Port Cards

c) CIF Value of Imports

Particulars	2004-05 Amount (Rs. '000)	2003-04 Amount (Rs. '000)
Traded Items	24,369	42,577
Total	24,369	42,577

d) Expenditure/Earnings in Foreign Currency (on accrual basis)

Particulars	2004-05 Amount (Rs. '000)	2003-04 Amount (Rs. '000)
Expenditure		
Travelling	-	228
Others	220	225
	220	453
Earnings		
Income from Service & Sale of Networking Equipment	22,814	1,062
	22,814	1,062

8. Leases

Fixed Assets includes Assets given on Operating Lease to different customers for various periods, renewable on mutual agreement. Lease Rentals recognized as income in the Profit and Loss Account for the year is Rs. 3,125 thousand (2004 : Rs. 2,380 thousand). The total of future minimum lease payments under the aforesaid leases are as follows :-

Future obligation :

Particulars	Year ended March 31, 2005 Amount (Rs. '000)	Year ended March 31, 2004 Amount (Rs. '000)
Not Later than one year	Nil	1,234
Later than one year but not later than five years	Nil	Nil
Later than five years	Nil	Nil
Total	Nil	1,234

Schedules Annexed to and forming part of Accounts

9. Break-up of net deferred tax into major components is as follows :-

Particulars	2004-05 (Rs. '000)	2003-04 (Rs. '000)
Deferred Tax Assets/(Liabilities) arising from :		
i) Expenses charged in the financial statements but allowed as deductions in the future years under the Income Tax Act	86	86
ii) Difference between depreciation as per financial statements and depreciation as per Income Tax Return	(1,075)	(386)
Net Deferred Tax Asset / (Liability)	(989)	(300)

The tax impact for the above purpose has been arrived at by applying a tax rate of 33.66% being the prevailing tax rate for Indian Companies under the Income Tax Act, 1961.

10. Earnings Per Share

Particulars	2004-05	2003-04
a) Profit/(Loss) attributable to Equity Shareholders (Rs. '000) (A)	(17,839)	(101)
b) Number of equity shares at the beginning of the year	10,000	10,000
c) Number of equity shares issued on December 13, 2004	24,849,200	–
d) Nominal value of equity shares (Rs.)	10	10
e) Weighted Average number of Equity shares outstanding during the year (B)	7,430,720	10
Earning Per Share (Rs.) (A)/(B)	(2.40)	(10.10)

11. Related Party Transaction :

In accordance with the requirements of Accounting Standards (AS) - 18 on Related Party Disclosures, the names of the related parties where control exists and/or 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

Name of the Related Party	Relationship
Bharti Tele-Ventures Limited	Holding Company
Bharti Broadband Limited (formerly Comsat Max limited)	Subsidiary Company

2004-2005

Nature of transaction	Subsidiary Company	Holding Company
Opening Balance	(46,903)	–
Expenses incurred by Group Companies	(2,133)	(15)
Closing Balance	(49,036)	(15)

Schedules Annexed to and forming part of Accounts

12. Information about Geographical Segment – Secondary

The group has operations within India as well as with entities located in other countries. The information relating to the Geographical segments in respect of operations within India, which is the only reportable segment, the remaining portion being attributable to others, is presented below for the year ended March 31, 2005.

Particulars	Year ended March 31, 2005 (Rs. '000)
Segment Revenue from external customers based on geographical location of customers (including Other Income)	
Within India	61,509
Others	22,814
Total	84,323

Notes :

Others' represents the unallocated revenue of the Company.

13. Auditors' Remuneration*

	(Rs. '000)	
	For the year ended March 31, 2005	For the year ended March 31, 2004
Audit Fee	85	85
Tax Audit Fee	–	25
Certification Charges	–	–
Total	85	110

* Excluding Service Tax

14. 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. State Code

Balance Sheet Date - -
Date Month Year

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

Public Issue

Bonus Issue

Rights Issue

Private Placement

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

	Total Liabilities	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="1"/>	Total Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="1"/>
Sources of funds	Paid up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="2"/>	Reserves & Surplus	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
	Secured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Unsecured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Application of funds	Net Fixed Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="4"/>	Investments	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="2"/>
	Net Current Assets	<input type="text" value=""/> <input type="text" value=""/> <input "="" type="text" value="("/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value=")"/>	Miscellaneous Expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
	Accumulated Losses	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="6"/>		

IV. Performance of the Company (Amount in thousands)

Turnover	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="3"/>	Total Expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="3"/>
Profit/(Loss) Before Tax	<input type="text" value=""/> <input type="text" value=""/> <input "="" type="text" value="("/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value=")"/>	Profit/(Loss) After Tax	<input type="text" value=""/> <input type="text" value=""/> <input "="" type="text" value="("/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value=")"/>
Earning per Share in Rs.	<input type="text" value=""/> <input type="text" value=""/> <input "="" type="text" value="("/> <input type="text" value="2"/> <input type="text" value="."/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value=")"/>	Dividend Rate	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

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

Item Code No. (ITC Code)

Product Description

On behalf of the Board

BADRI AGARWAL
Managing Director

AKHIL GUPTA
Director

VIPIN AGARWAL
Company Secretary

Place : New Delhi
Date : July 16, 2005

Statement Pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Companies

1. Name of Subsidiary	Bharti Broadband Limited (erstwhile Comsat Max Limited)
2. Financial Year of the Subsidiary ended on :	31-03-2005
3. Shares of the Subsidiary held by the Company on the above dates :	
(a) Nos.	29,200,000
(b) Face Value	292,000,000
(c) Extent of Holding	100%
4. Net aggregate amount of profit / losses of the Subsidiary for the above financial year so far as they concern members of the Company (Rs.)	
(a) Dealt with the accounts of the Company for the year ended 31-3-2005	Nil
(b) Not dealt with in the Accounts of the Company for the year ended 31-3-2005	(116,887)
5. Net aggregate amount of profits/(Losses) for the previous financial years of the Subsidiary, since it became a Subsidiary so far as they concern the members of the Company (Rs.)	
(a) Dealt with in the Accounts of the Company for the year ended 31-3-2004	Nil
(b) Not dealt with in the Accounts of the Company for the year ended 31-3-2004 (Rs. in Thousands)	Nil

On behalf of the Board

BADRI AGARWAL
Managing Director

AKHIL GUPTA
Director

VIPIN AGARWAL
Company Secretary

Place : New Delhi
Date : July 16, 2005