

MILLENNIUM TELECOM LIMITED

CHAPTER X ORGANISATIONAL SETUP AND FINANCIAL MANAGEMENT

1. Introduction

Millennium Telecom Limited (Company) with its registered office located in Mumbai, was incorporated in February 2000 under the Companies Act 1956, as a wholly owned subsidiary of Mahanagar Telephone Nigam Limited (MTNL). The Company obtained a category 'A' licence from the Department of Telecommunications (DoT) for providing Internet services throughout India. It signed a Memorandum of Understanding (MOU) with the Himachal Pradesh State Electronics Development Corporation Limited (a Government of Himachal Pradesh Enterprise) in July 2001 for providing Internet Software Package (ISP) services at Shimla, Himachal Pradesh. The services commenced with effect from 25 February 2002. During 2002-03, the Company also decided to associate with State Electronic Development Corporations to provide Internet services in various States and accordingly, signed MOUs with Karnataka State Electronics Development Corporation, West Bengal Electronics Industry Development Corporation Limited and Beltron Communications Limited, Patna for providing Internet services in Karnataka, West Bengal and Bihar, respectively. The Company has also been providing online tendering services, namely 'Nivida Sewa' and 'Tender Mart' to its clients, mainly Mahanagar Telephone Nigam Limited (MTNL). The ISP Shimla project however, was closed with effect from January 2004 due to consecutive losses in the preceding two years. Now it is handling a project for laying submarine cable from India to South East Asia and the Middle East.

2. Organisational setup

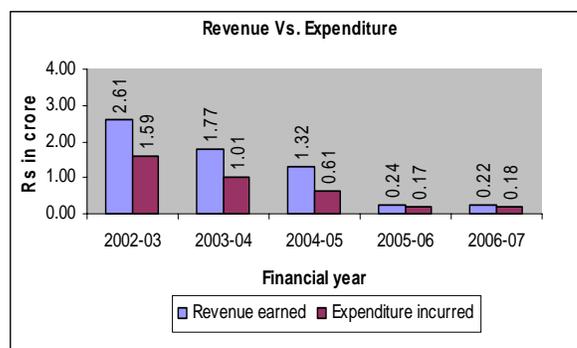
The administrative and overall control of business activities of the Company are vested with the Board of Directors headed by the Chairman (CMD of MTNL), who is assisted in day to day management by a Chief Operating Officer and an Internal Financial Advisor. There are three other Directors (all from MTNL) on the Board of the Company.

3. Investment

Against the authorised equity share capital of Rs 100 crore the paid-up capital as on 31 March 2007, was Rs 2.88 crore, which was totally subscribed by MTNL, its holding Company.

4. Financial Performance

In the year 2006-07 no revenue was generated from its operations of e-tendering services, sale of ISP packs services, etc. The company has earned interest of Rs 21.69 lakh on Fixed Deposits. However, during the preceding years 2002-03, 2003-04, 2004-05 and 2005-06 the Company's income was Rs 2.61 crore, Rs 1.77 crore, Rs 1.32 crore and Rs 0.24 crore against expenditure of Rs 1.59 crore, Rs 1.01 crore, Rs 0.61 crore and Rs 0.17 crore respectively.



The Company earned net profit before tax of Rs 1.02 crore, Rs 0.76 crore, Rs 0.71 crore, Rs 0.07 crore and Rs 0.04 crore during 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07, respectively.

5. Manpower

The Chief Operating Officer manages the day to day business activities of the Company, mainly with the help of employees of MTNL. The total manpower strength of the Company as at the end of each of the five years ending on 31 March 2007 is given below:

Year	Group A	Group B	Group C	Group D	Total manpower
2002-03	1	2	2	1	6
2003-04	3	8	1	3	15
2004-05	2	3	0	1	6
2005-06*	8	--	--	--	8
2006-07*	8	4	2	1	15

*Figures are of MTNL/BSNL employees who are working for MTL on deputation basis. At present, MTL has no employee of its own.