



**QUADRANT TELEVENTURES LIMITED**  
(formerly HFCL Infotel Limited)

# 66<sup>th</sup> ANNUAL REPORT 2012 - 2013

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Rahul Sethi  
 Mr. Babu Mohanlal Panchal  
 Mr. Viney Kumar (Nominee of IDBI Bank)  
 Mr. Yatinder Vir Singh  
 Mr. Vinay Kumar Monga

### COMPANY SECRETARY & MANAGER

Mr. Kapil Bhalla

### AUDIT COMMITTEE

Mr. Babu Mohanlal Panchal  
 Mr. Viney Kumar (Nominee IDBI Bank)  
 Mr. Yatinder Vir Singh  
 Mr. Vinay Kumar Monga

### SHARE TRANSFER & INVESTORS'

#### GRIEVANCE COMMITTEE

Mr. Babu Mohanlal Panchal  
 Mr. Yatinder Vir Singh  
 Mr. Vinay Kumar Monga

### REMUNERATION COMMITTEE

Mr. Babu Mohanlal Panchal  
 Mr. Yatinder Vir Singh  
 Mr. Vinay Kumar Monga

### AUDITORS

M/s. Khandelwal Jain & Co.  
 Chartered Accountants

### INTERNAL AUDITOR

M/s Ernst & Young

### BANKS & FINANCIAL INSTITUTIONS

IDBI Bank Ltd.  
 LIC of India  
 HDFC Bank Ltd.  
 ICICI Bank Ltd.  
 ING Vysya Bank Ltd.  
 Oriental Bank of Commerce  
 Punjab National Bank  
 State Bank of Patiala

### REGISTERED OFFICE

Autocars Compound, Adalat Road,  
 Aurangabad – 431 005, Maharashtra

### REGISTRAR & SHARE TRANSFER AGENTS

Cameo Corporate Services Ltd.  
 Subramaniam Building No.1, Club House Road,  
 Anna Salai, Chennai – 600 002  
 Tel: 91 - 44 - 28460390 - 394.  
 Fax: 91 - 44 - 28460129  
 E-mail: [investor@cameoindia.com](mailto:investor@cameoindia.com)

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## IMPORTANT COMMUNICATION TO SHAREHOLDERS

Please register your Email ID for sending shareholders communications including Annual Report through electronic mode. Kindly send your email ID to the Registrar & Share Transfer Agent (RTA) at

**[investor@cameoindia.com](mailto:investor@cameoindia.com)**

or to the Company at

**[secretarial@infotelconnect.com](mailto:secretarial@infotelconnect.com)**

for detail please refer to note 12 of the Notice

\*\*\* JOIN US IN THE GREEN INITIATIVE \*\*\*

\*\*\* SAVE TREES SAVE EARTH \*\*\*

**NOTICE**

NOTICE is hereby given that the **Sixty Sixth Annual General Meeting** of the Company will be held as scheduled below:

Day and Date : **Friday, September 27, 2013**  
 Time : **12.00 Noon**  
 Venue : **Autocars Compound, Adalat Road, Aurangabad - 431 005, (Maharashtra)**

To transact the following business:

**Ordinary Business**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2013, Statement of Profit and Loss Account for the year ended on that date along with the Reports of the Board of Directors and the Auditors thereon;
2. To appoint a Director in place of Mr.Vinay Kumar Monga, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr.Babu Mohanlal Panchal, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass, with or without modification(s), if any, the following resolution as a **Special Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Section 224, 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s. Khandelwal Jain & Co., Chartered Accountants (Firm Registration No. 105049W) New Delhi be and are hereby appointed as the 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 of the Company, at a remuneration to be decided by the Board of Directors in addition to the re-imburement of all out of pocket expenses incurred in connection with the audit of the Company”.

By Order of the Board of Directors  
 For **QUADRANT TELEVENTURES LIMITED**

Place: Mohali  
 Dated: August 10, 2013

**KAPIL BHALLA**  
**COMPANY SECRETARY**

**Notes:**

1. A member entitled to attend and vote at the Annual General Meeting ('the Meeting') of the member is entitled to appoint a proxy to attend and vote on a poll, instead of himself/herself and the proxy need not be a member of the Company. The proxy shall not be entitled to vote except on a poll. The instrument appointing proxy should, however, be deposited with the Company not less than forty eight hours before the commencement of the Meeting.

2. Corporate Members intending to send authorised representative(s) to attend the Annual General Meeting are requested to send a certified copy of the Board Resolution authorizing such representative(s) under section 187 of the Companies Act, 1956 to attend and vote on their behalf at the Meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from September 21, 2013 to September 27, 2013 (both days inclusive) in connection with the Annual General Meeting.
4. As stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, a brief resume of the director seeking appointment/re-appointment as proposed in the Notice - giving nature of expertise in specific functional areas, companies in which he holds directorship and/or membership/chairmanship of Committees including shareholding is appended to the Notice.
5. Members holding shares in dematerialized form are requested to notify immediately any change of address to their Depository Participants (DPs) and those who hold shares in physical form are requested to write to the Company's Registrar & Share Transfer Agents (RTA), **M/s. Cameo Corporate Services Ltd., "Subramaniam Building", No. 1, Club House Road, Anna Salai, Chennai - 600 002.**
6. Members holding shares under more than one folio are requested to send the relative share certificates to the Registered Office of the Company for consolidation of the holding under one folio. After consolidation, the certificates will be returned by Registered Post.
7. Members/Proxies are requested to fill the enclosed Attendance Slip and deposit the same at the entrance of the meeting hall.
8. To avail the facility of nomination, members are requested to submit to the Company the nomination form, which will be supplied on request.
9. The documents referred to in the accompanying notice are available for inspection at the Registered Office of the Company on all working days between 12.00 Noon to 3.00 p.m. upto the date of the Annual General Meeting.
10. Members desiring information relating to the Accounts are requested to send their queries to the Company Secretary 7 days before the date of the meeting so as to enable the Management to reply at the Meeting.
11. In terms of the provisions of Section 173 (2) of the Companies Act, 1956, the Explanatory Statement in respect of Item No.4 is annexed hereunder.

**12. GREEN INITIATIVE:**

The Ministry of Corporate Affairs (MCA) - vide its Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011 - has taken a "Green Initiative in the Corporate Governance" by allowing paperless

compliances by Companies through electronic mode, as allowed under Sections 2, 4, 5, and 81 of the Information Technology Act, 2000, with regard to the legal validity of compliances under Companies Act, 1956 through electronic mode.

In compliance with the green initiative, the company is sending the Annual Report, in electronic form to those shareholders who have provided the email address for the same. The members are advised to update changes, if any, in their e-mail addresses, from time to time, with the concerned Depository Participant/ Company's Registrar. The Company shall also display full text of these communications/documents/reports at its website www.connectzone.in and physical copies of such communication/documents/annual reports/reports will be made available at the registered office of the company for inspection by the members during office hours on working days.

13. Members who hold the shares in physical form but desire to receive future communications in electronic form, are requested to kindly forward their e-mail addresses to the Company or to the Registrar & Share Transfer Agents (RTA) at **M/s. Cameo Corporate Services Ltd., "Subramaniam Building", No.1, Club House Road, Anna Salai, Chennai - 600 002.**
14. In case of joint holders attending the Meeting, only such joint holder, who is higher in the order of names, will be entitled to vote.
15. Non-resident Indian Members are requested to inform M/s. Cameo Corporate Services Limited immediately whenever there is a change in their residential status on return to India for permanent settlement.

16. Shareholders are requested to send any investor complaints at the Email address of the Investor Grievance / Redressal division at : [secretarial@infotelconnect.com](mailto:secretarial@infotelconnect.com)

#### **EXPLANATORY STATEMENT UNDER SECTION 173(2) OF COMPANIES ACT, 1956**

##### **ITEM NO. 4**

M/s. Khandelwal Jain & Co., Chartered Accountants (Firm Registration No. 105049W) New Delhi were appointed as the Statutory Auditors of the Company in the last Annual General Meeting and hold office upto the conclusion of the forthcoming Annual General Meeting. The Board of Directors have recommended their re-appointment in the forthcoming Annual General Meeting of the company to hold office until the conclusion of the next Annual General Meeting, on such remuneration as may be fixed by the Board of Directors.

As on date, the Financial Institutions/Banks hold more than 25% of the Subscribed Share Capital of the Company. Accordingly, in compliance with the provisions of Section 224A of the Companies Act, 1956, the appointment of the Statutory Auditors is required to be made by way of Special Resolution.

Your Directors therefore recommend the passing of the proposed resolution as a Special Resolution.

None of the Directors is interested in the proposed Resolution.

By Order of the Board of Directors

**For QUADRANT TELEVENTURES LIMITED**

Place: Mohali  
Dated: August 10, 2013

**KAPIL BHALLA**  
**COMPANY SECRETARY**

#### **DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT IN THE ANNUAL GENERAL MEETING (Information pursuant to clause 49 of the Listing Agreement)**

<b>Name of Director</b>	<b>Mr. Vinay Kumar Monga</b>	<b>Mr. Babu Mohanlal Panchal</b>
Director Identification Number (DIN)	03029345	01806193
Date of Birth	02.08.1968	14.12.1967
Date of Appointment	09.04.2010	09.04.2010
Qualification	B.Com	B. Com. FCA
Expertise in Specific Functional areas	Accounts, Finance & Administration	Accounts, Finance, Capital Market, Joint Ventures, Taxation, Amalgamations & Takeovers and Administration
Directorships in other Public Companies (including subsidiaries of Public Ltd Companies)	NIL	NIL
Chairmanship / Membership of Committees of the Board of other Public Limited Companies of which he is Director	NIL	NIL
No. of Shares held by Directors in the Company	NIL	NIL
Relationship, if any, with the other members of the Board	None	None
Category of the Director	Independent Director	Independent Director

## DIRECTORS' REPORT

To the Members of

### QUADRANT TELEVENTURES LIMITED

Your Directors have pleasure in presenting the 66th (Sixty Sixth) Annual Report on the business and operations of the Company together with the Audited Financial Statements for the year ended 31st March, 2013 .

### SUMMARY OF FINANCIAL RESULTS

The summarized Financial Results for the year ended 31st March, 2013 are as under:

(Rs. in Millions)

	Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
I.	Revenue from operations	3358.37	2813.02
II.	Other Income	27.78	15.89
III.	Total Income(I+II)	3386.15	2828.91
IV.	Expenses		
	Network operation Expenditure	2189.17	2164.99
	Employee Benefits Expenses	483.32	446.22
	Sales & Marketing Expenditure	229.37	203.78
	Finance Cost	280.62	281.18
	Depreciation and Amortisation Expenses	1218.27	1201.71
	Other Expenses	342.22	322.63
		4742.97	4620.51
V.	Profit (Loss) before exceptional and extraordinary items and tax (III-IV)	(1356.82)	(1791.60)
VI.	Exceptional Item	-	-
VII.	Profit (Loss) before extraordinary items and tax (V-VI)	(1356.82)	(1791.60)
VIII.	Extraordinary items	-	-
IX.	Profit (Loss) before tax (VII-VIII)	(1356.82)	(1791.60)
X.	Tax expenses (1) Current Tax (2) Deferred Tax	- -	- -
XI.	Profit (Loss) for the period from continuing operations (IX-X)	(1356.82)	(1791.60)
XII.	Profit/(Loss) from discontinuing operations	-	-
XIII.	Tax expenses of discontinuing operations	-	-
XIV.	Profit/(Loss) from Discontinuing operations (after tax)(XII-XIII)	-	-
XV.	Profit /(Loss) for the period (XI+XIV)	(1356.82)	(1791.60)

### PERFORMANCE

Your Company holds Unified Access Services License (UAS License) for providing Telephony Services in the Punjab

Telecom Service Area comprising of state of Punjab, Union Territory of Chandigarh and Panchkula Town of Haryana. Currently, the Company is providing GSM Mobile Services, Fixed Voice (Landline) services, DSL (Internet) services, Leased Line services and CDMA Mobile Services in the Punjab Telecom Service Area.

As of March 31, 2013 i.e. at the end of third year of operations of GSM Mobile Services – the GSM Subscriber base touched 13,76,202 (Previous Year 13,21,225).

As on March 31, 2013, the Fixed Voice (Landline) Subscriber Base 1,87,944 (previous year 2,00,044 ), Broadband DSL subscriber base touched 1,19,879 (previous Year 1,15,538) witnessing a growth of about 4% and the CDMA Mobile Services Segment customer base stood at 17,456 subscribers (previous year 27,768) as CDMA Subscribers have opted to shift to the GSM Services Segment by using Mobile Number Portability (MNP) option.

The revenue from operations increased by 19.38% from Rs.2,813.02 million in 2011-12 to Rs. 3,358.37 million in 2012-13. The total expenses during 2012-13 increased to Rs. 4,742.97 million as against Rs. 4,620.51 million in the previous year.

Loss during the year reduced from Rs. 1,791.60 million during 2011-12 to Rs. 1,356.82 million during the year 2012-13.

### DIVIDEND

As on 31.03.2013, the Company had accumulated losses. Your Directors, therefore, have not recommended any dividend for the financial year 2012-13.

### TRANSFER TO RESERVES

During the year under review, no amount has been transferred to reserves.

### CORPORATE DEBT RESTRUCTURING SCHEME (CDR SCHEME)

#### Restructuring of Liabilities:

- (i) Issuance of Non Convertible Debentures

In accordance with the Corporate Debt Restructuring Scheme (CDR Scheme) approved by the Corporate Debt Restructuring Cell (CDR Cell) vide letter No. CDR (JCP) 563/2009-10 dated August 13, 2009 and the consequent approval of the shareholders, the Company has issued 31,969,088 Secured Non Convertible Debentures of Rs.100/- (Rupees One Hundred only) each, fully paid up, aggregating Rs. 319,69,08,800 to the Financial Institutions/Bank on January 21, 2013 by way of conversion of 50% of the outstanding debt.



## (ii) Reduction of Share Capital:

In accordance with the terms and conditions of the Corporate Debt Restructuring Package (CDR Package) and consequent to the approval of the shareholders accorded at an Extra Ordinary General Meeting held on 18th July, 2012, the Company sought the approval from the Bombay Stock Exchange (BSE) for the proposed reduction of issued, subscribed and Paid up equity share capital of the Company by 90% i.e. from Rs. 612.26 Crores to Rs. 61.22 Crores by extinguishing/ cancelling Rs.9/- per equity share out of each equity share of Rs. 10/- each fully paid up (i.e. each equity share of Rs. 10/- each, fully paid up, would stand reduced to Rs. 1/- per share, fully paid up) in order to write off the accumulated losses to that extent as per the CDR Scheme. BSE, vide its letter dated January 14, 2013 issued its "No objection" under clause 24(f) of Listing Agreement for the proposed Scheme of Reduction allowing the Company to file the Petition with the Hon'ble High Court at Mumbai; however, before the Petition could be filed, the Securities & Exchange Board of India (SEBI) came out with a Circular No. CIR/CFD/DIL/5/2013 dated 4th February, 2013 revising the norms for restructuring/ reduction of share capital by Listed Companies viz. requiring the "designated Stock Exchange" to also seek clearance from SEBI before giving clearance for any scheme of restructuring/ reduction and also seeking shareholders approval by way of Postal Ballot;

Accordingly, the Company again approached BSE for seeking clarification as to whether fresh approval would be required from shareholders for effecting Reduction of capital; pending clarifications from BSE, SEBI issued a further clarification vide No. CIR/CFD/DIL/8/2013 dated May 21, 2013 clarifying that shareholders' approval by way of Postal Ballot would be required only in those cases where fresh equity was proposed to be allotted to the Promoters resulting in a change in the shareholding pattern.

Pursuant to the aforesaid clarification, the Company has now submitted fresh application to BSE (Designated Stock Exchange); the approval/ clearance from BSE is awaited where after the Company would be proceeding to file the petition with the Hon'ble High Court, Mumbai for seeking confirmatory orders for the reduction of equity share capital.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Company, being a telecom service provider, does not carry on any manufacturing activity; accordingly, the information required under 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, as amended, relating to Conservation of Energy are not applicable. Nevertheless, the Company regularly take steps to conserve energy. During the year under review, the Company has not spent any amount on Research and Development and Technology Absorption.

During the year, there were no foreign exchange earnings; the total foreign exchange outgo was to the tune of Rs. 60.11 millions, which was on account of finance charges and travel expenses.

#### **SHARE CAPITAL**

During the year, there has been no change in the issued, subscribed and paid up equity share capital of the company which stood at Rs. 6,122,602,680 consisting of 612,260,268 equity shares of Rs.10/- each, fully paid up, as at March 31, 2013.

#### **DIRECTORS**

The Board of Directors comprises of five independent directors viz. Mr. Rahul Sethi, Mr. Babu Mohanlal Panchal, Mr. Viney Kumar (Nominee Director of IDBI Bank), Mr. Yatinder Vir Singh and Mr. Vinay Kumar Monga.

Further, in accordance with the provisions of Section 255 of the Companies Act, 1956 read with Article 104 and 105 of the Articles of Association of the Company, Mr. Vinay Kumar Monga and Mr. Babu Mohanlal Panchal are liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Your Directors recommend their re-appointment at the forthcoming Annual General Meeting.

#### **AUDITORS**

The Statutory Auditors, M/s Khandelwal Jain & Co., Chartered Accountants, New Delhi hold office till the conclusion of the ensuing Annual General Meeting of the Company and have confirmed their willingness and eligibility for re-appointment under section 224(1B) of the Companies Act, 1956. The Board of Directors recommend their re-appointment as Statutory Auditors for the financial year 2013-14.

#### **PARTICULARS OF EMPLOYEES**

During the financial year 2012-13, there was no employee who was drawing remuneration in excess of the monetary ceiling in accordance with the revised provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

#### **CORPORATE SOCIAL RESPONSIBILITY**

Corporate Social Responsibility is a continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the

workforce and their families as well as of the local community and society at large. Your Company is dedicated to serve the society at large. Commitment towards health, safety and environment protection are the core values of the Company. Continuous efforts are made to preserve the environment by undertaking various measures such as plantation of trees, encouraging paperless transactions and optimum use of natural resources

Your Company shall continue to undertake more activities and initiatives to improve the quality of life and society at large.

#### **LISTING**

The equity shares of your Company are listed on BSE Limited.

#### **CASH FLOW STATEMENT**

The Cash Flow Statement for the financial year ended March 31, 2013, in conformity with the provisions of clause 32 of the Listing Agreement, is annexed hereto.

#### **COST AUDITOR**

In compliance with the Cost Audit directions issued by the Ministry of Corporate Affairs (Cost Audit Branch) vide notification no. Cost Audit No. F. No. 52/26/CAB - 2010 dated May 2, 2011 and circular dated November 6, 2012, the Company has appointed M/s Sanjay Gupta & Associates, Cost Accountants New Delhi as the Cost Auditor for the financial year 2013-14. The Cost Audit Report for the Financial year 2012-13 will be submitted on or before the due date.

#### **AUDIT COMMITTEE**

In compliance with the provisions of Section 292A of the Companies Act, 1956 and provisions of Listing Agreement, the Company has constituted an Audit Committee. The composition, scope and powers of the Audit Committee together with details of meetings held during the year under review, forms part of the Corporate Governance Report.

#### **TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)**

As of March 31, 2013, there was no Unclaimed Dividend due for transfer to the Investor Education and Protection Fund (IEPF) of the Central Government, after the expiry of seven years. However, unclaimed fixed deposits have been duly transferred to IEPF.

#### **SUBSIDIARY**

As on March 31, 2013, the Company has one wholly owned subsidiary, namely, Infotel Tower Infrastructure Private Limited which carries on the business of manpower outsourcing and trading activities related

to telecommunication operations. Information on the Subsidiary in terms of the provisions of Section 212 of the Companies Act, 1956 is annexed and forms part of this Report as Annexure-I.

Pursuant to the General Circular No. 2/2011 dated February 8, 2011 issued by the Ministry of Corporate Affairs, Government of India, the Board of Directors have consented for not attaching the balance sheet, statement of profit & loss and other documents as set out in section 212(1) of the Companies Act, 1956 in respect of the subsidiary company for the year ended March 31, 2013.

Annual accounts of the subsidiary company, along with related information are available for inspection at the Company's registered office and the registered office of the respective subsidiary company. Copies of the annual accounts of the subsidiary company will also be made available to the shareholders upon request.

The statement pursuant to the above referred circular has been annexed as part of the Notes to Consolidated Accounts of the Company.

#### **CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with the Accounting Standard AS-21 pertaining to Consolidated Financial Statement read with Accounting Standard AS-23 on Accounting for Investments in Associates, your Directors have pleasure in presenting the Consolidated Financial Statements, which form part of the Annual Report & Accounts.

#### **FIXED DEPOSITS**

The Company has not accepted / renewed any deposits from the public under section 58A of the Companies Act, 1956 during the year. The Company had discontinued the NBFC business in the year 2004 and had not accepted / renewed any deposit(s) thereafter; the entire outstanding amounts of deposits had been transferred to an Escrow Account maintained with Oriental Bank of Commerce. The Company has been making the repayment of the amount of deposits out of the said Escrow Account as per requests received from the depositors from time to time. Certain amounts of deposits which were unclaimed for a period of seven years have been duly transferred to the Investor Education and Protection Fund (IEPF) Account of the Central Government, as and when they became due for transfer, in terms of the provisions of section 205C of the Companies Act, 1956.

#### **AUDITORS' REPORT**

The Statutory Auditors of the Company, M/s Khandelwal Jain & Co., Chartered Accountants, have submitted the Auditors' Report on the accounts of the Company for the accounting period ended 31st March, 2013, which is self explanatory.

**MANAGEMENT'S EXPLANATION TO THE AUDITORS' OBSERVATIONS:****Auditors' Observation**

*As mentioned in Note 27(8)(a) to the Financial Statements, based on Company's request, Corporate Debt Restructuring (CDR) cell vide their letter dated August 13, 2009 (CDR letter) has revised the terms of CDR scheme with effect from April 1, 2009. The Company has accounted for the impact of revised CDR scheme as approved by CDR Cell after complying with most of the terms and conditions stipulated therein, however compliance of the some of them is still in process. These financial statements do not include any adjustment which may arise due to inability of the management to fulfill the remaining conditions precedent.*

**Management's Explanation**

The Company has given effect to most of the terms and conditions of the revised Corporate Debt Restructuring (CDR) Scheme. Compliance of some of the terms and conditions are under way. The Company is confident of fulfilling the remaining conditions precedent for the complete implementation of the Revised CDR Scheme and would fully implement the remaining terms of the Revised CDR Scheme on the completion of such approvals and conditions precedent. The Management does not foresee any financial implications on account of the delay in the implementation of the same.

**CORPORATE GOVERNANCE**

The Company is committed to maintain the highest standards of Corporate Governance.

The detailed Corporate Governance Report, Management Discussion and Analysis Report as well as Corporate Governance Compliance Certificate are attached pursuant to the requirements of clause 49 of the listing agreement and forms part of this Annual Report.

**HUMAN RESOURCE (HR) DEVELOPMENT**

The Company's HR policies and processes are continuously aimed at intellectual growth and orientation in order to effectively motivate the employees at all levels in the drive for growth and expansion of the Organization's business. Regular innovative programs for learning and development are drawn up in order to create an encouraging work environment for empowering the employees at all levels and maintaining well structured reward and recognition mechanism. The Company encourages its employees to strengthen their entrepreneurial skills in order to enhance the Organization's productivity and creativity.

**DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm as under: -

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2013, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) that the Directors have selected appropriate accounting policies and applied them consistently, made changes wherever required, disclosed the same in the financial statements wherever applicable and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the loss of the Company for the said period;
- (iii) 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 and
- (iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2013 on a 'going concern' basis.

**ACKNOWLEDGEMENT**

Your Directors wish to express their gratitude for the wholehearted support received throughout the year from the Department of Telecommunications, Financial Institutions, Banks, Lenders and the various Central and State Government Departments, Business Associates, Shareholders and Subscribers.

Your Directors take this opportunity to put on record their sincere appreciation for the contribution made by the employees at all levels.

**For and on behalf of the Board of Directors of  
QUADRANT TELEVENTURES LIMITED**

**Babu Mohanlal Panchal**  
Director

**Rahul Sethi**  
Director

**Place : Mohali**  
**Date : August 10, 2013**



**Annexure - I**

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956  
(RELATING TO SUBSIDIARY COMPANY - INFOTEL TOWER INFRASTRUCTURE PRIVATE LIMITED)**

1.	Name of the Company	Infotel Tower Infrastructure Private Limited
2.	Financial Year ended on	31.03.2013
3.	Shares of the Subsidiary held by the Company on the above date	
	(a) Number and Face Value	10,000 equity shares of Rs.10/- each
	(b) Extent of Holding	100%
4.	Net aggregate of profits/(losses) of the subsidiary for the above financial year so far as they concern members of the Company (Rs.)	
	(a) dealt with in the accounts of the Holding Company for the year ended on March 31, 2013	(51,27,742)
	(b) not dealt with in the accounts of the Holding Company for the year ended on March 31, 2013	Nil
5.	Net aggregate of profits/(losses) of the Subsidiary Company for its previous financial year since it became a subsidiary so far as they concern the members of the Company (Rs.)	
	(a) dealt with in the accounts of the Holding Company for the period ended March 31, 2012	(39,42,038)
	(b) not dealt with in the accounts of the Holding Company for the period ended March 31, 2012	Nil

## CORPORATE GOVERNANCE REPORT FOR THE YEAR 2012-13

*(As required under Clause 49 of the Listing Agreement entered into with Stock Exchange)*

Corporate Governance is crucial to the very existence of the Company as it builds trust, confidence and long term relation with its investors, customers and all other stakeholders apart from building a healthy and positive corporate image; it also encourages efficient use of resources and ensures accountability and transparency thereby leading to an overall progress and balanced growth of business.

### 1. Company's Philosophy and Principles on Corporate Governance

#### Philosophy

Transparency, Accountability, Integrity, Fairness, Purposefulness, Trust, Communication and Quality constitute the Company's Philosophy on Corporate Governance with the ultimate aim of value creation for all.

#### Principles

Company has laid a strong foundation for making Corporate Governance as the way of life by implementing a Corporate Governance Policy. The Policy is based on highest standard of Corporate Governance practices, which apart from fulfilling the requirements of clause 49 of the listing agreement entered with Stock Exchanges laid stress on complete transparency, business ethics and social obligations of the Company. The Company's philosophy on Corporate Governance is based on the following two core basic principles:

- ❖ Management must have executive freedom to drive the enterprise forward without undue restraints.
- ❖ This freedom of Management should be exercised within the framework of effective accountability.

The Corporate Governance in the Company, based on the principles and philosophy as mentioned above, takes place at three interlinked levels i.e.,

- a) Strategic supervision by the Board of Directors.
- b) Monitoring by various Committees of the Board of Directors.
- c) Periodical Reporting and Disclosures.

### 2. Board of Directors

#### (A) Composition of the Board

As on March 31, 2013, the Board of Directors of the Company consists of five non-executive independent Directors as per the details mentioned in the table given below. The Board Members possess requisite management skills and adequate experience and expertise. The Board directs and reviews the overall business operations of the Company; the day-to-day affairs are being managed by the Business Heads.

None of the directors are members in more than ten Committees and/or Chairman of more than five Committees across all companies in which they are directors. Directors have made necessary annual disclosures.

#### Board of Directors as at 31.03.2013.

Name of the Director	Date of appointment	Category	No. of other Directorships	No. of other Committee Members *	No. of other Committee Chairmanships *
Mr. Rahul Sethi	17.03.2012	NED/ID	NIL	NIL	NIL
Mr. Babu Mohanlal Panchal	09.04.2010	NED/ID	NIL	NIL	NIL
Mr. Yatinder Vir Singh	09.04.2010	NED/ID	2	1	NIL
Mr. Vinay Kumar Monga	09.04.2010	NED/ID	NIL	NIL	NIL
Mr. Viney Kumar (Nominee Director of IDBI Bank)	29.09.2009	NED/ID/ NOMINEE	1	NIL	NIL

#### Note:

\*C-Chairman; NED-Non Executive Director;; ID-Independent Director, NID-Non Independent Director; PD-Promoter Director

\*Only Includes Membership / Chairmanship in other Public Limited Company's and excludes Private Companies

Committees considered are Audit Committee and Share Transfer & Investors' Grievance Committee.

No Director is related to any other Director on the Board in terms of the definition of relative' given under the Companies Act, 1956.

#### (B) Information Placed before the Board

During the year 2012-13, information as mentioned in Annexure IA to Clause 49 of the Listing Agreements were placed before the Board which includes the following matters :

- a) Minutes of all Committee Meetings;
- b) Quarterly Un-audited Financial Results of the Company;
- c) Annual Operating Plans, Budgets and updates thereon;
- d) Information on recruitment, resignation and remuneration of all senior officers just below the Board level including appointment of Chief Financial Officer, Manager and Company Secretary;
- e) Show cause, demand, prosecution notices, penalty notices etc. which are materially important, have significant financial implications.

- f) Material default in financial obligations, if any, to and by the Company or substantial non-payment for goods sold or services rendered by the Company;
- g) Non-compliance of any regulatory and statutory requirements or listing requirements and shareholders' service;
- h) Details of any joint venture or collaboration agreement;
- i) Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if material.
- j) Legal Compliance reports and Certificates.
- k) Accounts of the subsidiary Companies.
- l) Minutes of Unlisted Subsidiary Companies

**C) Code of Conduct**

The Company has a Code of Conduct for members of the Board and Senior Management. The Code lays down, in detail, the standards of business conduct ethics and governance.

A copy of the Code is posted on the Company's website, [www.connectzone.in](http://www.connectzone.in).

The Code has been circulated to all the members of the Board and Senior Management and they have affirmed compliance of the same. A declaration signed by the Manager to this effect forms part of this report.

The Company has obtained from all the members of the Board and Senior Management an affirmation that they have complied with the Code of Conduct in financial year 2012-13.

**D) Attendance at the Board Meetings/ Annual General Meeting**

The Board meets every quarter to review and discuss the operations and operating results and financials apart from other items pertaining to statutory compliances and routine administrative items on the agenda.

Additional board meetings are held whenever required. During the financial year ended 31.03.2013, 7(Seven) Board Meetings were held and the gap between two meetings did not exceed four months. The dates on which the said meetings were held are as follows:

28th May 2012, 11th August 2012, 26th September 2012, 13th October 2012, 3rd November 2012, 21st January 2013 and 13th February 2013.

The 65th Annual General Meeting (AGM) of the shareholders was held on September 28, 2012.

The Directors Attendance at the Board Meetings and Annual General Meeting was as under:

ATTENDANCE AT BOARD MEETINGS / AGM IN THE FINANCIAL YEAR - 2012-13			
Name of the Director	No. of Board Meetings		Last AGM attended (Yes/No)
	Held	Attended	
Mr. Rahul Sethi	7	4	Yes
Mr. Babu Mohanlal Panchal*	7	4	Yes
Mr. Yatinder Vir Singh	7	7	No
Mr. Viney Kumar (Nominee of IDBI Bank Ltd)	7	4	No
Mr. Vinay Kumar Monga	7	7	No

\*Chairman of the Audit Committee

**E) Brief Profile of Directors seeking appointment/re-appointment:**

The brief profile of directors seeking appointment/re-appointment are appended to the Notice convening the Sixty Sixth Annual General Meeting.

**3. Committees of the Board**

The Board has constituted various Committees for smooth and efficient operations of Company's activities. The Committees meet at regular intervals to review their respective areas of operation. The draft minutes of the proceedings of each Committee meeting are circulated to the members of that Committee for their comments and thereafter, confirmed by the respective Committee in its next meeting. The proceedings of all such Committee meetings are regularly placed before the Board.

**(A) Audit Committee**

As on 31.03.2013, the Audit Committee comprised of the following members:

- Mr. Babu Mohanlal Panchal (Chairman)
- Mr. Viney Kumar (Nominee of IDBI Bank Ltd) - Member
- Mr. Yatinder Vir Singh - Member
- Mr. Vinay Kumar Monga - Member

The constitution of the Audit Committee is in line with the provisions of Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956; Mr. Babu Mohanlal Panchal - a Qualified Chartered Accountant is the Chairman of the Audit Committee. The Committee meets regularly and the Statutory Auditors, the Internal Auditors, and other senior officers including the Chief Financial Officer (CFO) are permanent invitees to the Committee Meetings. The quorum for the Audit Committee is two independent members. The Company Secretary is the de-facto Secretary of the Committee.

**Broad Terms of reference, as stipulated by the Board, to the Audit Committee are as follows:**

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees and payment for any other services.
- Approval of appointment of the Cost Auditor & Internal Auditor.
- Reviewing, with the management, the annual financial plans and financial statements before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications, if any, in the draft Audit Report.
- Reviewing, with the management, among others, the following matters
  - Quarterly financial statements before submission to the Board for approval
  - Statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue, etc.) the statement of funds utilized for purposes other than those stated in the offer documents/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public issue or right issue, and making appropriate recommendations to the Board to take up steps in this matter.
  - Performance of Statutory and Internal Auditors, adequacy of the internal control systems.
  - Adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  - Discussion with internal auditors of any significant findings and follow up there on.
  - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of

internal control systems of a material nature and reporting the matter to the Board.

- Discussion with Statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 

Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- To review the functioning of the Whistle blower mechanism.
- Approval of appointment of CFO (i.e. the whole time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background etc. of the candidate.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee has been mandatorily authorized to review the following Information:

- Management discussion and analysis of financial condition and results of operations
- Statement of significant related party transactions, submitted by the management
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses.

The Audit Committee is also vested with the following powers:

- To investigate any activity within its terms of reference
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

During the year under review, four Audit Committee meetings were held on the following dates:

28th May 2012, 11th August 2012, 3rd November 2012 and 13th February 2013

**The Attendance of the members at the Audit Committee Meetings was as under:**

Name of the Members	No. of Meetings held during the tenure	No. of Meetings Attended
Mr. Babu Mohanlal Panchal	4	4
Mr. Viney Kumar (Nominee of IDBI Bank)	4	3
Mr. Yatinder Vir Singh	4	4
Mr. Vinay Kumar Monga	4	4

**(B) Remuneration Committee**

The Remuneration Committee of the Company comprises of all Non-Executive Directors. The constitution of the Remuneration Committee meets with the requirements of the Listing Agreement.

As at 31.03.2013 the Remuneration Committee comprised of the following Non Executive Directors.

- Mr. Babu Mohanlal Panchal
- Mr. Yatinder Vir Singh
- Mr. Vinay Kumar Monga

The Company Secretary is the *de-facto* Secretary to the committee.

**The terms of reference, as stipulated by the Board, to the Remuneration Committee are as follows:**

- a. Determination of the remuneration packages i.e. salary and perquisites payable to the Managing / Executive Director /Manager /CEO.
- b. Determination of the amount of bonus, stock option, pension rights and compensation payments to the Managing /Executive Director /Manager /CEO.

During the year under review, no meeting of the Remuneration Committee was held.

**Directors Remuneration:**

- a) The Company pays sitting fees to all the Non-Executive Directors at the rate of Rs.5,000/- for each meeting of the Board and/or Committee. However, no Sitting Fees is paid for Share Transfer In-House Committee meetings.
- b) No other remuneration is paid to the Non-Executive Directors.

The details of Sitting Fees paid to Directors during the financial year 2012 -13 was as under: -

Name of the Director	Sitting Fee Paid (Rs.)			
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	STIG Committee Meeting
Mr. Rahul Sethi	20000	N.A.	Nil	Nil
Mr. Babu Mohanlal Panchal	20000	20000	Nil	Nil
Mr. Yatinder Vir Singh	35000	20000	Nil	Nil
Mr. Viney Kumar (Nominee of IDBI Bank)**	20000	15000	Nil	Nil
Mr. Vinay Kumar Monga	35000	20000	Nil	Nil

\*\* Sitting Fee was paid to the IDBI Bank Ltd

**Stock Option:**

The Company has not issued any Stock Options

**(C) Share Transfer and Investors’ Grievance Committee**

There are two Committees viz. Share Transfer and Investors’ Grievance Committee and Share Transfer In-house Committee

The Share Transfer and Investors’ Grievance Committee (STIG) which is a Board level Committee approves the transfer/transmission/transposition in excess of 5000 shares pertaining to any single shareholder;

As of March 31, 2013 the STIG consisted of the following members:

1. Mr. Babu Mohanlal Panchal
2. Mr. Yatinder Vir Singh
3. Mr. Vinay Kumar Monga

**Terms of reference and Scope of the Committee:**

- To look into the redressal of shareholders complaints in respect of transfer / transmission / transposition split of shares, issue of duplicate share certificates and non-receipt of dividend etc.
- To oversee the performance of Registrar and Share Transfer Agent and recommends measures for overall improvement in quality of investor services etc.

**Compliance Officer**

Mr. Kapil Bhalla, Company Secretary is the Compliance officer.

Details of Complaints received and redressed during the year ended March 31,2013

Particulars	Received	Redressed	Pending as on 31.03.2013
Investors Complaint	01	01	NIL

This Committee meets on need basis to approve the share transfers / transmission in excess of 5000 equity shares pertaining to any single shareholder as well as the issue of duplicate share certificates. In respect of requests received for “Loss of shares”, only the STIG Committee is empowered to issue the duplicate share certificates.

During the year under review, no meeting of STIG Committee was held.

**(D) Share Transfer In-house Committee (STIC)**

Besides the STIG which consists of Board Members, there is another In-house Committee known as the Share Transfer In-House Committee (STIC), which meets every 10 days for the approval of transfer/transmission/transposition/split of physical shares for quantities up to 5,000 shares pertaining to any single shareholder, in each individual transaction, and to take on record / note the remat / demat of shares done by the Registrar and Share Transfer Agent (RTA) on every 10 days in terms of SEBI Circular dated July 5, 2012 effective from October 1, 2012 for transfer/transmission of shares, apart from the redressal of shareholders’ complaints.



As of March 31, 2013, the STIC consisted of the following members:

- Mr. Babu Mohanlal Panchal, Director
- Mr. Yatinder Vir Singh, Director
- Mr. Vinay Kumar Monga, Director
- Mr. Sunil Jit Singh, Chief Financial Officer
- Mr. Kapil Bhalla, Company Secretary & Manager

However, this Committee is not empowered to issue duplicate shares certificates in case of loss of share certificate(s) but is only authorized to issue duplicate share certificate(s) in cases where mutilated / torn / partially burnt original shares certificates are surrendered to the Company.

#### 4. General Body Meetings

The location and time of the last three Annual General Meetings is as under:

Date	AGM No.	Location	Time
30.09.2010	63 <sup>rd</sup>	Autocars Compound, Adalat Road, Aurangabad, 431005, Maharashtra	12.00 Noon
30.09.2011	64 <sup>th</sup>	Autocars Compound, Adalat Road, Aurangabad, 431005, Maharashtra	12.00 Noon
28.09.2012	65 <sup>th</sup>	Autocars Compound, Adalat Road, Aurangabad, 431005, Maharashtra	12.00 Noon

During the year, one Extra Ordinary General Meeting of the shareholders was held on July 18, 2012

#### Postal Ballot

No voting through Postal Ballot was done during the financial year 2012-13. None of the businesses are proposed to be transacted at the ensuing AGM which requires passing of a special resolution through postal Ballot.

#### Special Resolutions

- Annual General meeting held on 30th September, 2010 no Special Resolution was passed.
- Annual General Meeting held on 30th September, 2011 following Special Resolutions were passed
  - 1 Appointment of M/s Khandelwal Jain & Co., Chartered Accountants, as the Statutory Auditors of the Company under Section 224, 224A of the Companies Act 1956
  - 2 Amendment in the terms & conditions of 2% Cumulative Redeemable Preference Shares (CRPS) of Rs.100 each issued in accordance with the CDR Scheme.

- 3 Amendment in the terms & conditions of the Secured Non Convertible Debentures of Rs.100 each in accordance with the CDR Scheme.

#### • Extra Ordinary Meeting held on July 18, 2012, following special resolutions were passed:-

1. Alteration of Article no. 5 of Articles of Association pertaining to Share Capital of the Company.
2. Approval for reduction of Issued, Subscribed and Paid Up Equity Share Capital subject to the approval of High Court and consequent alteration of Clause V of the Memorandum of Association.
3. Re-Appointment of Manager under Section 269 of Companies Act, 1956

#### • Annual General Meeting held on 28th September, 2012, the following Special Resolution was passed:-

- Appointment of M/s Khandelwal Jain & Co., Chartered Accountants, as the Statutory Auditors of the Company under Section 224, 224A of the Companies Act 1956

#### 5. Disclosures

##### a. Related Party Transactions

Disclosures on materially significant related party transactions i.e. transactions of the Company with Promoters, Directors, Management, Subsidiaries or Relatives etc. that may have potential conflict with the interests of the Company at large.

Related Party transactions have been disclosed as a part of Financial Statements as required under Accounting Standard 18 - Disclosure on Related Party Transactions, issued by the Institute of Chartered Accountants of India.

None of the transactions with any of the related parties were in conflict with the interest of the Company.

##### b. Non-Compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets during the last three years.

There has been no instance of non compliance by the Company or penalty or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

##### c. Reconciliation of Share Capital Audit Report

A qualified practicing Company Secretary carried out the reconciliation of share capital every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central

Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number in dematerialized shares held with NSDL and CDSL.

**d. Code for Prevention of Insider Trading Practices**

In terms of the provisions of SEBI (Prevention of Insider Trading Regulations), 2002, as amended, the Company has formulated a "Code of Internal procedure and conduct for prevention of insider trading". The Code lays down the guidelines and advises the designated employees on procedure to be followed and disclosures to be made while dealing in shares of the Company.

**e. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause:**

**Extent to which mandatory requirements have not been complied with:** N.A.

**Extent to which non mandatory requirements have been complied with:**

- (i) Remuneration Committee has been formed and it is functioning regularly as reported earlier in this report.
- (ii) Whistle Blower Policy was formulated and is effective from 14th May, 2007.

**6. Whistle Blower Policy**

Whistle Blower Policy was adopted by the company w.e.f 14th May, 2007, to receive and investigate the complaints under the Whistle Blower Policy. In its meeting held on August 11, 2012, the Board reconstituted Whistle Blower Committee responsible for carrying out a comprehensive, neutral and fair investigation into the matters reported, if any and accordingly report to the Board.

**7. Means of Communication**

- A. The Quarterly, Half Yearly and Annual results are published in "The Financial Express" - English daily and "Loksatta" - vernacular language paper and forwarded to Stock Exchange immediately.
- B. The Company's official website www.connectzone.in contains a separate dedicated section 'Investor Relations' where shareholders information is available. The Annual Report of the Company is also available on the website in a user-friendly and downloadable form.
- C. All material information about the Company is promptly sent through facsimile and email to the Bombay Stock Exchange (BSE), where the shares of the Company are listed.
- D. Annual Report' containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto.

E. Annual Report, Quarterly Financial Results, Shareholding Pattern, etc of the Company as on March 31, 2013 were also posted on the website of the Company: www.connectzone.in.

**8. Management Discussion and Analysis Report**

Management Discussion and Analysis Report forms part of the Annual Report.

**9. General Shareholder Information**

**a. Company Registration Details:**

The Company is registered in the State of Maharashtra, India.

Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L00000MH1946PLC197474.

**b. 66th Annual General Meeting**

The 66th Annual General Meeting of the Company is proposed to be held in the 4th / last week of September. The Exact date, time and venue shall be intimated separately by way of the Notice for the Annual General Meeting.

**c. Financial Year**

Financial Year : 1st April to 31st March

**d. Financial Calendar of the Company (Tentative)**

Results for the Qtr ending 30th June, 2013	2 <sup>nd</sup> week of August, 2013
Results for the Qtr ending 30th September, 2013	2 <sup>nd</sup> week of November 2013
Results for the Qtr ending 31st December, 2013	2 <sup>nd</sup> week of February 2014
Results for the year ending 31st March, 2014	In the last week of May 2014
Annual General Meeting	In the last week of September, 2014

**e. Dates of Book Closure**

The Company's Register of Members and Share Transfer Books will remain closed before date of Annual General Meeting and intimation of the same shall be given to stock exchanges and published in news papers.

The Financial year covers the period from 1st April, 2012 to 31st March, 2013.

**f. Dividend payment date:**

The Board has not recommended any dividend for the financial year ended March 31, 2013

**g. Registered Office:**

The Registered Office of the Company is situated at: Autocars Compound, Adalat Road, Aurangabad - 431005 Maharashtra Tel. No.: 0240-2320754 E-mail Address: secretarial@infotelconnect.com

**h. Listing of Equity Shares on Stock Exchanges**

Company's shares are listed on BSE Limited (BSE) As at March 31, 2013, the issued, subscribed and paid up equity share capital of the Company consists of 612,260,268 equity shares of Rs.10/- each. The Equity Shares of the Company are listed on the BSE Limited (BSE). However, the Company is in

the process of 'Reduction of paid up Equity Share Capital' by 90% as approved by the shareholders in the Extra Ordinary General Meeting held on July 18, 2012 in accordance with the provisions of the Corporate Debt Restructuring Scheme (CDR Scheme) approved by the CDR Cell, for the purpose of reducing the Accumulated Losses in the Balance Sheet of the Company.

The Company has paid the requisite Listing Fee up to 31.03.2014.

**i. Scrip Code**

BSE 511116

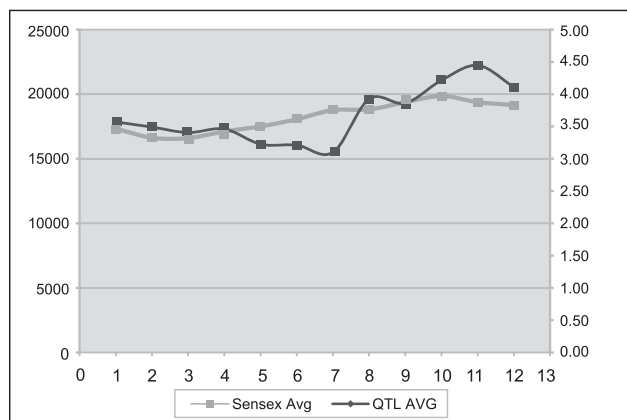
**j. Stock Price Data**

The reported high and low closing prices of the Company's shares traded during the fiscal 2012-2013 on the Bombay Stock Exchange are given below:

Month	High	Low
Apr' 12	3.99	3.15
May' 12	3.99	2.99
Jun '12	3.90	2.91
Jul '12	3.70	3.22
Aug '12	3.70	2.75
Sep '12	3.50	2.92
Oct '12	3.50	2.70
Nov '12	4.85	3.00
Dec '12	4.15	3.57
Jan '13	4.75	3.68
Feb '13	4.98	3.91
Mar '13	4.77	3.45

**Performance in comparison to BSE Sensex**

**QTL Share Price and BSE Sensex movement**



**k. Registrar & Share Transfer Agents**

All Securities transfer work both in physical and demat segments are handled by Registrar & Share Transfer Agents (RTA) M/s. Cameo Corporate Services Ltd. Subramaniam Building, No.1, Club House Road, Anna Salai, Chennai-600 002 who provide services relating to shares.

**l. Registrars for Public Deposits**

M/s. Cameo Corporate Services Ltd., Chennai were appointed as the Registrars who have been handling all Public Deposit, unclaimed funds and due to be transferred to the Investor Education & Protection Fund (IEPF) of Central Government after the expiry of the stipulated period of seven years from the date of maturity and for refund of all matured deposits. However, the Company has not accepted any public deposits since 2004.

**m. Share Transfer System**

Trading in Equity Shares of the Company is permitted only in dematerialized form. Shares sent for transfer in physical form are registered and returned within the period stipulated by SEBI/BSE, provided all the documents are valid and complete in all respects. In accordance with SEBI guidelines, the Company offers the facility of transfer-cum-demat to shareholders after share transfers are affected in physical form.

With a view to expediting the process of share transfers, the Share Transfer In-House Committee is authorized to approve share transfers where the number of shares pertaining to a single shareholder is below 5000 in number. In case of issue of duplicate share certificate (in lieu of the lost share certificate), a Board level Committee known as Share Transfer and Investors' Grievance Committee (STIG) alone is authorized; the Share Transfer In-House Committee does not have any power for issuance of Duplicate Share Certificate (except in case of mutilated certificate). The Share Transfer In-house Committee and the Share Transfer and Investors Grievance Committee meet at regular intervals to consider the other transfer proposals and attend to the shareholder grievances.

**n. Distribution of Shareholding as on 31st March, 2013**

Shareholding of Nominal Value	Shareholders		Shareholding	
	Rs.	Number	% of total	Rs.
10 - 5000	10740	67.8415	19602830	0.3201
5001 - 10000	2037	12.8671	18142540	0.2963
10001 - 20000	1236	7.8074	20304320	0.3316
20001 - 30000	424	2.6782	11217420	0.1832
30001 - 40000	214	1.3517	7876550	0.1286
40001 - 50000	320	2.0213	15533310	0.2537
50001 - 100000	439	2.7730	34892330	0.5698
100001 & Above	421	2.6593	5995033380	97.9164
<b>Total :</b>	<b>15831</b>	<b>100.0000</b>	<b>6122602680</b>	<b>100.0000</b>

**Shareholding Pattern as on 31<sup>st</sup> March, 2013**

Category Code	Category of shareholders	No. of Shareholders	Total no. of shares	As a percentage of (A+B+C)
<b>A</b>	<b>Shareholding of Promoter and Promoter Group</b>			
1	Indian Bodies Corporate	1	326705000	53.3605
2	Foreign	0	0	0
	<b>Sub Total (A)</b>	<b>1</b>	<b>326705000</b>	<b>53.3605</b>
<b>B</b>	<b>Public Shareholding</b>			
1	Institutions	8	183482252	29.9680
2	Non-Institutions:			
	-Bodies Corporate	383	77157329	12.602
	- Individuals	14983	23174174	3.7850
	- Others	456	1741513	0.2844
	<b>Sub - Total (B)</b>	<b>15830</b>	<b>285555268</b>	<b>46.6395</b>
	<b>TOTAL (A)+(B)</b>	<b>15831</b>	<b>612260268</b>	<b>100.0000</b>
<b>C</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	<b>0</b>	<b>0</b>	<b>N.A.</b>
<b>GRAND TOTAL (A)+(B)+(C)</b>		<b>15831</b>	<b>612260268</b>	<b>100.0000</b>

**o. Dematerialization of Shares**

As on 31st March, 2013, 99.81% of the issued Equity Share Capital of the Company is held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

**p. Unclaimed Dividends**

As of March 31, 2013, there was no payment of unclaimed dividend due for transfer to the Investor Education and Protection Fund (IEPF) account of the Central Government after expiry of seven years. The Company has not declared any dividend since March 31, 2003.

**q Outstanding GDR/ADR or Warrants**

As on date there are no Global Depository Receipts (GDRs), American Depository Receipts (ADRs) or Warrants pending conversion and likely to impact the equity share capital of the Company, 1,667,761 Zero percent Non Convertible Debentures (Erstwhile OFCDs issued in terms of the CDR Package approved on 24th June, 2005) held by LIC and SBOP would be redeemable at par, after

the full settlement of dues to term lenders on 31st March, 2016.

**r. Corporate Office**

Company's corporate Office is located at:

**B-71, Phase VII, Industrial Focal Point, Mohali - 160 055, (Punjab)**

**s. Address for Correspondence**

Shareholders may correspond on all matters relating to transfer / dematerialization of shares and any other query relating to shares of the Company as per addresses mentioned below:

**For Shares held in Physical form:**

**Cameo Corporate Services Ltd.**

Unit: Quadrant Televentures Limited  
(Formerly HFCL Infotel Limited)  
"Subramaniam Building",  
No.1, Club House Road  
Anna Salai, Chennai-600 002  
Telephone Nos. : 044-2846 0390 (5 lines)  
Email: investor@cameoindia.com

**For Shares/Debentures held in Demat form:**

Shareholders would have to correspond with the respective Depository Participants for shares held in demat mode.

**For any query/other correspondence**

The Company Secretary

**QUADRANT TELEVENTURES LIMITED**

Autocars Compound,  
Adalat Road, Aurangabad - 431005  
Maharashtra 0240-2320754  
E-mail Address : secretarial@infotelconnect.com

**t. Cost Audit**

The Company has appointed M/s Sanjay Gupta & Associates, Cost Accountants, New Delhi as the Cost Auditors of the Company for the Financial year 2013 -14.

**u. Compliance Officer** Mr. Kapil Bhalla, Company Secretary, is the Compliance Officer for complying with the SEBI Regulations and in compliance with the Listing Agreement entered with the BSE Ltd.

**v. Website:**

<http://www.connectzone.in>

**w. Shares / Convertible Instruments held by Non Executive Directors: NIL**

**x. Email Id for correspondence:**

secretarial@infotelconnect.com

## DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, it is hereby declared that all the Board members and senior management personnel of the Company have affirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2013.

For QUADRANT TELEVENTURES LIMITED

**Kapil Bhalla**  
Company Secretary & Manager  
u/s 269 of Companies Act, 1956

Place: Mohali  
Date: August 10, 2013

## CEO/CFO CERTIFICATION

To,  
The Board of Directors  
Quadrant Televentures Limited.

**Compliance Certificate by the Manager u/s 269 of the Companies Act, 1956 and the Chief Financial Officer (CFO) under Corporate Governance pursuant to Clause 49 of the Listing Agreement**

We, Kapil Bhalla Company Secretary & Manager appointed in terms of the Companies Act, 1956 and Sunil Jit Singh, Chief Financial Officer (CFO) certify to the Board that:

- (a) We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing Accounting Standards, applicable laws and regulations.
- (b) There are, to best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
  - (i) Significant changes in internal control during the year.
  - (ii) Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and

There are no significant frauds, which we became aware, and the involvement of management or employee.

For QUADRANT TELEVENTURES LIMITED

**(Sunil Jit Singh)**  
Chief Financial Officer

**(Kapil Bhalla)**  
Company Secretary & Manager  
u/s 269 of the  
Companies Act, 1956.

Place: Mohali  
Date: August 10, 2013



**CERTIFICATE BY PRACTISING COMPANY SECRETARY**

On Compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement(s)

**TO,**

**THE MEMBERS OF**

**QUADRANT TELEVENTURES LIMITED**

**AURANGABAD, MAHARASHTRA**

We have examined the compliance of conditions of Corporate Governance by Quadrant Televentures Limited (the company) for the year ended on 31st March 2013 as stipulated in Clause 49 of the Listing Agreement (s) of the said Company with the Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information, and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of above mentioned Listing Agreement(s).

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Arora & Gujral**  
Company Secretaries

**Vishal Arora**  
Partner  
C. P. No. 3645

Dated: 10th August, 2013

Place: Chandigarh

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### BUSINESS OVERVIEW

Quadrant Televentures Limited is a Unified Access Services Licensee in the Punjab Telecom Circle comprising of the state of Punjab, the Union Territory of Chandigarh and the Panchkula town of Haryana. The Company started its operations as a fixed line service provider under the brand name "CONNECT" in the year 2000. Subsequently, the Company was granted the UAS License (Unified Access Services License) in the Punjab Telecom Circle in 2003; In September 2007, the Company had launched its CDMA based full mobility services under the brand name "PING". In March 2010, the Company has also launched its GSM based Mobile Services in Punjab Telecom Circle. Apart from the UAS License, the Company also holds the ISP (Internet Service Provider) License for the Punjab Telecom Circle and the IP-1 (Infrastructure Provider-Category -1) License for providing services in the Punjab Telecom Circle.

Currently, the Company is providing GSM Mobile Services Fixed Voice (Landline) services, DSL (Internet) services, Leased Line services and CDMA Mobile Services in the Punjab Telecom Circle.

As at 31.03.2013, the company had a total subscriber base of 17,01,481 telephony customers, including 13,76,202 GSM Mobile Customers, 1,87,944 fixed-line customers, 1,19,879 Broadband customers and 17,456 CDMA mobile customers.

The Company with its extensive optic fiber cable network of over 3800 km, provides services in over 150 cities / towns covering 52 of the 55 Short Distance Charging Areas ("SDCA") of Punjab Telecom Circle, as defined by the Department of Telecommunications, Government of India.

The Company had launched its GSM Mobile Services in March 2010, in Punjab Telecom Circle. Presently almost all the major players are providing Mobile Services in Punjab Telecom Circle and the GSM Services have been launched in a substantial part of the Circle and despite tough competition from various established players, the company is steadily increasing its market share.

Key Business and Financial highlights for the financial year ended 31.03.2013 are as under:

- GSM Mobile Subscriber base increased to 13,76,202 (previous year 13,21,225).
- Broadband customer base increased by 4% to 1,19,879 (previous year 1,15,538)
- CDMA mobile customers base decreased to 17,456 (previous year 27,768).
- Fixed Voice/ Landline Subscriber base stood at 1,87,944 (previous year 2,00,044).
- During the financial year 2012-13, the gross revenue was Rs. 3,358.37 million, which was higher by 19.38% as compared to previous year.

### ECONOMY AND INDUSTRY OVERVIEW

#### Macro Economic Situation

The year 2012-13 was a challenging year for the Indian economy, which experienced its worst slowdown in nearly a decade on the back of global stagnation and domestic macroeconomic fiscal imbalances. The year started with news that the expansion in the previous year's fourth quarter GDP had dropped to 5.5%. That, coupled with low growth, a high fiscal and current account deficit, persistent high inflation, ballooning subsidies and pessimistic business sentiment added to the slowdown. About half way through the financial year, the Indian Government intervened with measures like reducing oil and fertilizer subsidies and steps to attract Foreign Direct Investment (FDI) and strengthen the rupee. However, economic conditions and the business atmosphere remain largely unchanged due to uncertainty about the results of these reforms. Sources of funding continued to be scarce and borrowing costs remained high during the year.

#### Telecom Industry Situation

The Indian telecom sector and subscriber base have witnessed tremendous growth over the past decade, catalysed by increasing fixed and mobile network coverage and a competition-induced decline in tariffs. Demand has surged, largely due to these factors, as well as the growth of broadband Internet access, a rapid proliferation of smart mobile devices and higher levels of video traffic on consumer and business networks. The key factors which are likely to fuel growth are a growing subscriber base, mobile applications and technologically advanced end-user devices.

### KEY INDUSTRY DEVELOPMENTS

#### Growth & Market Trends

Indian Telecom market had 898.02 million connections as on March 31, 2013 (as against 951.34 million telecom subscribers as at March 31, 2012.) with 867.80 million wireless connections. There is an addition of over 6 million connections per month which puts the telecom sector on strong footing.

The share of private sector in total telephony is 87.01%. Overall teledensity has reached 73.32%. Urban Teledensity is about 146.96%, whereas rural teledensity is at 41.02% which is also steadily increasing. Broadband connections have also crossed 15.05 million connections. However the number of Landline users has decreased mainly due to the increasing use of mobile handsets due to convenience of use and accessibility and features like telephony directory and SMS coupled with cheaper or more affordable tariffs.

Data is the driving factor of growth in telecommunications. There is significant growth opportunity for the data segment, especially in the rural areas where 3G and BWA are yet to make significant inroads. Data is expected to significantly drive the next round of growth in Telecom Sector in the face of maturing urban and rural markets.

## Broadband

Increase in Broadband connectivity is being seen as an integral driver of improved socio-economic performance. Broadband services empower masses and allow individuals to access new career and educational opportunities, help businesses reach new markets and improve efficiency and enhance the Government's capacity to deliver critical services like health, banking and commerce to all of its citizens.

### Insights

- Broadband telephony in India has a great opportunity.
- When mobile broadband picks up, there will be greater scope for development.
- Wireless data services have captivated a major chunk of internet customers in India. Given the significant economic and social benefits, expanding affordable access to broadband has become a high priority for the Government. Various schemes have been launched by the Government for providing broadband connectivity to rural & remote areas.
- With increase in penetration of smart devices, fixed line broadband demand is also increasing and multi device usage on Wi-Fi fuelling this demand.

### Regulatory Developments / Changes

Telecom Regulatory Authority of India (TRAI) and Department of Telecommunications (DoT) had declared certain policy measures in the previous year which included key regulatory changes and developments undertaken by the TRAI and DoT. A number of recommendations on various telecom issues were made by TRAI during 2012-13 which, inter-alia, included recommendation on guidelines for unified licence, auction of spectrum and support for rural wire-line connections installed before 01.04.2002. TRAI also issued various regulations such as Telecommunication Mobile Number Portability (Third Amendment) Regulations, 2012, Telecommunication Interconnection (Port Charges) (Second Amendment) Regulations, 2012, Telecom Consumers Protection (Fifth Amendment) Regulations, 2012, The International Telecommunication Cable Landing Station Access Facilitation Charges and Co-location Charges Regulations, 2012, Quality of Service of Broadband Service (Amendment) Regulations, 2012 etc.

TRAI has also taken steps to ensure the quality of service provided by the service providers by way of monitoring the performance of Basic and Cellular Mobile Telephone Service on quarterly basis and also Point of Interconnection(POI) congestion through monthly reports. The above regulatory measures are expected to facilitate orderly growth of telecom sector by promoting healthy competition and enhancing investment efficiency besides protecting interests of consumers.

## Future Perspective

After being in the overdrive for the last one decade, the telecom sector has now come in the grip of strong competition and licensing issues. Continuously falling call rates to woo customers has resulted in shrinking margins for almost all the players – established as well as new; while the older established players are able to survive on wafer thin margins, the going has become very tough for the new entrants especially in view of the high initial network costs and licensing issues. Currently the industry is faced with high overheads and operating costs and continuously shrinking margins and increasing competition. Also with the presence now of almost all the players in each and every telecom circle, there is an intense competition to retain and acquire new customers. While on one hand, the call charges have been continuously reducing in the face of intense competition, at the same time, there has been a continuous increase in the operating costs for the Service providers including network charges and costs of maintaining higher number of tower sites.

### 2G Licences

Pursuant to the cancellation of the Telecom Licenses allotted to the Players in 2008 by the Order of the Hon'ble Supreme Court in 2012, the Department of Telecommunications (DoT) conducted auction of Spectrum during the year. Spectrum in the bands of 800 MHz and 1800 MHz were put to auction. The auction was conducted as a Simultaneous Multiple Rounds Ascending (SMRA) e-auction over the internet. In the auction conducted, since the reserve price fixed was very high, no bidding interest was expressed for spectrum in the 800 MHz band. Also in the 1800 MHz spectrum band, very few Players opted to bid even for the Telecom Circles where their licenses had been cancelled. The auction for spectrum in the 1800 MHz which commenced on 12.11.2012, concluded on 14.11.2012 i.e. within 2 days with each participant who bid for spectrum having succeed in securing the same. No bids were received in four service areas namely Delhi, Mumbai, Karnataka and Rajasthan in the 1800 MHz band due to the very high reserve price fixed by DoT. The total value of blocks allocated in the auction of 1800 MHz band was Rs. 9407.64 crore.

Auction of spectrum in 1800 MHz band in 4 service areas i.e. Delhi, Mumbai, Karnataka and Rajasthan where no bids were received in the last auction held in November, 2012 auction of spectrum in 900 MHz band in three Metro service area i.e. Delhi, Mumbai and Kolkata and auction of spectrum in 800 MHz band in 21 service areas was held in March, 2013.

### 3G Services

Leading Telecom Players who had bid for the 3G Services in 2010 and were allotted 3G spectrum in the various Telecom circles by way of the auctioning of the 3G Spectrum, launched the 3G Services. 3G Services facilitate a very high quality and faster internet services on the mobile phones apart from facilitating video-calling on the 3G enabled mobile handsets.

Owing to the competition, the 3G services have been priced very competitively by the Industry; with the launching of these services, the 3G Players have got an edge over the 2G players in the premium segment customers who have opted for these services. These services have been launched in all metros as well as major cities and towns. Currently, about 3 million customers in India are using 3G services. With the advent of new and cheaper handsets being made available by different companies, the scope of these services is set to increase in the near future giving stiff competition to the 2G Players like your company.

### Telecom Policy

#### New National Telecom Policy-2012

The Govt. of India has announced new **National Telecom Policy-2012** on 13th June 2012 with the following major objectives:

- Provide secure, affordable and high quality telecommunication services to all citizens.
- Strive to create “One Nation - One License” across services and service areas.
- Increase rural tele-density from the current level of around 39% to 70% by the year 2017 and 100 by the year 2020.
- To recognize telecom, including broadband connectivity as a basic necessity like education and health and work towards ‘Right to Broadband’.
- Enhanced and continued adoption of green policy in telecom and incentivize use of renewable resources for sustainability.
- Achieve substantial transition to new Internet Protocol (IPV 6) in the country in a phased and time bound manner by 2020

The Policy will be implemented by issuing notifications from time to time.

#### IMPOSITION OF LICENSE FEE BY DEPARTMENT OF TELECOMMUNICATION (DOT) ON THE INTERNET SERVICES

Till June 30, 2012, no License Fee was payable by the Company as an Internet Service Provider (ISP).

The Department of Telecommunications has unilaterally imposed a License Fee on all Internet Service Provider (ISP) and ISP-IT Licenses @ 4% on the AGR (Adjusted Gross Revenue) w.e.f. July 1, 2012 and further, effective April 1, 2013, the License Fee of 4% on AGR (Adjusted Gross Revenue) stands enhanced to 8% of the AGR (Adjusted Gross Revenue).

### OPPORTUNITIES AND THREATS

#### Opportunities

Following rapid decline in equipment prices, Broadband Internet Access has emerged as a viable value-addition tool and growth driver for the wire line telephony segment.

The Company has already deployed broadband network equipment in most of the areas served by the Company’s wireline services.

It is felt that the largest growth driver in telecom market lies in Mobile segment. Realizing that mobile service is the largest growth opportunity and to corner a larger pie in the growing telecom market, the company is putting all efforts in increasing its GSM mobile services which were launched in March 2010.

The Company believes that the aforesaid expansion would provide economies of scale and improve the Company’s financial position significantly. The proposed expansion would assist the Company to increase the top line growth and thereby combat potential revenue stagnation and profitability pressures arising out of decline in tariffs and competition.

#### Threats

The competition intensity in Punjab has always been very high; Currently all leading operators, namely, Airtel, Aircel, Vodafone, Idea, Tata and Reliance as well as the state run BSNL are very well established in the Punjab GSM Mobile Segment. Despite this, the company is making all efforts in increasing the Subscriber base and revenues.

High level of competition causes tremendous pressure on new customer acquisitions, retention of existing customers and tariffs. The Deployment of 4G Technology also poses a threat to the existing Business.

#### OUTLOOK

The Company foresees high degree of competition in the years to come, especially in the mobile telephony segment. In terms of subscriber base, all existing mobile operators have shown a healthy growth pattern and no single major operators holds sway over the market.

The Company derives a substantial part of its earnings from wireline (copper based network) services.

#### RISKS & CONCERNS

As is the case with any infrastructure project, the Company is also exposed to number of risks. Some key risks have been mentioned below:

##### 1. Financing Risks

The Company has made substantial investments in laying the core network infrastructure and launch of services in Punjab circle. However, to attract new customers, and to offer new / better services, the Company needs to continually make further investment in the expansion / up gradation of its network and the deployment of additional telecommunication services infrastructure entails significant capital expenditure.

Company’s operating results and financial condition depends, among other things, on securing timely and significant financial resources at competitive rates to fund these expansions which are currently being funded by the Promoters.



**2. Market and Competition Risk**

The Company faces stiff competition for the mobile segment from other services providers in Punjab Circle. Most of the Company’s competitors are already well-established brand names with an already existing all-India customer base, and potential to cross subsidize long-distance tariffs and intra-network tariffs.

**3. Regulatory Risks**

In the ordinary course of business, the Company is required to obtain various regulatory approvals viz. Standing Advisory Committee for frequency Allocation (SACFA) / Wireless Planning Cell (WPC), Right of Way for laying network cables, testing approval for interconnection with BSNL, TRAI approval for interconnection agreements and tariffs etc.

The Company obtains such approvals and would continue to apply for these approvals in future also; delays in such approvals may result in time delays and cost overrun which could have an adverse effect on the business and operations of the Company.

**4. Risk of Rapid Technological Changes**

The telecommunication services industry is characterized by rapid technological change. Given the fast pace of technological innovation in the telecommunication sector, the Company faces the risk of its technology becoming obsolete and may need to invest significantly large amounts to continuously upgrade its network for better and more efficient service to the subscribers.

**5. Dependence on Key Personnel**

The Telecom business is dependent on key senior executives and the loss of any of the Team could have a material adverse effect on the Company’s business, operating results and financial condition.

**INTERNAL CONTROL SYSTEM AND ITS ADEQUACY**

The company has a very stringent internal control system in order to ensure that all assets and revenue streams are adequately safeguarded and protected against loss from unauthorized use or its disposition and that transaction are authorized, recorded and reported correctly. The Internal control is supplemented by an extensive internal audit, continuous review by the management and audit committee with well documented policies, guidelines and procedures. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of assets.

An independent firm of Chartered Accountants is entrusted with the internal audit function for this purpose.

The Internal Auditors continuously evaluate the Internal Control Systems which are evaluated by the Audit Committee for appropriate actions and corrections, wherever necessary.

The management reviews and evaluates detailed revenue budgets for various products and departments and the actual performance is measured on monthly basis and a detailed analysis of the variances is carried out by a periodical review by the Board in order to set right any material deviations. In addition a budgetary control on all items of capital expenditure ensures that actual spending is in line with the capital budget.

**ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

It has been Company’s endeavor to expand the operations geographically and also in terms of providing new value added services. The Company has expanded its wireline services to 150 cities / towns of Punjab and widened its wireless footprint to cover the whole of Punjab Circle by introducing the GSM mobile services.

The revenue from telecom services has increased by 19.38% from Rs. 2,813.02 million in 2011-12 to Rs. 3,358.37 million during the current year. The total expenses have marginally increased from Rs.4,620.51 million in 2011-12 to Rs.4,742.97 million in 2012-13. Consequently, the Loss from Telecom Services during the year reduced from Rs.1,791.60 million in 2011-12 to Rs.1,356.82 million in 2012-13.

**Revenue at a glance is as follows:**

(Rs. in Millions)

Parameter	FY 2012-13	FY 2011-12
Unified Access Services	2,016.38	1,704.44
Internet Services	1,078.50	898.52
Interconnect Usage Charges	215.18	161.27
Infrastructure Services	48.30	48.77
Other Income	27.78	15.88
<b>Total</b>	<b>3,386.14</b>	<b>2,828.88</b>

**FINANCIAL PERFORMANCE**

*Key Financial Indicators*

**Telecom Business**

(Rs. in Millions)

Parameter	FY 2012-13	FY 2011-12
Revenue from Telephony Service	3,358.37	2,813.02

**On Gross Basis**

(Rs. in Millions)

Parameter	FY 2012-13	FY 2011-12
Gross Income	3,386.15	2,828.87
Loss for the year	1,356.82	1,791.60



Major Expenses at a glance are as follows:

(Rs. in Millions)

Parameter	FY 2012-13	FY 2011-12
Network Operations Expenditure	2,189.17	2,164.99
Employees Benefit Expenditure	483.32	446.21
Sales & Marketing Expenditure	229.37	203.78
Administration & Other Expenditure	342.22	322.63
Finance Cost	280.62	281.17
<b>Total</b>	<b>3,524.70</b>	<b>3,418.78</b>

### Share Capital

The Authorised Share Capital of the company is Rs. 15,000 million. Against this, the Paid up Share Capital is Rs.8,371.03 million comprising of Rs.6,122.6 million by way of Equity Shares and Rs. 2,248.45 million by way of Cumulative Redeemable Preference Shares. .

In accordance with the terms and conditions of the Corporate Debt Restructuring Package (CDR Package) approved by the Corporate Debt Restructuring Cell (CDR Cell) vide its letter No. CDR (JCP) 563/2009-10 dated August 13, 2009, the Company is required to effect 'reduction of the issued, subscribed and paid up equity share capital' by 90% i.e. by extinguishing/ cancelling Rs.9/- per equity share out of Rs. 10/- per share fully paid up in order to write off the accumulated losses to that extent. The company had obtained the approval of the shareholders in the Extra Ordinary General Meeting held on 18th July, 2012 in this regard and is now in the process of seeking approval of the Stock Exchange prior to the filing of the Petition in the High Court. The Reduction of Capital shall become effective subsequent to the confirmation by the Hon'ble High Court,

### Secured Loans/ Non Convertible Debentures

Pursuant to the CDR Scheme, 25% of Secured Loans had been repaid and 25% of Secured Loans had been converted into Preference Share Capital during 2011-12; during the year ended March 31, 2013, the remaining 50% of the Secured Loans amounting to Rs.3196.91 million were also converted into Non Convertible Debentures allotted to the Banks/ Financial Institution as on January 21, 2013 in compliance with the terms and conditions of the CDR Scheme.

### MATERIAL DEVELOPMENTS IN HUMAN RESOURCE

As the company reorganizes to gain competitive edge, our human resources play a key role in helping us deal with a fast-changing competitive environment. We strongly believe in the quality and productivity of our employees.

The company has current manpower strength 591 as against 524 during the previous year with an average age of employees being 36 years. The company has a professionally qualified work force out of which more than 71% are professionals

drawn from various fields including Engineers, MBA C.As C.S.s etc. By adopting new and dynamic Human Resource Practices, it has always been our endeavor to become 'Employer of Choice' by adding value to our organization through: -

1. Effectively managing and utilizing the human resource.
2. Employing dynamic 'Performance appraisal' techniques and 'compensation policies' to judge and reward competencies.
3. Developing competencies to enhance individual and organizational performance.
4. Increasing innovation, creativity and flexibility necessary to enhance Competitiveness.
5. Applying new approaches to the work process design, succession planning career development and inter-organizational mobility.
6. Managing the implementation and integration of technology through improved staffing, training and communication with employees.

The organization has taken a lot of initiatives for the employees. Organizational Development Intervention and continuous inputs are being designed for the employees at all levels for individual growth as also to ensure achievement of business success on sustainable basis.

### CAUTIONARY STATEMENT

*In the management discussion and analysis describing the Company's objectives projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ substantially or materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the Circle in which the Company operates, apart from the changes in government regulations, policies, tax laws and other incidental factors. Further, the Company retains the flexibility to respond to fast-changing market conditions and business imperatives. Therefore, the Company may need to change any of the plans and projections that may have been outlined in this report, depending on the actual market conditions.*

**For and on behalf of the Board of Directors  
QUADRANT TELEVENTURES LIMITED**

**Babu Mohanlal Panchal**  
Director

**Rahul Sethi**  
Director

**Place : Mohali**  
**Date : August 10, 2013**

INDEPENDENT AUDITOR'S REPORT

TO  
THE MEMBERS  
QUADRANT TELEVENTURES LIMITED

1. **Report on the Financial Statements**

We have audited the accompanying financial statements of **Quadrant Televentures Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. **Basis of Qualified Opinion**

*As mentioned in Note 27 (8) (a) to the financial statements, based on Company's request, the Corporate Debt Restructuring ('CDR') Cell vide their letter dated August 13, 2009 ('CDR letter') has revised the terms of CDR scheme with effect from April 1, 2009. The Company has accounted for the impact of revised CDR scheme as approved by CDR Cell after complying with the most of the terms and conditions stipulated therein, though compliance of some of them is still in process. These financial statements do not include any adjustment which may arise due to inability of the management to fulfill the remaining conditions precedent, the impact of which on the loss for the year, if any, is unascertainable.*

5. **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the Basis of Qualified Opinion paragraph the effect of which is unascertainable and read together with the other notes, the financial statements give the information required by the Act 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, 2013;
- b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

6. **Emphasis of Matter**

We draw attention to Note 26 (1) (c) to the financial statements, the Company has incurred a loss of Rs. 135,68,22,123/- during the year, the accumulated losses as at March 31, 2013 amounted to Rs. 1678,54,19,039/- resulting in, the erosion of its net worth and has net current liabilities of Rs. 725,19,09,437/- as at March 31, 2013. These factors raise a doubt that the Company will not be able to continue as a going concern. The management is confident of generating cash flows from business operations through increasing subscribers' base and with the support of significant shareholders to fund its operating and capital fund requirements. Accordingly, these statements have been prepared on a going concern basis. Our opinion is not qualified in respect of this matter.

7. **Report on Other Legal and Regulatory Requirements**

- A. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

- B. As required by section 227(3) of the Act, 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For KHANDELWAL JAIN & CO.**  
**Chartered Accountants**  
**Firm Registration No.-105049W**

**(Akash Shinghal)**  
**Partner**  
**Membership No. 103490**

**Place: Mohali**  
**Date: 29<sup>th</sup> May, 2013**

### ANNEXURE TO THE AUDITORS' REPORT

**The Annexure referred to in paragraph 7 of the Our Report of even date to the members of QUADRANT TELEVENTURES LIMITED on the accounts of the company for the year ended 31<sup>st</sup> March, 2013.**

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As per the information and explanations given to us, there is a phased programme of physical verification of fixed assets adopted by the company and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable, having regard to the size of the Company and nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the company has not disposed off any substantial part of the fixed asset and therefore does not affect the going concern assumption.
- ii. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals during the year. In our opinion, having regard to the nature and location of stocks, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company is maintaining proper records of its inventories and no material discrepancies were noticed on such physical verification.
- iii. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, 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 Companies Act, 1956. Accordingly, paragraphs 4(iii) (a), (b), (c) and (d) of the Order are not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (e), (f) and (g) of the said Order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there is adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
- v. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, during the year, there has been no contract or arrangement that needs to be entered into the register required to be maintained under section 301 of the Companies Act, 1956 and accordingly the clause (b) is not applicable..

- vi. The Company has not accepted any deposits from the public within the meaning of the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956.
- vii. In our opinion, the Company has an internal audit system commensurate with its size of the Company and the nature of its business.
- viii. We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- ix. (a) According to the information and explanations given to us and records examined by us, the Company is generally regular in depositing undisputed statutory dues with the appropriate authorities in respect of provident fund, employees' state insurance, income tax deducted at source, income tax, wealth tax, excise duty, service tax and sales tax/works contract tax. According to information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March 2013 for period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us, the dues of Income tax, which have not been deposited on account of disputes and the forum where the disputes and the forum where the dispute is pending are as under:

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax dues including interest	13,519,046	2000-01	Income Tax Appellate Tribunal

- x. *The accumulated loss of the Company as at March 31, 2013, is more than fifty percent of its net worth as at that date. The Company has incurred cash loss during the period. In the immediately preceding financial year also, the company had incurred cash loss.*
- xi. Based on our audit procedures and the information and explanations given to us, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii. According to the information and explanations given 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. As per the information and explanations given to us the provisions of any Special Statute applicable to Chit Fund do not apply to the Company. The Company is also not a nidhi / mutual benefit fund/society.
- xiv. The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, Clause 4 (xiv) of the said Order is not applicable.
- xv. Based on our examination of the records and information and explanations given to us, the Company has not given any guarantees for loans taken by others, from banks and financial institutions.
- xvi. Based on our examinations of the records and information and explanations given to us during the year no term loans have been obtained by the Company.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company as at the end of the year, funds raised on short term basis have, prima facie, not been used for long term investment.
- xviii. The Company has not made any preferential allotment of shares during the year to parties and Companies covered in the register maintained under section 301 of the Act.
- xix. The Company has allotted 3,19,69,088 Redeemable Secured Non-Convertible Debentures ('NCDs') of Rs. 100 each aggregating to Rs. 319,69,08,800/- on January 21, 2013, pursuant to Revised CDR Scheme dated August 13, 2009 whereby the 50% of outstanding amount as on April 1, 2009 towards principal amount of term loans was to be converted in Redeemable NCDs. The Company has created security/ charges in respect of said Redeemable NCDs.
- xx. The Company has not raised any money by public issue during the year ended March 31st, 2013.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For KHANDELWAL JAIN & CO.**  
**Chartered Accountants**  
**Firm Registration No.-105049W**

**(Akash Shinghal)**  
**Partner**  
**Membership No. 103490**

**Place: Mohali**  
**Date: 29<sup>th</sup> May, 2013**



**BALANCE SHEET AS AT MARCH 31, 2013**  
(Unless and otherwise stated, all amounts are in rupees)

Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	1	8,371,056,980	8,371,056,980
(b) Reserves and surplus	2	(16,716,852,531)	(15,360,030,408)
		<u>(8,345,795,551)</u>	<u>(6,988,973,428)</u>
<b>(2) Share application money pending allotment</b>		-	-
<b>(3) Non-current liabilities</b>			
(a) Long-term borrowings	3	5,872,384,786	5,872,385,029
(b) Other Long term liabilities	4	1,102,379,859	966,108,891
(c) Long-term provisions	5	40,751,290	32,726,183
		<u>7,015,515,935</u>	<u>6,871,220,103</u>
<b>(4) Current liabilities</b>			
(a) Short-term borrowings	6	158,707,360	170,168,040
(b) Trade payables	7	763,907,277	1,031,777,297
(c) Other current liabilities	8	7,344,180,599	6,567,932,926
(d) Short-term provisions	9	20,048,345	18,207,105
		<u>8,286,843,581</u>	<u>7,788,085,368</u>
<b>TOTAL</b>		<u><u>6,956,563,965</u></u>	<u><u>7,670,332,043</u></u>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets	10	4,096,357,316	4,544,841,846
(ii) Intangible assets	10	1,573,287,425	1,875,032,099
(iii) Capital work-in-progress		147,926,729	184,431,089
(b) Non-current investments	11	100,000	100,000
(c) Long-term loans and advances	12	103,958,351	98,131,297
		<u>5,921,629,821</u>	<u>6,702,536,331</u>
<b>(2) Current assets</b>			
(a) Inventories	13	16,942,837	18,445,811
(b) Trade receivables	14	519,250,941	537,066,892
(c) Cash and cash equivalents	15	250,312,441	115,068,653
(d) Short-term loans and advances	16	246,087,992	295,584,033
(e) Other current assets	17	2,339,933	1,630,323
		<u>1,034,934,144</u>	<u>967,795,712</u>
<b>TOTAL</b>		<u><u>6,956,563,965</u></u>	<u><u>7,670,332,043</u></u>
See other accompanying notes to the financial statements	1-27		

As per our report of even date attached

For Khandelwal Jain & Co.  
Chartered Accountants  
Firm registration number: 105049W

Akash Shinghal  
Partner  
Membership No. 103490

Place : Mohali  
Date : May 29, 2013

For and on behalf of the Board

Yatinder Vir Singh  
Director

Kapil Bhalla  
Company Secretary & Manager

Babu Mohanlal Panchal  
Director

Sunil Jit Singh  
Chief Financial Officer



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013**  
(Unless and otherwise stated, all amounts are in rupees)

Particulars	Note No.	For the year ended 31.03.2013	For the year ended 31.03.2012
I. Revenue from operations	18	3,358,365,676	2,813,018,834
II. Other income	19	27,781,514	15,889,032
<b>III. Total Revenue (I + II)</b>		<b><u>3,386,147,190</u></b>	<b><u>2,828,907,866</u></b>
<b>IV. Expenses:</b>			
Network Operation Expenditure	20	2,189,169,650	2,164,992,157
Employee Benefits Expenses	21	483,323,411	446,214,888
Sales & Marketing Expenditure	22	229,366,237	203,780,213
Finance Cost	23	280,624,002	281,176,809
Depreciation and Amortization Expenses	10	1,218,268,557	1,201,710,571
Other Expenses	24	342,217,456	322,635,206
<b>Total expenses</b>		<b><u>4,742,969,313</u></b>	<b><u>4,620,509,844</u></b>
V. Profit before tax (VII- VIII)		<b><u>(1,356,822,123)</u></b>	<b><u>(1,791,601,978)</u></b>
<b>VI. Tax expense:</b>			
(1) Current tax		-	-
(2) Deferred tax		-	-
<b>VII. Profit (Loss) for the year (V- VI)</b>		<b><u>(1,356,822,123)</u></b>	<b><u>(1,791,601,978)</u></b>
<b>VIII. Earnings per equity share: (Nominal Value of Rs 10/- each)</b> [Refer Note 27 (15)]			
(1) Basic		(2.22)	(2.93)
(2) Diluted		(2.22)	(2.93)
See other accompanying notes to the financial statements	1-27		

As per our report of even date attached

For and on behalf of the Board

**For Khandelwal Jain & Co.**  
Chartered Accountants  
Firm registration number: 105049W

**Yatinder Vir Singh**  
Director

**Babu Mohanlal Panchal**  
Director

**Akash Shinghal**  
Partner  
Membership No. 103490

**Kapil Bhalla**  
Company Secretary & Manager

**Sunil Jit Singh**  
Chief Financial Officer

Place : Mohali  
Date : May 29, 2013

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013**  
**(Unless and otherwise stated, all amounts are in rupees)**

Particulars	For the period ended 31.03.2013	For the period ended 31.03.2012
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit/(Loss) for the year before Prior Year Expenditure and Tax</b>	(1,341,863,926)	(1,801,024,185)
Adjustments for:		
Depreciation and Amortisation	1,218,268,557	1,201,710,573
Foreign exchange Loss/ (Gain)	(307,064)	(1,722,162)
Loss/ (Gain) on Sold / Discarded Fixed Assets	20,722,835	8,798,624
Bad Debts Written Off	41,012,221	37,887,913
Provision for Doubtful Debts	16,682,391	10,489,234
Finance Expenses [Refer Note 3 below]	280,624,002	281,176,809
Interest Income	(9,401,256)	(3,391,103)
<b>Operating profit before working capital changes</b>	<b>225,737,760</b>	<b>(266,074,297)</b>
Adjustment for changes in working capital:		
(Increase) / Decrease in Trade Receivables	(39,878,662)	(89,261,833)
(Increase) / Decrease in Other Non Current and Current Assets	101,456,635	(4,497,066)
(Increase) / Decrease in Inventory	1,502,974	4,642,465
Increase / (Decrease) in Non Current and Current liabilities	664,067,299	772,423,651
<b>Cash generated from operations</b>	<b>952,886,006</b>	<b>417,232,920</b>
Direct Taxes paid (Net)	(52,159,335)	(29,228,233)
Prior Period (Expense) / Income (Net)	(14,958,195)	9,422,206
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES (A)</b>	<b>885,768,476</b>	<b>397,426,893</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Adjustment for changes in:		
Purchase of fixed assets	(622,148,678)	(298,309,164)
Proceeds from sale of fixed assets	(4,747,436)	13,566,654
Fixed deposits	(131,537,022)	(30,477,277)
Interest Received	8,691,648	7,192,646
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(749,741,488)</b>	<b>(308,027,141)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Redemable Non Convertible Debentures ('NCDs')	3,196,908,800	-
Repayment of Borrowings	(3,208,440,509)	(1,743,805)
Repayment of Public Deposits	(10,000)	(6,397)
Interest paid	(120,778,513)	(88,900,887)
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b>(132,320,222)</b>	<b>(90,651,089)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>3,706,766</b>	<b>(1,251,337)</b>
Cash and Cash Equivalents at the beginning of the year	64,814,487	66,065,824
Cash and Cash Equivalents at the end of the year	68,521,253	64,814,487
<b>Cash and Bank Balances</b>		
Cash in Hand	10,182,555	14,074,031
Cheques in Hand	5,716,350	7,274,114
Balances with Scheduled Banks		
In Current Account	51,536,339	42,370,333
In Fixed Deposit [Receipts pledged with Banks as margin money for guarantees and LCs issued Rs 50,254,166 (March 31, 2012 - Rs. 19,776,890)]	181,791,188	50,254,166
In Escrow Account	1,086,009	1,096,009
	<b>250,312,441</b>	<b>115,068,653</b>
Less : Margin Money pledged for Guarantees and LCs issued	181,791,188	50,254,166
<b>Cash &amp; Cash Equivalents</b>	<b>68,521,253</b>	<b>64,814,487</b>

**Notes:**

- The cash flow statement has been prepared under the indirect method as set out in the Accounting Standard 3 on Cash Flow Statement notified under Companies (Accounting Standard) Rules 2006, ('as amended')
- Figures in brackets indicate cash outflow.
- Finance expenses includes interest accrued but not due on secured loan as amounting to Rs 159,845,490 (March 31, 2012 - Rs 192,340,070) as per CDR Scheme.
- Previous year figures have been regrouped and recast wherever necessary to conform to current year classification.

This is the Cash Flow referred to in our report of even date  
**For Khandelwal Jain & Co.**  
**Chartered Accountants**  
**Firm registration number: 105049W**

**For and on behalf of the Board**  
**Yatinder Vir Singh**  
 Director

**Babu Mohanlal Panchal**  
 Director

**Akash Shinghal**  
**Partner**  
 Membership No. 103490

**Kapil Bhalla**  
 Company Secretary & Manager

**Sunil Jit Singh**  
 Chief Financial Officer

Place : Mohali  
 Date : May 29, 2013

NOTES FORMING PARTS OF THE ACCOUNTS

NOTE 1 - SHARE CAPITAL [Refer Note 27 (7)]	As at 31.03.2013	As at 31.03.2012
<b>Authorised:</b>		
1,200,000,000 (March 31, 2012 - 1,200,000,000) equity shares of Rs 10 each.	12,000,000,000	12,000,000,000
30,000,000 (March 31, 2012 - 30,000,000) preference shares of Rs 100 each.	3,000,000,000	3,000,000,000
	<u>15,000,000,000</u>	<u>15,000,000,000</u>
<b>Issued, Subscribed and Paid up :</b>		
612,260,268 (March 31, 2012 - 612,260,268) equity shares of Rs 10 each fully paid.	6,122,602,680	6,122,602,680
6,500,000 (March 31, 2012 - 6,500,000) 2% cumulative redeemable preference shares ('CRPS') of Rs 100 each fully paid.	650,000,000	650,000,000
15,984,543 (March 31, 2012 - 15,984,543) 2% cumulative redeemable preference shares ('CRPS') of Rs 100 each fully paid.	1,598,454,300	1,598,454,300
	<u>8,371,056,980</u>	<u>8,371,056,980</u>

(a) Of the above

- (i) 490,750 (March 31, 2012 - 490,750 of Rs. 10 each) equity shares of Rs 10 each, were allotted as fully paid bonus shares in the earlier years by way of capitalisation of reserves.
- (ii) 83,070,088 equity shares of Rs 10 each were allotted on October 16, 2004, pursuant to the Corporate Debt Restructuring ('CDR') Scheme.[Refer Note 27 (7) (a)].

Out of these, 63,373,110 equity shares of Rs 10 each were issued by the Company to Industrial Development Bank of India ('IDBI'), at par and the balance of 12,171,778 and 7,525,200 equity shares of Rs 10 each to Oriental Bank of Commerce ('OBC') and ING Vysya Bank Limited ('ING'), respectively, at a premium of Re 0.50 per equity share as per provisions of applicable law.

- (iii) 86,743,116 equity shares of Rs.10 each were issued on July 08, 2009 MSE, consequent to the conversion of Optionally Fully Convertible Debentures (OFCDs) pursuant to the Corporate Debt Restructuring (CDR) Cell.

(b) As more fully discussed in Note 27 (7) (a), the Company in accordance with the scheme of amalgamation approved by the High Court of the State of Punjab and Haryana and the State of Tamil Nadu on March 6, 2003 and March 20, 2003, respectively under section 391 and 394 of the Companies Act, 1956, the erstwhile HFCL Infotel Limited (name earlier allotted to the transferor company), amalgamated with HFCL Infotel Limited now Quadrant Televentures Limited, (formerly The Investment Trust of India Limited). Subsequent to the approved amalgamation:

- (i) 432,000,250 ( March 31,2012 432,000,250)equity shares of Rs 10 each issued for consideration other than cash pursuant to the amalgamation of erstwhile HFCL Infotel Limited with the Company.
- (ii) 1,730,814 equity shares of Rs 10 each were allotted on October 13, 2003, on conversion of the warrants issued to the shareholders of The Investment Trust of India Limited prior to June 11, 2003.

(c) Of the above

- (i) 6,500,000 (March 31, 2012 - 6,500,000) 7.5 per cent CRPS were allotted on October 16, 2004, pursuant to the CDR Scheme, where under the specified part of the amount due to CRPS Holder by the Company was converted into 7.5 per cent CRPS redeemable after the repayment of Rupee Term Loan (in Financial Year 2016-17). As per the CDR Scheme , prior approval of the lenders would be required to declare dividend on 7.5 per cent CRPS and all the voting rights attached to the CRPS to be assigned in favour of the term lenders. On June 24, 2005 as per revised CDR Scheme, the dividend percentage was reduced to 2 per cent from 7.5 per cent with effect from date of issuance of CRPS. The CDR dated August 13,2009 does not stipulate any reference to the aforesaid CRPS. Accordingly the CRPS shall be redeemable in the Financial Year 2016-17. (With reference to CDR dated June 24,2005)
- (ii) 15,984,543 (March 31,2012-15,984,543) 2% Cumulative Redeemable Preference Shares of Rs. 100 fully paid up, aggregating up to Rs. 1,598,454,300 were allotted on November 9, 2011 to the Banks and Financial Institution, namely, IDBI Bank Limited, Life Insurance Corporation of India, Oriental Bank of Commerce, ING Vysya Bank and State Bank of Patiala in terms of the Corporate Debt Restructuring Package (CDR Package) approved by the Corporate Debt Restructuring Cell (CDR Cell) vide their letter dated August 13, 2009, in conversion of 25% of their outstanding loans; the CRPSs shall be redeemed (monthly) over a period of four years commencing from April 1, 2021 at a premium of 34%.
- (iii) Due to accumulated losses provision for dividend on CRPS of Rs 650,000,000 and Rs 1,598,454,300 and premium on redemption of CRPS of Rs 1,598,454,300 is not required and hence not provided for in the financials.

## NOTES FORMING PARTS OF THE ACCOUNTS

iv) The details of Shareholders holding more than 5 percent shares as at 31.03.2013 are as under

Name of Share Holder	No. of Shares as at 31.03.2013	% held as at 31.03.2013	No. of Share as at 31.03.2012	% held as at 31.03.2012
<b>Equity Shares</b>				
Quadrant Enterprises Pvt Ltd.	326,705,000	53.36	326,705,000	53.36
IDBI Bank Ltd.	118,271,642	19.32	118,271,642	19.32
Oriental Bank of Commerce	39,073,070	6.38	39,073,070	6.38
<b>Preference Shares</b>				
IDBI Bank Ltd.	10,569,187	47.01	10,569,187	47.01
Shree Dhoot Trading & Agencies Ltd.	6,500,000	28.91	6,500,000	28.91
Oriental Bank of Commerce	1,981,254	8.81	1,981,254	8.81
Life Insurance Corporation of India	1,981,165	8.81	1,981,165	8.81

v) The reconciliation of the number of Shares outstanding as at 31st March , 2013 is set out below:

Particulars	Figures As At 31.03.2013	Figures As At 31.03.2012
Number of Equity shares at the beginning	612,260,268	612,260,268
Add: Shares issued during the year	-	-
Number of shares at the end	<u>612,260,268</u>	<u>612,260,268</u>
Number of Preference shares at the beginning	22,484,543	22,484,543
Add: Shares issued during the year	-	-
Number of shares at the end	<u>22,484,543</u>	<u>22,484,543</u>

NOTE 2 - RESERVE AND SURPLUS	As at 31.03.2013	As at 31.03.2012
<b>Capital Reserve:</b>		
Balance at the beginning and end of the year	34,032,776	34,032,776
<b>Securities Premium [Refer Note (a) below]</b>		
Balance at the beginning and end of the year	22,633,732	22,633,732
<b>Statutory Reserve [Refer Note (b) below]</b>		
Balance at the beginning and end of the year	11,900,000	11,900,000
<b>Profit &amp; Loss A/c:</b>		
Opening Balance	(15,428,596,916)	(13,636,994,938)
Add: Transfer from Statement of Profit & Loss	(1,356,822,123)	(1,791,601,978)
Closing Balance	<u>(16,785,419,039)</u>	<u>(15,428,596,916)</u>
<b>Total</b>	<u><b>(16,716,852,531)</b></u>	<u><b>(15,360,030,408)</b></u>

Of the above

- (a) Securities premium includes an amount of Rs 9,848,489 received on allotment of 19,696,978 equity shares of Rs 10 each on October 16, 2004 at a premium of Rs 0.50 per equity share [Refer of Note 1 (a) (ii)].
- (b) As more fully discussed in Note 26 (1) (a), the Company (erstwhile The Investment Trust of India Limited) was a Non-Banking Financial Corporation ('NBFC') under the Certificate of Registration ('CoR') No 07.00222 dated April 18, 1998. Further, as more fully discussed in Note 27 (19), the Company had surrendered its CoR with the Reserve Bank of India ('RBI'). In 2004 As a condition for the cancellation of the CoR, the RBI had advised the Company to follow certain strictures till the balance in the escrow account is settled.

NOTES FORMING PARTS OF THE ACCOUNTS

NOTE 3 - LONG TERM BORROWING	As at 31.03.2013	As at 31.03.2012
<b>Secured [Refer Note 27(8)]</b>		
Redemable Secured Non Convertible Debentures (NCDs) Pursuant to Revised CDR	3,196,908,800	-
Term Loan Convertible Into Non-Convertible Debenture ('NCDs') as per CDR [Refer Note 27 (8) (a)]		
- From Financial Institution	-	396,233,192
- From Banks	-	2,800,675,852
<b>Unsecured [Refer Note 27 (9)]</b>		
Zero per cent Non Convertible Debentures ('NCDs') (erstwhile OFCDs)	166,776,100	166,776,100
Loans from Body Corporate	2,508,699,886	2,508,699,886
<b>Total</b>	<u><u>5,872,384,786</u></u>	<u><u>5,872,385,029</u></u>

- a. Yield of Interest and Premium on redemption of Secured Non-Convertible Debentures is 8% p.a.
- b. Redemable Secured Non-Convertible Debentures as per CDR is secured by first pari passu charge on movable and immovable fixed assets and first pari passu charge on Current Assets, assignment of license / contracts and fully detailed in note 27 (8) (a).
- c. Redemption Schedule of the Secured Non Convertible Debentures.

Financial Year	Amount of Non Convertible Debenture
2017	319,690,904
2018	319,690,904
2019	639,381,809
2020	639,381,809
2021	639,381,809
2022	639,381,809

- d. On October 16, 2004, the Company issued 1,667,761 zero percent Non Convertible Debentures ('NCDs') of Rs 100 each in lieu of interest accrued on term loans from a financial institution and a bank for the period April 1, 2003 to December 31, 2003. The 'NCD's earlier redeemable at par on March 31, 2014, are now redeemable at par on March 31, 2016 after repayment of the term loans as per revised CDR Scheme effective from April 1, 2005.

NOTE 4 - OTHER LONG TERM LIABILITIES	As at 31.03.2013	As at 31.03.2012
Interest accrued but not due on borrowings	767,784,927	607,939,437
Security Deposits		
- From Subscribers	15,424,675	20,733,893
- From Others	37,822,589	39,057,125
Advance From Customers and Unaccrued Income	281,347,668	298,378,436
<b>Total</b>	<u><u>1,102,379,859</u></u>	<u><u>966,108,891</u></u>

NOTE 5 - LONG TERM PROVISIONS [Refer Note 27(21)]	As at 31.03.2013	As at 31.03.2012
Provision for employee benefits.		
Leave Encashment / Availment	21,599,729	19,404,602
Gratuity	19,151,561	13,321,581
<b>Total</b>	<u><u>40,751,290</u></u>	<u><u>32,726,183</u></u>



## NOTES FORMING PARTS OF THE ACCOUNTS

NOTE 6 - SHORT TERM BORROWINGS	As at 31.03.2013	As at 31.03.2012
<b>Secured</b>		
Working Capital Loan from Scheduled Banks	158,707,360	170,168,040
<b>Total</b>	<u>158,707,360</u>	<u>170,168,040</u>

Working capital loan is secured by first pari passu charge on movable and immovable fixed assets and first pari passu charge on Current Assets, assignment of license / contracts and fully detailed in note 27 (8) (a).

NOTE 7 - TRADE PAYABLE	As at 31.03.2013	As at 31.03.2012
Due to Micro / Small & Medium Enterprises [Refer Note 27 (13)]	816,620	94,298
Due to others	763,090,657	1,031,682,999
<b>Total</b>	<u>763,907,277</u>	<u>1,031,777,297</u>

NOTE 8 - OTHER CURRENT LIABILITIES	As at 31.03.2013	As at 31.03.2012
Current Maturities of long-term debts*		
- Vehicle Loan	-	70,786
Advances from Customers and Unaccrued Income	251,442,448	190,357,924
Other Advances	4,956,527,643	4,003,100,000
For Capital Goods	2,074,301,570	2,243,757,040
Book Bank Overdraft	478,047	6,070,004
Investor Education and Protection Fund		
- Unclaimed Deposits from Public	-	10,000
- Interest accrued and due on Public Deposits	-	-
Other liabilities including statutory dues**	61,430,891	124,567,172
<b>Total</b>	<u>7,344,180,599</u>	<u>6,567,932,926</u>

\* Vehicle Loan are secured by hypothecation of respective vehicle.

\*\* Other Current liabilities include cheques outstanding beyond six months of Rs 523,618 (March 31, 2012 - 523,618) due on deposits towards repayment of public deposits under the NBFC CoR and Rs. 543,480 interest accrued & due on deposits to be transferred to investors education & protection fund. [Refer Note 27(19)].

NOTE 9 - SHORT TERM PROVISIONS [Refer Note 27(21)]	As at 31.03.2013	As at 31.03.2012
Provision for employee benefits.		
Leave Encashment / Availment	18,803,731	16,091,371
Gratuity	1,244,614	2,115,734
<b>Total</b>	<u>20,048,345</u>	<u>18,207,105</u>

Note 10: FIXED ASSETS [Refer Note 27(10)]

TANGIBLE ASSETS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at 01.04.2012	Additions during the period	Sale/ Adjustment during the period	As at 31.03.2013	As at 01.04.2012	Depreciation for the period	On Sale/ Adjustment	As at 31.03.2013	As at 31.03.2012
Land - Freehold	16,142,623	-	-	16,142,623	-	-	-	-	16,142,623
Land - Leasehold	8,896,419	-	-	8,896,419	1,201,149	92,160	-	1,293,309	7,695,270
Building	189,189,617	-	-	189,189,617	39,562,828	3,681,117	-	43,243,945	149,626,788
Leasehold Improvements	79,523,165	2,004,745	-	81,527,910	68,514,586	2,581,929	-	71,096,515	11,008,579
Network Equipment	5,536,626,752	284,145,832	56,255,266	5,764,517,318	2,864,968,146	446,331,200	42,841,111	3,268,458,235	2,671,658,606
Optical Fibre Cable and Copper Cable	4,576,218,197	20,962,065	104,143	4,597,076,119	3,038,882,391	347,622,323	58,148	3,386,446,566	1,537,335,807
Telephone Instruments at Customers Premises	329,372,702	28,833,784	17,868,604	340,337,882	210,177,129	50,502,479	15,456,350	245,223,258	119,195,574
Computers	208,151,786	97,531,953	5,474,150	300,209,589	189,521,050	13,700,652	5,450,266	197,771,436	18,630,736
Office Equipment	48,854,963	773,163	2,942,981	46,685,145	38,543,761	2,648,711	2,864,240	38,328,232	10,311,203
Furniture & Fixture	42,079,486	1,718,842	706,560	43,091,768	38,948,411	1,213,362	706,189	39,455,584	3,131,075
Vehicles	14,816,294	-	-	14,816,294	14,710,708	105,586	-	14,816,294	105,586
<b>Total</b>	<b>11,049,872,004</b>	<b>435,970,384</b>	<b>83,351,704</b>	<b>11,402,490,684</b>	<b>6,505,030,159</b>	<b>868,479,519</b>	<b>67,376,304</b>	<b>7,306,133,374</b>	<b>4,544,841,847</b>
Previous Year ended 31.03.2012	11,128,957,151	508,791,423	587,876,570	11,049,872,004	6,216,293,913	854,247,537	565,511,292	6,505,030,158	

INTANGIBLE ASSETS	GROSS BLOCK				AMORTISATION			NET BLOCK	
	As at 01.04.2012	Additions during the period	Sale/ Adjustment during the period	As at 31.03.2013	As at 01.04.2012	Amortisation for the period	On Sale/ Adjustment	As at 31.03.2013	As at 31.03.2012
Computer Software	197,147,004	48,044,363	-	245,191,368	182,595,405	11,437,364	-	194,032,769	14,551,599
Licence Entry Fees	2,352,658,603	-	-	2,352,658,603	1,603,422,624	136,055,290	-	1,739,477,914	749,235,979
Licence Entry Fees GSM [Refer Note 26 (1) (b)]	1,517,500,000	-	-	1,517,500,000	406,255,478	202,296,384	-	608,551,863	1,111,244,522
<b>Total</b>	<b>4,067,305,607</b>	<b>48,044,363</b>	<b>-</b>	<b>4,115,349,970</b>	<b>2,192,273,507</b>	<b>349,789,038</b>	<b>-</b>	<b>2,542,062,545</b>	<b>1,875,032,099</b>
Previous Year ended 31.03.2012	4,059,483,532	7,822,075	-	4,067,305,606	1,844,810,473	347,463,034	-	2,192,273,507	

NOTE 11 - NON CURRENT INVESTMENTS	As at 31.03.2013	As at 31.03.2012
<b>Investment in Wholly Owned Subsidiary Company:(Unquoted)</b>		
10,000 [March 31, 2012 - 10,000 ] 100% equity shares of Rs 10 each fully paid in Infotel Tower Infrastructure Private Limited	100,000	100,000
<b>Total</b>	<u>100,000</u>	<u>100,000</u>

NOTE 12 - LONG TERM LOANS AND ADVANCES	As at 31.03.2013	As at 31.03.2012
<b>Unsecured, considered good</b>		
Capital Advances	9,170,072	3,987,253
Security Deposits	59,325,949	59,838,508
Advances Recoverable in cash or in kind or for value to be received	35,462,330	34,305,536
<b>Doubtful</b>		
Security Deposits	1,186,199	1,186,199
Advances Recoverable in cash or in kind or for value to be received	802,642	802,642
Less: Provision For Doubtful Advances	(1,988,841)	(1,988,841)
<b>Total</b>	<u>103,958,351</u>	<u>98,131,297</u>

NOTE 13 - INVENTORIES [Refer Note 27 (11)]	As at 31.03.2013	As at 31.03.2012
Inventory held for installation and maintenance of network	16,942,837	18,445,811
<b>Total</b>	<u>16,942,837</u>	<u>18,445,811</u>

NOTE 14 - TRADE RECEIVABLES	As at 31.03.2013	As at 31.03.2012
<b>Trade Receivables Outstanding for a period exceeding six months:</b>		
Secured, Considered Good	4,098,245	4,807,465
Unsecured, Considered Good	20,220,767	114,538,878
Doubtful	158,598,842	149,510,002
<b>Others</b>		
Secured, Considered Good	1,227,209	2,393,721
Unsecured, Considered Good	493,704,720	415,326,827
Doubtful	9,226,281	9,496,472
	<b>687,076,064</b>	<b>696,073,365</b>
Less: Provision for Doubtful Trade Receivables	(167,825,123)	(159,006,473)
<b>Total</b>	<u>519,250,941</u>	<u>537,066,892</u>

- a) Debtors are secured to the extent of deposit received from the subscribers.
- b) Includes Rs 113,959,342 (March 31, 2012 - Rs 74,496,145) of unbilled revenues, the invoices for which have been raised subsequent to March 31, 2013 [Refer Note 26 (2.11)].

NOTE 15 - CASH & CASH EQUIVALENTS	As at 31.03.2013	As at 31.03.2012
<b>Balances with Scheduled Banks</b>		
In Current Accounts	51,536,339	42,370,333
In Escrow Accounts*	1,086,009	1,096,009
<b>Fixed Deposit Accounts**</b>		
Bank Deposit with more than 12 months maturity	-	600,000
Other	181,791,188	49,654,166
<b>Cheques in Hand</b>	5,716,350	7,274,114
<b>Cash in Hand</b>	10,182,555	14,074,031
<b>Total</b>	<u><u>250,312,441</u></u>	<u><u>115,068,653</u></u>

\*The balance with scheduled banks in Escrow Account is towards public deposits payable by the Company [Refer Note 27 (19)].

\*\*Balances with banks to the extent held as margin money against BG & LC's are of Rs. 48,309,592(March 31, 2012 Rs. 50,254,166).

NOTE 16 - SHORT TERM LOANS & ADVANCES	As at 31.03.2013	As at 31.03.2012
<b>Unsecured, considered good</b>		
Loans and advances to Related Parties ( Infotel Tower Infrastructure Private Limited )	17,355,487	27,702,789
TDS Recoverable	121,780,336	69,175,505
Balance with Customs, Excise and Service Tax	57,519,224	139,283,890
Advances Recoverable in cash or in kind or for value to be received	49,432,945	59,421,849
<b>Total</b>	<u><u>246,087,992</u></u>	<u><u>295,584,033</u></u>

NOTE 17 - OTHER CURRENT ASSETS	As at 31.03.2013	As at 31.03.2012
Interest Accrued on Fixed Deposits	2,339,933	1,630,323
<b>Total</b>	<u><u>2,339,933</u></u>	<u><u>1,630,323</u></u>

NOTE 18 - REVENUE FROM OPERATIONS	For the year ended 31.03.2013	For the year ended 31.03.2012
<b>Sale of services</b>		
From Unified Access Services	2,016,382,825	1,704,442,056
From interconnection Usage Charges	215,176,749	161,277,793
From Infrastructure Services	48,304,476	48,776,164
From Internet Services	1,078,501,626	898,522,821
<b>Total</b>	<u><u>3,358,365,676</u></u>	<u><u>2,813,018,834</u></u>

NOTE 19 - OTHER INCOME	For the year ended 31.03.2013	For the year ended 31.03.2012
Interest Income [Tax Deduction at Source Rs. 422,807 (March 31,2012 Rs. 149,549)]	9,401,256	3,391,103
Sale of Scrap	5,215,271	4,607,572
Rental Income	12,430,714	7,409,540
Miscellaneous Income	734,273	480,817
<b>Total</b>	<u><u>27,781,514</u></u>	<u><u>15,889,032</u></u>

<b>NOTE 20 - NETWORK OPERATION EXPENDITURE</b>	<b>For the year ended 31.03.2013</b>	<b>For the year ended 31.03.2012</b>
Interconnect Usage Charges	935,700,379	718,825,556
Other Value Added Service charges	30,973,541	36,852,272
Port Charges	30,791,442	42,170,280
Testing and Technical Survey Expenses	70,000	380,000
Licence Fees on Revenue Share Basis	147,690,355	91,328,395
Royalty and Licence Fees to Wireless Planning Commission	32,033,655	23,302,114
Stores and Spares Consumed	67,656,447	61,537,609
Rent Node site	42,397,627	39,521,892
Infrastructure Sharing Rent	452,541,058	530,032,570
Electricity and Water -Network	244,773,906	332,090,211
Security Charges	637,693	539,359
Repair & Maintenance - Network	102,986,267	200,284,459
Bandwidth Charges	100,917,280	88,127,440
<b>Total</b>	<b>2,189,169,650</b>	<b>2,164,992,157</b>

<b>NOTE 21 - EMPLOYEE BENEFIT EXPENSES</b>	<b>For the year ended 31.03.2013</b>	<b>For the year ended 31.03.2012</b>
Salaries, Wages and Bonus	449,242,720	411,503,080
Employer's Contribution to Provident and other Funds	13,297,245	13,488,202
Leave Encashment / Availment	5,163,682	6,441,185
Gratuity	4,958,860	4,731,031
Staff Welfare Expenses	8,493,490	8,669,190
Recruitment & Training Expenses	2,167,414	1,382,200
<b>Total</b>	<b>483,323,411</b>	<b>446,214,888</b>

<b>NOTE 22 - SALES &amp; MARKETING EXPENDITURE</b>	<b>For the year ended 31.03.2013</b>	<b>For the year ended 31.03.2012</b>
Sales and Business Promotion	6,930,367	3,474,558
Advertisement Expenses	29,194,863	20,065,247
Customers Acquisition Costs	193,241,007	180,240,408
<b>Total</b>	<b>229,366,237</b>	<b>203,780,213</b>

<b>NOTE 23 - FINANCE COSTS</b>	<b>For the year ended 31.03.2013</b>	<b>For the year ended 31.03.2012</b>
Interest on Non Convertible Debentures	255,752,784	256,453,815
Interest to Others	18,311,405	18,452,997
Bank Guarantee Commission	3,280,930	3,087,242
Trustees Fee	849,994	750,000
Monitoring Fees	1,000,000	1,100,000
Other Finance Charges	1,428,889	1,332,755
<b>Total</b>	<b>280,624,002</b>	<b>281,176,809</b>



NOTE 24 - OTHER EXPENSES	For the year ended 31.03.2013	For the year ended 31.03.2012
Foreign exchange fluctuation	7,611,018	17,755,242
Payments to the auditor		
Audit Fees	1,500,000	1,500,000
Tax Audit Fees	480,000	480,000
Other services	425,000	225,000
Reimbursement of expenses	88,185	104,915
Prior period Adjustments	14,958,195	(9,422,206)
Legal and Professional Expenses	10,612,671	16,919,772
Travelling and Conveyance	68,485,723	70,241,814
Communication Expenses	3,407,796	2,743,451
Rent	24,937,144	24,551,298
Security Charges	6,275,748	5,799,860
Repairs and Maintenance - Building	334,826	235,549
Repairs and Maintenance - Others	10,932,907	10,365,818
Electricity and Water	18,289,765	16,253,639
Insurance	6,202,932	8,583,837
Rates and Taxes	8,665,243	12,710,544
Freight & Cartage	6,191,430	5,545,840
Printing and Stationary	2,565,637	2,442,780
Billing and Collection Expenses	65,791,145	73,589,175
Directors' Fees	213,440	194,300
Loss/ (Gain) on sale and Discarded of Fixed Assets	20,722,835	8,798,624
Bad Debts Written off	48,875,963	
Less: Provision for Doubtful Debts	<u>(7,863,742)</u>	37,887,913
Provision for Doubtful Debts	16,682,391	10,489,234
Miscellaneous Expenses	5,831,204	4,638,806
<b>Total</b>	<b><u>342,217,456</u></b>	<b><u>322,635,206</u></b>

NOTE 25 - CONTINGENT LIABILITIES	For the year ended 31.03.2013	For the year ended 31.03.2012
Estimated value of contracts remaining to be executed on capital account and not provided for net of capital advances Rs. 9,170,072 (March 31,2012 Rs 3,987,253)	121,006,095	64,947,346
Bank Guarantees given against Bid Bonds/Performance/Advance		
Financial Bank Guarantees	81,962,345	82,843,358
Performance Bank Guarantees	53,294,948	53,052,363
Open Letter of Credits (Margin Deposit Rs. 23,998,323 [March 31, 2012 - Rs. 18,514,929])	27,554,745	18,514,929
Income tax matters under appeal [Refer Note 27 (1) (a)].	13,519,046	12,678,483
Claims against the Company not acknowledged as debts	5,022,700	3,277,812
Dividend on 2% cumulative redeemable preference shares ('CRPS')	127,876,344	95,907,258
Others [Refer Note 27 (1) (b, c, d, e, f, g and h).	1,038,397,602	852,854,133
<b>Total</b>	<b><u>1,468,633,825</u></b>	<b><u>1,184,075,682</u></b>

**NOTE 26: BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES****1. Background****(a) Nature of business and ownership**

Quadrant Televentures Limited (Formerly known as HFCL Infotel Limited) ('the Company' or 'QTL'), Unified Access Services Licensee for Punjab Circle (including Chandigarh and Panchkula), is providing complete telecommunication services, which includes voice telephony, both wireline and fixed wireless, CDMA and GSM based mobiles, internet services, broadband data services and a wide range of value added service viz., centrex, leased lines, VPNs, voice mail, etc. The services were commercially launched in October 2000. As on March 31, 2013, the Company has an active subscriber base of over 1,701,481.

The Company was incorporated on August 2, 1946 with the name of The Investment Trust of India Limited (ITI) which was subsequently changed to HFCL Infotel Limited on May 12, 2003. This was done pursuant to a Scheme of amalgamation (the Scheme), approved by the Hon' able High Court of the State of Punjab and Haryana and the State of Tamil Nadu on March 6, 2003 and March 20, 2003, respectively, whereby the *erstwhile* HFCL Infotel Limited (name earlier allotted to the transferor Company) ('*erstwhile* HFCL Infotel') was merged with the Company with effect from September 1, 2002. As per the Scheme envisaged, the Company's then existing business of hire purchase, leasing and securities trading was transferred by way of slump sales to its wholly owned subsidiary, Rajam Finance & Investments Company (India) Limited ('Rajam Finance') with effect from September 1, 2002. Rajam Finance was renamed as The Investment Trust of India Limited with effect from June 17, 2003 and it ceased to be the subsidiary of the Company with effect from September 30, 2003, due to allotment of fresh equity by Rajam Finance to other investors.

The Company, during the year ended March 31, 2004, surrendered its license granted by Reserve Bank of India ('RBI') to carry out NBFC business. RBI confirmed the cancellation of the NBFC license as per their letter dated May 24, 2004.

On September 24, 2010 the name of Company was changed to Quadrant Televentures Limited.

**(b) License Fees**

The Company obtained licence for Basic Telephony Service for the Punjab circle (including Chandigarh and Panchkula) by way of amalgamation of the *erstwhile* HFCL Infotel with the Company. *Erstwhile* HFCL Infotel had obtained this licence under fixed license fee regime under National Telecom Policy ('NTP') 1994, valid for a period of 20 years from the effective date, and subsequently migrated from the fixed license fee regime to revenue sharing regime upon implementation of NTP 1999. Further to the Telecom Regulatory Authority of India's ('TRAI') recommendations of October 27, 2003 and the Department of Telecommunications ('DoT') guidelines on Unified Access (Basic & Cellular) Services Licence ('UASL') dated November 11, 2003, the Company migrated its licence to the UASL regime

with effect from November 14, 2003. A fresh License Agreement was signed on May 31, 2004. Pursuant to this migration, the Company became additionally entitled to provide full mobility services. HFCL Infotel also entered into a Licence Agreement dated June 28, 2000, and amendments thereto, with DoT to establish maintain and operate internet service in Punjab circle (including Chandigarh and Panchkula).

During the year ended March 31, 2008, the Company has deposited the entry fee to the Department of Telecommunication ('DOT') for the use of GSM Technology in addition to CDMA technology being used under the existing (UASL) for the Punjab Service Area. The UASL has since been amended to incorporate the license for use of GSM technology on January 15, 2008 vide DOT's letter number F.No.10-15/2004/BS.II/HITL/ Punjab/17 dated January 15, 2008. The Company has launched its GSM services on March 29, 2010 in Punjab Circle.

With effect from August 1, 1999, the Company is required to pay revenue share license fees as a fraction of Adjusted Gross Revenue ('AGR') on UASL. The revenue share fraction other than income from Internet Services was set at 10 per cent of AGR with effect from August 1, 1999 and was reduced to 8 per cent of AGR with effect from April 1, 2004. In addition, spectrum charges calculated at 3 per cent of the AGR earned through the wireless technology is payable under the license agreement.

With effect from July 01, 2012 Income from internet services is included as the service revenue for the purpose of the calculation of AGR under Internet Services Licence as it is governed by a separate ISP licence between the Company and the Department of Telecommunications ('DoT'). The revenue share fraction is set at 4% of income from internet revenue ('AGR' under Internet Service Licence)

**(c) Project Financing**

The Company's project was initially appraised by Industrial Development Bank of India ('IDBI') during the year ended March 31, 2000.

Pursuant to the migration to UASL regime, the consortium of lenders, led by IDBI, through the Corporate Debt Restructuring ('CDR') mechanism approved an overall restructuring of the liabilities of the Company and thereby revised the peak funding requirements.

Further, the CDR Empowered Group has approved the proposal of the Company for expansion of services, change in the scope of the project, cost of project and means of finance and restructuring of debt as per the reworked restructuring scheme dated June 24, 2005.

During the year, the Company has incurred losses of Rs 1,356,822,123 resulting into accumulated loss of Rs 16,785,419,039 as at March 31, 2013 which has completely eroded its net worth and has a net current liability of Rs 7,251,909,436. The ability of the Company to continue as a going concern is substantially dependent on its ability to successfully arrange the remaining funding and achieve financial closure to fund its operating and capital funding requirements and to substantially increase its

subscriber base. The management in view of its business plans and support from significant shareholders is confident of generating cash flows to fund the operating and capital requirements of the Company. Accordingly, these statements have been prepared on a going concern basis.

**2. Summary of significant accounting policies**

**2.1 Basis of preparation of Financial Statements**

The financial statements have been prepared to comply in all material respects with the notified accounting standards by Companies (Accounting Standards) Rules, 2006 ('as amended'), and the relevant provisions of the Companies Act, 1956. The preparation of financial statements is in conformity with the Generally Accepted Accounting Principals. The financial statements have been prepared under the historical cost convention on an accrual basis of accounting. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. The significant accounting policies are as follows:

**2.2 Fixed Assets**

Fixed assets are stated at cost (net of cenvat credit if availed) less impairment loss, if any, and accumulated depreciation. The Company capitalises direct costs including taxes (excluding cenvat), duty, freight and incidental expenses directly attributable to the acquisition and installation of fixed assets. Capital work-in-progress is stated at cost.

Telephone instruments having useful life lying with deactivated customers for more than 90 days since disconnection are written off.

**2.3 Inventory**

Inventory is valued at cost or net realisable value which ever is low. Cost for the purchase is calculated on FIFO basis

**2.4 Depreciation**

Depreciation is provided pro-rata to the period of use (except for Telephone Instruments, being ready for use are depreciated from the beginning of the month, following the month of purchase), on the straight line method based on the estimated useful life of the assets, as follows:

<u>Asset</u>	<u>Useful life (in years)</u>
Leasehold Land	Over the lease term
Buildings	Office Building 30 years Others 61 years
Leasehold Improvements	10 years or over the lease term, whichever is lower
Network Equipment (other than batteries) Batteries	9.67 years 5 years
Testing Equipments (included in Network Equipments)	5 years
Optical Fibre Cable and Copper Cable	15 years

Telephone Instruments	5 years
Computers	6.17 years
Software	5 years
Office Equipments	10 years, except in case issued to employees, where asset is depreciated in 5 years
Furniture and Fixture	10 years, except in case issued to employees, where asset is depreciated in 5 years
Vehicles	4 years
Fixed Assets costing less than Rs 5,000 (other than Telephone Instruments)	Fully depreciated when they are ready for use.

- (i) Depreciation rates derived from the above are not less than the rates prescribed under Schedule XIV of the Companies Act, 1956.
- (ii) Depreciation on the amount capitalized on up-gradation of the existing assets is provided over the balance life of the original asset.
- (iii) Depreciation on the amount capitalised till March 31, 2007 on account of foreign exchange fluctuations is provided over the balance life of the original asset.

**2.5 Borrowing Costs**

Borrowing costs that are attributable to the acquisition and construction of a qualifying asset are capitalised as a part of the cost of the asset. Other borrowing costs are recognised as an expense in the year in which they are incurred.

**2.6 Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

**2.7 Intangibles**

All expenditure on intangible items are expensed as incurred unless it qualifies as an intangible asset as defined in Accounting Standard 26. The carrying value of intangible assets is assessed for recoverability by reference to the estimated future discounted net cash flows that are expected to be generated by the asset. Where this assessment indicates a deficit, the assets are written down to the market value or fair value as computed above.

## 2.8 Licence Fees

### (i) Licence Entry Fee

The Licence Entry Fee has been recognised as an intangible asset and is amortised equally over the remainder of the licence period from the date of commencement of commercial operations. Licence entry fees includes interest on funding of licence entry fees, foreign exchange fluctuations on the loan taken upto the date of commencement of commercial operations.

The carrying value of license entry fees are assessed for recoverability by reference to the estimated future discounted net cash flows that are expected to be generated by the asset. Where this assessment indicates a deficit, the assets are written down to the market value or fair value as computed above.

### (ii) Revenue Sharing Fee

Revenue Sharing Fee, currently computed at the prescribed rate of Adjusted Gross Revenue ('AGR') is expensed in the Statement of Profit and Loss in the year in which the related income from providing unified access services and Internet Services are recognised.

An additional revenue share towards spectrum charges is computed at the prescribed rate of the service revenue earned from the customers who are provided services through the CDMA and GSM technology. This is expensed in the Statement of Profit and Loss in the year in which the related income is recognised.

## 2.9 Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Long term investments are stated at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. Current investments are carried at lower of cost and fair value and determined on an individual investment basis.

## 2.10 Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable 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. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

## 2.11 Revenue Recognition

Revenue from unified access services are recognised on services rendered and is net of rebates, discounts and service tax. Unbilled revenues resulting from unified access services provided from the billing cycle date to the end of each month are estimated and recorded. Revenues from unified access services rendered through prepaid cards are recognised based on actual usage by the customers. Billings made but not expected to be collected, if any, are estimated by the management and not recognised as revenues in accordance with Accounting Standard on Revenue Recognition ('AS 9').

Revenue on account of internet services and revenue from infrastructure services are recognised as services are rendered, in accordance with the terms of the related contracts.

## 2.12 Interconnection Usage Revenue and Charges

The TRAI issued Interconnection Usage Charges Regulation 2003 ('IUC regime') effective May 1, 2003 and subsequently amended the same twice with effect from February 1, 2004 and February 1, 2005. Under the IUC regime, with the objective of sharing of call revenues across different operators involved in origination, transit and termination of every call, the Company pays interconnection charges (prescribed as Rs per minute of call time) for all outgoing calls originating in its network to other operators, depending on the termination point of the call i.e. mobile, fixed line, and distance i.e. local, national long distance and international long distance. The Company receives certain interconnection charges from other operators for all calls terminating in its network

Accordingly, interconnect revenue are recognised on those calls originating in another telecom operator network and terminating in the Company's network. Interconnect cost is recognised as charges incurred on termination of calls originating from the Company's network and terminating on the network of other telecom operators. The interconnect revenue and costs are recognised in the financial statement on a gross basis and included in service revenue and network operation expenditure, respectively.

## 2.13 Foreign Currency Transactions

### Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

### Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

### Exchange Differences

Exchange differences arising on the settlement or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year.

## 2.14 Employee Benefits

Effective April 1, 2007, the Company has adopted the Revised Accounting Standard - 15 'Employee Benefits'. The relevant policies are:

### Short Term Employee Benefits

Short term employee benefits are recognised in the period during which the services have been rendered.



**Long Term Employee Benefits**

**Provident Fund and employees’ state insurance schemes**

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 recognised and administered by the Government of India.

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

**Leave Encashment**

The Company has provided for the liability at period end on account of unavailed earned leave as per the actuarial valuation as per the Projected Unit Credit Method.

**Gratuity**

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 valuation in accordance with Accounting Standard 15 (revised), “Employee Benefits “ The Company makes annual contributions to the LIC for the Gratuity Plan in respect of employees. The present value of obligation under gratuity is determined based on actuarial valuation at period end using Project Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

- a) Short term compensated absences are provided for on based on estimates.
- b) Actuarial gains and losses are recognised as and when incurred

**2.15 Taxation**

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. 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 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. If the Company has carry forward of unabsorbed depreciation and tax

losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain or virtually certain, as the case may be, that future taxable income will be available against which such deferred tax assets can be realised.

**2.16 Operating Leases**

*Where the Company is the lessee*

Leases of assets under which the lessor effectively retains all the risks and rewards of ownership are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

*Where the Company is the lessor*

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

**2.17 Earning Per Share**

Basic earning per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For calculating diluted earning per share, the number of shares comprises the weighted average shares considered for deriving basic earning per share, and also the weighted average number of shares, if any which would have been used in the conversion of all dilutive potential equity shares. The number of shares and potentially dilutive equity shares are adjusted for the bonus shares and the sub-division of shares, if any.

**2.18 Segment Reporting**

*Identification of segments:*

The primary reporting of the Company has been performed on the basis of business segments. The analysis of geographical segments is based on the areas in which the Company’s products are sold or services are rendered.

*Allocation of common costs:*

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

*Unallocated items:*

The Corporate and other segment include general corporate income and expense items, which are not allocated to any business segment.

**2.19 Cash & Cash Equivalents**

Cash & cash equivalents in the Balance Sheet comprise cash in hand and at bank.



**NOTE 27: NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

- (1). Commitments and contingent liabilities not provided for in respect of:
- (a) The Company has certain income tax related matters pending with Income Tax Appellate Tribunal for the Assessment Year 2001-02 aggregating to Rs 13,519,046 (March 31, 2012 – Rs 12,678,483).
- (b) The Wireless Finance Division of Department of Telecommunications has claimed an outstanding of Rs 29,585,211 towards the Spectrum Charges dues from year 2001 to year 2005 vide their letter 1020/48/2005-WFD dated October 7, 2005. The Company has submitted its reply to the department on October 25, 2005 confirming the total due of Rs 29,472 only and paid the said amount. The Wireless Finance Division of Department of Telecommunications has subsequently claimed Rs 39,310,176 vide letter number 1020/48/2005-WFD dated September 13, 2006 towards the Spectrum Charges dues from year 2001 to year 2006. The Company has submitted a detailed reply on October 31, 2006. During the year ended March 31, 2008, out of the above demand, the Company has deposited Rs 1,801,241 under protest towards the interest due till August 31, 2006. Wireless Finance Division of Department of Telecommunications has updated their claim to Rs 70,604,092 towards Spectrum Charges dues from January 1, 2000 to September 30, 2008 vide letter number 1020/29/WR/07-08 dated October 24, 2008. The Company has once again made a written representation vide its letter dated December 8, 2008 and August 12, 2009. Subsequently DOT has revised their demand to Rs 70,528,239 vide Letter No 1020/48/WFD/2005-06/ Dated September 6, 2010 to which the Company has made representations vide letter dated September 23, 2010, February 3, 2011 and March 17, 2011. Subsequently DOT has revised their demand to Rs 149,960,749 vide Letter No 1020/48/WFD/2005-06/ Dated January 3, 2013 to which the Company has made representations vide letter dated January 18, 2013. The reply of which has not been received. Based on the legal opinion, the Company is confident that no liability would accrue regarding the same in future.
- (c) During the year ended March 31, 2007, Bharat Sanchar Nigam Limited ('BSNL') has raised supplementary bill dated August 10, 2006 for Rs 167,614,241 towards Inter-connect Usage Charges ('IUC') and Access Deficit Charges ('ADC') for the period November 14, 2004 to August 31, 2005 on the Company. BSNL further raised invoices to the tune of Rs 99,346,533 on similar grounds for the period September 1, 2005 to February 28, 2006. These charges are on account of unilateral declaration of the Company's Fixed Wireless and Wire line Phone services as Limited Mobility Services by BSNL. The Company has submitted its reply to BSNL on August 23, 2006 asking for the calculation/basis for the additional amount raised towards IUC and ADC by BSNL for Rs 167,614,241. Subsequently, BSNL issued a disconnection notice on August 26, 2006 which required the payment of Rs 208,236,569 (including Rs 167,614,241). The Company has submitted details to BSNL for payments already made for Rs 40,622,328. The Company has approached Hon'ble TDSAT on the subject matter and a stay order was granted on Company's

petition no 232 of 2006 against the disconnection notice on September 21, 2006. BSNL Jalandhar Office subsequently raised a supplementary bill dated March 20, 2007 for Rs 5,206,780, to which the Company has submitted its reply on March 23, 2007 intimating that the matter being sub-judice and pending decision by the Hon'ble TDSAT, no coercive action be taken against the Company. The hearing on the matter has been completed and the Hon'ble TDSAT has pronounced the judgment on May 21, 2010 in Company's favour and has directed that BSNL and the Company should exchange relevant information and reconcile the differences. In the absence of information from BSNL, the Company is not in a position to determine the liability with respect to this matter. The Company, based on expert legal opinion, believes that there would be no financial liability against such bills and accordingly, has not recorded any liability towards the IUC and ADC supplementary bills during the year ended March 31, 2013.

- (d) The Company is in receipt of Show Cause Notice dated June 4, 2007 from Department of Telecommunications ('DoT') for nonfulfilment of first year's roll-out obligations of Unified Access Service License ('UASL') Agreement for Punjab Service Area, where in the licensee as per the terms of the license agreement was required to ensure that at least 10% of the District Headquarter / Towns are covered in the first year of the date of migration to UASL which commences from the date of Test Certificate issued by Telecom Engineering Centre ('TEC'). As stated by DoT in the Show Cause Notice issued, the Company has violated the conditions of UASL and accordingly Liquidated Damages of Rs 70,000,000 has been imposed and DoT has also sought explanation within 21 days as to why they should not take action against the Company under the UASL Agreement to which the Company has replied on September 27, 2007 that the Company has not violated the conditions of UASL and based on expert legal advice, the Company believes that there would be no financial liability against such claims of DoT and accordingly, has not recorded any liability towards the Liquidated Damages during year ended March 31, 2013.
- (e) The Company is in receipt of a demand of Rs 433,158,340 from Bharat Sanchar Nigam Limited ('BSNL') on December 20, 2008 on account of unilateral revision of access charges vide its letter dated April 28, 2001 for the period from June 2001 to May 2003, in contravention of the Interconnect Agreement and TRAI Regulations. The Company, Association of Unified Service Providers of India 'AUSPI' (erstwhile Association of Basic Telephone Operators 'ABTO') and other Basic Service Operators contested aforesaid revision in the rates of access charges before Telecom Dispute Settlement Appellate Tribunal ('TDSAT'). TDSAT vide its reasoned and detailed judgement dated April 27, 2005 allowed the refund claims and struck down the unilateral revision in the rates of access charges by BSNL and held that Telecom Regulatory Authority of India ('TRAI') is the final authority for fixing of access charges and access charges would be payable as rates prescribed by the TRAI and as per the Interconnect agreements. BSNL preferred an appeal in Hon'ble Supreme Court against the order of TDSAT and an interim stay was granted on October 19, 2006 Therefore aggrieved by such unilateral action on the part of BSNL by raising aforesaid demand

and disturbing the status-quo, applications were moved by the Company, AUSPI and other Operators in the Hon'ble Supreme Court vide C.A No.5834-5836 of 2005 that was listed for hearing on February 9, 2009 and Hon'ble Supreme Court passed an order clarifying its previous order of October 19, 2006 and stayed the refunds claim against the BSNL there by upholding the TDSAT order dated April 27, 2005 whereby BSNL is refrained from raising the access charges demand. The Company based on the legal opinion believes that there would be no financial liability against this demand and has accordingly not recorded any liability towards access charges during the year ended March 31, 2013.

- (f) The Company is in receipt of demand of Rs. 7,000,000 from Department of Telecommunications ('DoT'), Licensing Group (Access Services) vide their letter dated October 21, 2009 for issuance of SIM cards on fake ID in Punjab Service Area, where in the Licensee was required to ensure adequate verification of each and every customer before enrolling him as a subscriber. The Company has replied to DoT vide letter dated November 14, 2009 that the levy of penalty imposed by DoT was based on verification done by an agency other than the DOT - TERM Cells and the exercise was carried out suo moto and in complete disregard of the established procedures and guidelines laid by DoT. Accordingly the Company has requested DoT to have this validation done by the DOT - TERM Cell. The Company believes that there would be no financial liability against this demand and has accordingly not recorded any liability towards penalty during the year ended March 31, 2013.
- (g) As per The Telecommunication Interconnect Usage Charges Regulations 2003, had fixed intra circle carriage charges payable per minute for all intra circle calls irrespective of the distance between originating and terminating points. Bharat Sanchar Nigam Limited ('BSNL') was charging additional amounts based on distance for the period October 2007 to March 2009 which was against the telecommunication Interconnect Usage Charges Regulations 2003 of TRAI. The matter was raised to Hon'ble TDSAT by service providers to which Hon'ble TDSAT vide it's order dated May 21, 2010 upheld the demand of BSNL. The liability of the Company on basis of BSNL demand amounted to Rs 4,110,959. Subsequently TRAI appealed against the order of TDSAT in the Hon'ble Supreme Court. The matter is sub-judice and the final decision of the Hon'ble Supreme Court in the matter is still awaited.
- (h) The Company is in receipt of a Show Cause Notice amounting to Rs 1,020,00,000 dated May 17, 2013 from Department of Telecommunications ('DOT') purportedly for the non-compliance with Electro Magnetic Frequency Radiation Norms ('EMF Radiation Norms') prescribed by DOT. The Company on May 21, 2013 has represented to DOT that the Company is fully compliant with the specified limits of the EMF Radiation Norms and the Company has also submitted the 'Self Certifications' in respect of all the 204 Base Transceiver Station ('BTS') set up in the Punjab Telecom Circle as mentioned in the Show Cause Notice well within the stipulated last date of March 31, 2011 as prescribed by DOT. The Company is confident that no such liability will arise and no further communication is received from DOT with this regard

(2). **Expenditure in foreign currency (on accrual basis)**

Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
Interest Charges	2,808,282	1,329,236
Travel Expenses	154,840	81,460
Others	3,047,941	1,894,144
<b>Total</b>	<b>6,011,063</b>	<b>3,304,840</b>

(3). **Managerial remuneration**

Remuneration paid to Manager is as under:

Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
Salary	572,400	540,000
Employer's contribution to provident fund	68,688	64,800
Perquisites/ Allowances	656,163	615,815
Ex-gratia/ Performance linked incentive	421,200	-
<b>Total</b>	<b>1,718,451</b>	<b>1,220,615</b>

The above managerial remuneration does not include provision of gratuity of Rs 132,764 (March 31, 2012- Rs 98,408) and leave encashment of Rs 232,937 (March 31, 2012- Rs187,457), as these provisions are computed on the basis of an actuarial valuation done for the Company and are provided in the financials.

Value of perquisites and other allowances has been determined in accordance with the provision of the Income-tax Act, 1961.

(4). **Payments to auditors (excluding service tax)**

Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
As Auditor:		
Audit fees	1,500,000	1,500,000
Tax audit fee	480,000	480,000
Out-of-pocket expenses	88,185	104,915
In other manner:	425,000	225,000
<b>Total</b>	<b>2,493,185</b>	<b>2,309,915</b>

(5). **CIF value of imports**

Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
Import of capital equipment (other than telephone instruments)	10,669,588	39,972,579
Import of telephone instruments	5,439,572	11,592,718
Components and Spares	124,112	2,729,005
<b>Total</b>	<b>16,233,272</b>	<b>54,294,303</b>

(6). **Consumption of Stores & Spares**

Particulars	For the year ended 31.03.2013		For the year ended 31.03.2012	
	Value	%	Value	%
Indigenous	65,818,439	99.57	58,244,280	94.65
Imported	285,662	0.43	3,293,329	5.35
<b>Total</b>	<b>66,104,101</b>	<b>100.00</b>	<b>61,537,609</b>	<b>100.00</b>

**(7). Share Capital**

- (a) As of date, the entire paid up Equity Share Capital of the company comprising of 612,260,268 equity shares of Rs 10 each, stands listed on the Bombay Stock Exchange (BSE) consequent upon the issuance of 86,743,116 equity shares allotted pursuant to the conversion of 7,551,178 OFCDs along with interest accrued thereon to the Financial Institution /Banks on July 8, 2009, the non-promoter shareholding in the Company increased from 38.02% to 46.80%, and the Promoters' Shareholding decreased from 61.97% to 53.19%, whereupon the Company requested BSE to grant listing of unlisted shares without insisting upon the stipulation of the condition for 'Offer for Sale. BSE, vide its letter DCS / AMAL / RCG/ GEN / 1108 / 2008-09 dated February 13, 2009, inter-alia, agreed to exempt the condition imposed on the Company to comply with requirement of making an offer for sale in the domestic market, subject to compliance of certain procedural requirements including 'three years lock-in' period of 25% of equity shares that had been issued pursuant to the merger on June 17, 2003 i.e. 25% of 432,000,250 shares (108,000,063 equity shares). The Company had - in compliance with the conditions stipulated by BSE - placed under lock-in 108,000,063 equity shares on May 14, 2009 for a period of 3 years ending May 15, 2012. The Company has also complied with all other necessary requirements pursuant to the letter from BSE dated February 13, 2009 related to 83,070,088 equity shares issued pursuant to corporate debt restructuring scheme. BSE had also agreed to grant in-principle approval for allotment of 86,743,116 equity shares to be issued to Banks and financial institutions on conversion upon filing of necessary listing application, which the Company has filed, vide its letter no. HITL/S&L/S-01/09/472 and 473 dated March 07, 2009. Consequently, vide their notice 20090514-12 dated May 14, 2009 hosted on its website BSE had granted Listing and Trading permission in respect of the 432,000,250 equity shares issued pursuant to scheme of amalgamation. BSE had also granted Listing approval in respect of the 83,070,088 equity shares allotted as aforesaid vide their letter number DCS/PREF/DMN/FIP/239/09-10 dated May 25, 2009 and the shares were Listed by BSE vide its notice number 20090605-20 dated June 5, 2009.

- (b) Out of the total paid up equity share capital comprising of 612,260,268 equity shares of Rs 10 each, 86,743,116 equity shares of Rs.10/- each (allotted on July 08, 2009, after obtaining in principle approval from the BSE and MSE. upon the conversion of Optionally Fully Convertible Debentures (OFCDs) allotted pursuant to the Corporate Debt Restructuring (CDR Cell) Consequently, the Listing approval in respect of these shares was granted by Bombay Stock Exchange (BSE) vide its letter number 20090813-08 dated August 13, 2009 w.e.f. August 14, 2009 and by the Madras Stock Exchange Limited vide its letter no.MSE/LD/PSK/738/215/09 dated September 01, 2009 w.e.f. September 01, 2009.

Out of the total paid up equity share capital comprising of 612,260,268 equity shares of Rs 10 each, 326,705,000 equity shares of Rs.10/- each representing 53.3605% of the total Paid up share capital of the Company - which were earlier held by Himachal Futuristic Communications

Limited - the erstwhile promoter or Holding Company), were acquired by M/s Quadrant Enterprises Private Limited on 03<sup>rd</sup> April, 2010 in compliance with the SEBI Exemption Order in pursuance of the proposal for settlement / change of management of the Company approved under the New Restructuring Scheme as approved by the Corporate Debt Restructuring Cell (CDR Cell) on August 13, 2009.

- (c) Pursuant to the Company's application in this regard, for Voluntary Delisting pursuant to the provisions of regulation 6(a) and 7(1) of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulation, 2009, the Madras Stock Exchange (MSE), MSE has vide its letter dated March 15, 2011, accepted and accorded its consent to the Voluntary Delisting of the Company's shares vide its letter No. MSE/LD/PSK/731/109/11 dated 15th March, 2011 accepting the Voluntary delisting of the company's equity shares from the MSE.

**(8). Secured Loans**

- (a) As per the CDR Scheme approved on March 10, 2004 and subsequently approved on June 4, 2005, the Lenders have signed Master Restructuring Agreement ('MRA') for restructuring of their Debts and Security Trusteeship Agreement, whereby the Lenders have entered into an agreement and appointed IDBI Trusteeship Services Limited (herein after referred as "ITSL") as their custodian of security. On November 11, 2005, the charges were registered in favour of the ITSL for Rupee Term Loans, for providing Specific Credit Facility, for Working Capital Assistance and Zero percent Secured OFCDs. The same are secured by first pari passu charge on immovable properties of the Company situated at Kandivali (East), Mumbai and properties situated at Mohali & Jalandhar under equitable mortgage, first pari passu charge of hypothecation of movable properties of the Company including movable plant & machinery, machinery spares, tools & accessories and other movables including book debts by way of hypothecation, both present and future. Further, the same are also secured by assignment of all rights, title, benefits, claims and interest in, under the project documents, insurance policies, all statutory, government and regulatory approvals, permissions, exemptions and waivers on pari passu basis. Subsequently, pursuant to the reworked restructuring scheme approved under CDR mechanism on June 24, 2005, the Company has entered into amendatory Master Restructuring Agreement and amendatory Security Trusteeship Agreement ('STA') on March 9, 2006, whereby Centurion Bank of Punjab has also joined as one of the lenders and has agreed to appoint ITSL as their custodian for security and signed the STA in line with other lenders in consortium.

On the request of the Company, Corporate Debt Restructuring Cell ('CDR') vide their letter no CDR (JCP) No 138 / 2009-10 ('CDR Letter') dated May 20, 2009 has approved the interim revised restructuring package. The revised restructuring package inter alia includes funding of interest from July 1, 2008 to October 31, 2009 on simple interest basis. Funded Interest on Term Loan ('FITL') would not carry any interest and the FITL shall be repaid in 16 equal monthly installments commencing from December 1, 2009, and has rescheduled the principle



installments from August 1, 2008 to November 1, 2009 so as to be repayable from December 1, 2009 to March 1, 2011. Corporate Debt Restructuring ('CDR') cell vide their letter no CDR (JCP) No 563 / 2009-10 dated August 13, 2009 has approved a new restructuring scheme, which includes the induction of strategic investor / change of management and settlement proposal for Term Lenders. All the term lenders have given their acceptance to the new restructuring scheme. The new restructuring scheme has been made effective from April 1, 2009 and accordingly an amount of Rs 373,097,077 towards FITL from July 1, 2008 to March 31, 2009 has been considered as term loan.

In pursuant to the new restructuring scheme vide letter no. CDR (JCP) No 563 / 2009-10 dated August 13, 2009, The Company had allotted 15,984,543, 2 % Cumulative Redeemable Preference Shares of Rs.100 each aggregating to Rs.1,598,454,300 on November 9, 2010, to Financial Institution / Banks in conversion of 25% of their outstanding loans as on April 01, 2009.

In compliance with the aforesaid new restructuring scheme dated August 13, 2009 the Company had repaid on July 06, 2010 and July 07, 2010 an amount of Rs 1,598,454,522 being 25% of their outstanding loans as on April 01, 2009

In compliance with the aforesaid new restructuring scheme dated August 13, 2009, the Company had allotted 31,969,088 Redeemable Secured Non Convertible Debenture ('NCD') of Rs.100 each aggregating to Rs.3,196,908,800 on January 21,2013, to Financial Institution / Banks in conversion of 50% of their outstanding loans as on April 01, 2009.

- (b) The above mentioned security has been further extended to the amount of secured loans and working capital assistance, together with the interest, compound interest, additional interest, default interest, costs, charges, expenses and any other monies payable by the Company in relation thereto and in terms with MRA and STA entered into between the lenders and ITSL.
- (c) Vehicle Loans of Rs Nil (March 31, 2012 - Rs 70,786) are secured by way of exclusive hypothecation charge in favour of bank on the specific vehicle acquired out of the loan proceeds of the Company.

**(9). Unsecured Loans**

- (a) On October 16, 2004, the Company issued 1,667,761 zero percent Non Convertible Debentures ('NCDs') of Rs 100 each in lieu of interest accrued on term loans from a financial institution and a bank for the period April 1, 2003 to December 31, 2003. The NCDs earlier redeemable at par on March 31, 2014, are now redeemable at par on March 31, 2016 after repayment of the term loans as per reworked restructuring scheme effective from April 1, 2005.
- (b) The Company under the terms of the agreement dated May 1, 2007 had taken convertible loan to facilitate expansion and development of businesses amounting to Rs 499,499,886 from Infotel Digicomm Private Limited. The convertible loan was repayable on demand with an option to convert the Loan into Equity Shares, subject to getting necessary approvals and subject to applicable pricing guidelines as per SEBI and other laws and regulations. On September 16, 2009 Infotel Digicomm Private Limited ('IDPL') had entered into an

assignment agreement with Domebell Electronics India Private Limited ('DEIPL'), wherein IDPL had assigned the above convertible loan of Rs 499,499,886 to DEIPL. All the terms and conditions relating to the convertible loan remained the same. The interest accrues at the end of each quarter. During the year ended March 31, 2010 the Company has provided for interest amounting to Rs 14,984,997 @ 12% to IDIPL for the three months ended June 30, 2009. DEIPL on the basis of the assignment agreement dated September 16, 2009 has a right on the interest accruing from July 1, 2009 onwards. DEIPL have agreed to waive off the interest from July 1, 2009 till March 31, 2013, therefore no provision for such interest has been made by the Company. Consequent to the addendum to the assignment agreement, the convertible loan from DEIPL is now repayable after 7 years from the date of assignment agreement dated September 16, 2009.

- (c) The Company under the terms of the agreement dated May 1, 2007 had taken buyer's credit facility to facilitate funding of the telecom project amounting to Rs 410,740,832 from Infotel Business Solutions Limited. The loan carries 12% interest and was repayable on demand. Infotel Business Solutions Limited had the option to convert the loan including interest accrued into equity shares, subject to applicable pricing guidelines as per SEBI and other laws and regulations. On September 16, 2009 Infotel Business Solutions Limited ('IBSL') has entered into an assignment agreement with Domebell Electronics India Private Limited ('DEIPL'), wherein IBSL has assigned the above buyer's credit facility of Rs 410,700,000 to DEIPL. All the terms and conditions relating to the buyer's credit facility remained the same. The interest accrues at the end of each quarter. During the year ended March 31, 2010 the Company has provided for interest amounting to Rs 12,322,225 @ 12% to IBSL for the three months ended June 30, 2009. and accordingly DEIPL on the basis of the assignment agreement dated September 16, 2009 has a right on the interest accruing from July 1, 2009 onwards DEIPL has agreed to waive off the interest from July 1, 2009 till March 31, 2013, therefore no provision for such interest has been made by the Company. Consequent to the addendum to the assignment agreement, the convertible loan from DEIPL is now repayable after 7 years from the date of assignment agreement dated September 16, 2009.
- (d) The Company had taken an unsecured loan on July 06, 2010 of Rs.1,598,500,000 @ 8% per annum, the interest accrues at the end of each quarter. The lender has agreed to waive off the interest from July 06, 2010 to March 31, 2013, therefore no provision for said interest has been made by the Company. The aforesaid unsecured loan is repayable after 7 years from the commencement of the unsecured loan.

**(10). Fixed Assets and Capital work-in-progress**

- (a) Capital Work in Progress includes Goods in Transit of Rs. NIL (March 31, 2012 Rs Nil)
- (b) As on March 31, 2013, telephone instruments aggregating to a net book value of Rs 79,675,183 (March 31, 2012 - Rs 85,390,844) and other assets aggregating to net book value of Rs 1,029,215,214 (March 31, 2012 - Rs 1,031,023,331 ) are located at customer premises, other parties and at other operator's sites, respectively.

**(11). Inventory for Network Maintenance**

The Company holds inventory of network maintenance consumables and RUIM cards amounting to Rs 16,942,837 (March 31, 2012 – Rs 18,445,811). The quantity and valuation of inventory is taken as verified, valued and certified by the management.

**(12). Deferred Taxes**

During the year, the Company has incurred losses of Rs 1,356,822,123 (accumulated losses of Rs 16,785,419,039) resulting into a tax loss carry forward situation. The Company is eligible for a tax holiday under section 80IA of the Income-tax Act, 1961. Though the management is confident of generating profits in the future, there is currently no convincing evidence of virtual certainty that the Company would reverse the tax loss carry forwards beyond the tax holiday period. Accordingly, the Company has not recognized any deferred tax assets resulting from the carry forward tax losses. Further, no deferred tax liabilities on account of temporary timing differences have been recognized since they are expected to reverse in the tax holiday period.

- (13). Trade Payables include amount payable to Micro and Small Enterprises as at March 31, 2013 of Rs 816,620 (March 31, 2012 – Rs 94,298). The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information and records available with the Company.

Information for the supplier covered under the Micro, Small and Medium Enterprise Development Act, 2006, as at March 31, 2013 is as under –

Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
Principal amount	816,620	94,298
Interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
The amount of interest paid by the buyer in terms of Section 16 of Micro, Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each account year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small & Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of accounting year.	-	-

- (14). The Company had received advance of Rs 4,955,927,643 (March 31, 2012 Rs. 3,827,500,000) to fund the entry fee for using GSM Technology under the existing Unified Access Services License (UASL) and business operations for Punjab Service Area. The same is included in Other Current Liabilities. No interest is payable on the said advance.

**(15). Earning Per Share**

The calculation of earning per share is based on the loss for the year and number of shares is shown below.

Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
Loss for the year (in Rs)	1,356,822,123	1,791,601,978
Weighted average number of equity shares	612,260,268	612,260,268
Nominal value per equity share (in Rs)	10	10
Earning per share - basic and diluted (in Rs)	(2.22)	(2.93)

**(16). Operating leases****A. Company as a Lessee**

- (a) The Company has entered into various cancelable lease agreements for leased premises. Gross rental expenses for the year ended March 31, 2013 is Rs 67,334,772 (March 31, 2012 – Rs 64,073,190).
- (b) The Company has entered into site sharing agreements with other operators for sharing of their infrastructure sites. During the year, the Company has incurred Rs 452,541,058 (March 31, 2012 – Rs 530,032,570) towards infrastructure sharing expenses.

Further lease payments under non-cancellable operating leases are as follows:-

Particulars	As at 31.03.2013	As at 31.03.2012
Payable not later than one year	514,044,850	465,246,235
Payable later than one year and not later than five years	1,200,895,000	1,404,241,701
Payable more than five years	95,679,309	245,992,464
<b>Total</b>	<b>1,810,619,159</b>	<b>2,115,480,400</b>

The escalation clause includes escalation at various periodic levels ranging from 0 to 50%, includes option of renewal from 1 to 99 years and there are no restrictions imposed on lease arrangements.

**B. Company as a Lessor**

The Company has entered into cancellable site sharing agreements with other operators for sharing of its infrastructure sites. During the year, the Company has accrued Rs 9,710,199 (March 31, 2012– Rs 7,608,860) towards site sharing revenue.

The Company has entered into a non-cancellable lease arrangement to provide approximately 8,357.42 Fiber pair kilometers of dark fiber on infeasible



right of use (IRU) basis for a period of 15 years. The gross block, accumulated depreciation and depreciation expense of the assets given on IRU basis is not readily determinable and hence not disclosed. In respect of such leases, rental income of Rs 38,806,906 (March 31, 2012- Rs 36,775,779) has been recognized in the Statement of Profit and Loss for the year ended March 31, 2013.

Further lease receipts (under non-cancellable operating leases) will be recognized in the Statement of Profit and Loss of subsequent years as follows:-

Particulars	As at 31.03.2013	As at 31.03.2012
Receivable not later than one year	38,806,906	36,775,779
Receivable later than one year and not later than five years	155,227,625	147,103,116
Receivable later than five years	122,759,678	147,906,965
<b>Total</b>	<b>316,794,209</b>	<b>331,785,859</b>

**(17). Segmental Reporting**

The primary reporting of the Company has been performed on the basis of business segments. The Company has only one business segment, which is provision of unified telephony services. Accordingly, the amounts appearing in these financial statements relate to this primary business segment. Further, the Company provides services only in the State of Punjab (including Chandigarh and Panchkula) and, accordingly, no disclosures are required under secondary segment reporting.

**(18). Related Party Disclosures**

As required under Accounting Standard 18 on "Related Party Disclosures", the disclosure of transactions with related parties as defined in the Accounting Standard are given below:

**a) Name of Related Parties and its relationship:**

Name	Relationship
Quadrant Enterprises Pvt. Ltd	Holding Company
Infotel Tower Infrastructure Private Ltd	100% Wholly Owned Subsidiary
Mr. Kapil Bhalla (Manager under Companies Act 1956)	Key Managerial Persons (KMPs)

**b) Transactions/outstanding balances with Related Parties**

Particulars	2012-13		2011-12	
	Wholly Owned Subsidiary	KMP	Wholly Owned Subsidiary	KMP
Sale of Material	781,461	--	390,779	--
Debit notes raised by us	243,845	--	48,894	--
Debit note raised on us	--	--	16,564	--
Purchase of Consumable	--	--	31,650	--
Purchase of Services	111,910,472	--	85,585,270	--
Remuneration paid	--	1,718,451	--	1,220,615

Payment made by Company	100,537,865	1,718,451	88,373,992	1,220,615
<b>Closing Balance as at Balance Sheet date</b>				
Amount receivable	17,355,487	--	27,702,789	--

**(19). Unclaimed deposits from public**

During the year ended March 31, 2004, the Company surrendered its licence granted by Reserve Bank of India ('RBI') to carry out NBFC business. Accordingly, the Company foreclosed all the unpaid / unclaimed deposits as on September 15, 2003 and the interest accruing thereon as on that date, and the same have been transferred to the Escrow Account in February 2004. On August 10, 2004, the Company has obtained the approval of the shareholders for the removal of NBFC related objects from the Memorandum of Association. Further, the Company submitted a letter dated July 7, 2004 for compliance and RBI vide its letter dated July 30, 2004 gave some concessions from compliance and has advised the Company to follow certain instructions till the balance in the escrow account is settled.

The accompanying financial statements include the following account balances relating to the NBFC business whose licence granted by RBI was surrendered during the year ended March 31, 2004:

- Interest accrued and due on deposits up to transferred to Investor Education and Protection Fund Rs 543,480
  - Cheques outstanding beyond 6 months Rs 523,618
  - Others (Under reconciliation) Rs 18,961
- Rs 1,086,009

Balances with Scheduled banks in Escrow account

Rs 1,086,009

**(20). Debenture redemption reserve**

Pursuant to the CDR scheme on October 16, 2004, the Company had issued unsecured Zero% Non Convertible Debenture ('NCD') (Erstwhile OFCDs) aggregating to Rs 166,776,100 repayable as on March 31, 2016. Pursuant to the new restructuring scheme dated August 13, 2009 the Company has to allot secured Non Convertible Debenture ('NCD') for Rs 3,196,909,043 to Financial institution and Banks equivalent to 50% of their outstanding loans as on April 01, 2009 which shall be issued on completion of such approvals and conditions precedent. As per section 117C (1) of the Companies Act, 1956, a debenture redemption reserve ('DRR') is to be created to which adequate amounts are to be credited out of the profits of each year until such debentures are redeemed.

During the year, the Company has incurred loss of Rs 1,356,822,123. Hence, in accordance with the clarification received from the Department of Company Affairs vide circular No 6/3/2001-CL.V dated April 18, 2002, the Company has not created Debenture redemption reserve.

## (21). Employee Benefits

- (a) During the year, the Company has recognized the following amounts in the Statement of Profit and Loss

**Defined Contribution Plans**

Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
Employer's Contribution to Provident Fund *	12,790,229	13,005,066
Employer's Contribution to ESI *	507,016	483,136

\* Included in Employer's Contribution to Provident and Other Funds, Refer Note 21

**Defined Benefit Plans**

The employee's gratuity fund scheme managed by Life Insurance Corporation of India and ICICI Lombard General Insurance Company Limited is a defined benefit plan and the same is 100% funded. The present value of obligation is determined based on actuarial valuation using Project Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

Experience adjustments are Nil and have not been disclosed as required under para 120 of Accounting Standard 15 relating to Employee benefits.

Particulars	2012-13		2011-12	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current service cost	3,475,527	6,693,776	3,540,952	7,211,126
Interest cost	1,530,097	1,786,841	1,299,191	1,500,195
Expected Return on plan assets	(103,672)	-	(179,343)	-
Actuarial (gain) / loss	56,908	(3,316,935)	70,231	(2,270,136)
Past service cost	-	-	-	-
Curtailement and Settlement cost / (credit)	-	-	-	-
<b>Net cost</b>	<b>4,958,860</b>	<b>5,163,682</b>	<b>4,731,031</b>	<b>6,441,185</b>

The Company expects to contribute Rs. 5,003,852 towards employers' contribution for funded defined benefit plans in 2013-14.

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

Particulars	2012-13		2011-12	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount Rate	8.00%	8.00%	8.50%	8.50%
Expected Rate of increase in Compensation levels	6.00%	6.00%	6.00%	6.00%

Expected Rate of Return on Plan Assets	8.00%	8.00%	8.00%	8.00%
Expected Average remaining working lives of employees (years)	7.95Years	7.95Years	7.95Years	7.95Years

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

Particulars	2012-13		2011-12	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>Change in Projected Benefit Obligation (PBO)</b>				
Projected benefit obligation at beginning of year	17,904,072	21,019,028	15,056,490	16,967,651
Current service cost	3,475,527	4,715,912	3,540,952	7,211,126
Interest cost	1,530,097	1,786,841	1,299,191	1,500,195
Benefits paid	(2,008,243)	(1,977,864)	(2,066,080)	(2,389,808)
Past service cost	-	-	-	-
Actuarial (gain) / loss	69,647	(3,316,935)	73,519	(2,270,136)
<b>Projected benefit obligation at year end</b>	<b>20,971,100</b>	<b>22,226,982</b>	<b>17,904,072</b>	<b>21,019,028</b>
<b>Change in plan assets :</b>				
Fair value of plan assets at beginning of year	2,466,757	-	1,850,206	-
Expected return on plan assets	103,672	-	179,343	-
Actuarial gain / (loss)	12,739	-	3,288	-
Employer contribution	-	-	-	-
Contribution by plan participants	-	147,051	2,500,000	-
Settlement cost	-	-	-	-
Benefits paid	(2,008,243)	(1,977,864)	(2,066,080)	-
<b>Fair value of plan assets at year end</b>	<b>574,925</b>	<b>(1,830,813)</b>	<b>2,466,757</b>	<b>-</b>
<b>Net funded status of the plan</b>	<b>(20,396,175)</b>	<b>(24,057,795)</b>	<b>(15,437,315)</b>	<b>(21,019,028)</b>
<b>Net amount recognized</b>	<b>(20,396,175)</b>	<b>(24,057,795)</b>	<b>(15,437,315)</b>	<b>(21,019,028)</b>

Particulars	2012-13		2011-12	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>Fair value of plan assets :</b>				
Fair value of plan assets at beginning of year	2,466,757	-	1,850,206	-
Actual return on plan assets	116,411	-	182,631	-
Employer contribution	-	-	-	-
Contribution by plan participants	-	-	2,500,000	-
Settlement cost	-	-	-	-
Benefits paid	(2,008,243)	(1,977,864)	(2,066,080)	-
<b>Fair value of plan assets at year end</b>	<b>574,925</b>	<b>(1,977,864)</b>	<b>2,466,757</b>	<b>-</b>

- d) The expected rate of return on plan assets was based on the average long-term rate of return expected to prevail over the next 15 to 20 years on the investments made by the LIC. This was based on the historical returns suitably adjusted for movements in long-term government bond interest rates. The discount rate is based on the average yield on government bonds of 20 years.
- e) The Company made annual contributions to the LIC of an amount advised by the LIC. The Company was not informed by LIC of the investments made by the LIC or the break-down of plan assets by investment type.
- f) The estimates of rate of escalation in salary considered in actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors including demand and supply in the employment market. The above information is certified by the actuary.
- g) The disclosure requirement as per para 120 (n) of Accounting Standard - 15 'Employee Benefits' as below:

Particulars	Gratuity			Leave Encashment		
	2012-13	2011-12	2010-11	2012-13	2011-12	2010-11
Defined benefit obligation	20,971,100	17,904,072	15,056,490	22,226,982	20,871,977	16,967,651
Plan assets	574,925	2,466,757	1,850,206	(1,830,813)	-	-
Surplus / (deficit)	(20,396,175)	(15,437,315)	(13,206,284)	(24,057,795)	(20,871,977)	(16,967,651)
Experience adjustments on plan liabilities	-	-	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-	-

22. Previous year figures have been regrouped where necessary to conform to this year classification.

**As per our report of even date**

**For Khandelwal Jain & Co.**  
Chartered Accountants  
Firm registration number: 105049W

**Akash Shinghal**  
Partner  
Membership No. 103490

Place : Mohali  
Date : May 29, 2013

**For and on behalf of the Board**

**Yatinder Vir Singh**  
Director

**Kapil Bhalla**  
Company Secretary & Manager

**Babu Mohanlal Panchal**  
Director

**Sunil Jit Singh**  
Chief Financial Officer

## AUDITORS' REPORT

To  
**THE BOARD OF DIRECTORS OF  
 QUADRANT TELEVENTURES LIMITED**

We have audited the accompanying consolidated financial statements of **Quadrant Televentures Limited** ("the Company") and its subsidiary **Infotel Tower Infrastructure Private Limited**, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**1. Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements (CFS) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**2. Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.

**3. Basis for Qualified Opinion**

*In the case of holding company QTL, attention is invited to Note 28 (4) (a) to the financial statements, based on Company's request Corporate Debt Restructuring ('CDR') Cell vide their letter dated August 13, 2009 ('CDR letter') has revised the terms of CDR scheme with effect from April 1, 2009. The Company has accounted for the impact of revised CDR*

*scheme as approved by CDR Cell after complying with the most of the terms and conditions stipulated therein, however compliance of some of them is still in process. These financial statements do not include any adjustment which may arise due to inability of the management to fulfill the remaining conditions precedent, the impact of which on the loss for the year, if any, is unascertainable.*

**4. Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, *except for the effects of the matters described in the Basis for Qualified Opinion paragraph the effect of which is unascertainable* and read together with the other notes, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the consolidated Profit and Loss Account, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**5. Emphasis of Matter**

- a. In the case of Holding Company we draw attention to Note 27 (1) (c) to the financial statements. The Company has incurred a loss of Rs. 135,68,22,123/- during the year (accumulated loss of Rs. 1678,54,19,039/-) resulting into erosion of its net worth, and has a net current liabilities of Rs. 725,19,09,437/- as at March 31, 2013. These factors raise a doubt that the Company will not be able to continue as a going concern. The management is confident of generating cash flows from business operations through increasing subscribers' base and with the support of significant shareholders to fund its operating and capital fund requirements. Accordingly, these statements have been prepared on a going concern basis. Our opinion is not qualified in respect of this matter.
- b. In the case of subsidiary ITIPL, we draw attention to Note 24 (13) to the financial statements. The Company has incurred a loss of Rs. 5,127,742 during the year (accumulated loss of Rs. 20,103,886) resulting into erosion of its net worth as at March 31, 2013. This factor raises a doubt that the Company will not be able to continue as a going concern. The management is confident of generating cash flows and meeting its capital fund requirement. Accordingly, these statements have been prepared on a going concern basis. Our opinion is not qualified in respect of this matter.

For **Khandelwal Jain & Co.**  
 Chartered Accountants  
 Firm Registration No: 105049W

**Akash Shinghal**  
 (Partner)  
 Membership No 103490

Place: Mohali  
 Date: 29<sup>th</sup> May, 2013

CONSOLIDATED BALANCE SHEET AS AT MARCH, 31, 2013

(Unless and otherwise stated, all amounts are in rupees)

Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	1	8,371,056,980	8,371,056,980
(b) Reserves and surplus	2	(16,736,956,420)	(15,375,006,555)
		<u>(8,365,899,440)</u>	<u>(7,003,949,575)</u>
<b>(2) Share application money pending allotment</b>		-	-
<b>(3) Non-current liabilities</b>			
(a) Long-term borrowings	3	5,872,384,786	5,872,385,030
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities	4	1,102,379,859	966,108,891
(d) Long-term provisions	5	43,304,122	34,356,045
		<u>7,018,068,767</u>	<u>6,872,849,966</u>
<b>(4) Current liabilities</b>			
(a) Short-term borrowings	6	158,707,360	170,168,040
(b) Trade payables	7	780,479,838	1,036,911,578
(c) Other current liabilities	8	7,346,436,660	6,569,128,407
(d) Short-term provisions	9	20,938,424	18,784,193
		<u>8,306,562,282</u>	<u>7,794,992,218</u>
		<u>6,958,731,609</u>	<u>7,663,892,609</u>
<b>TOTAL</b>			
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets	10	4,097,071,955	4,545,082,480
(ii) Intangible assets	10	1,579,565,558	1,887,566,648
(iii) Capital work-in-progress		147,926,729	184,564,928
(b) Deferred tax Assets		2,127,344	857,948
(c) Long-term loans and advances	11	104,184,099	98,353,297
		<u>5,930,875,685</u>	<u>6,716,425,301</u>
<b>(2) Current assets</b>			
(a) Inventories	12	17,755,836	19,112,355
(b) Trade receivables	13	524,282,364	539,572,851
(c) Cash and cash equivalents	14	251,086,758	116,411,389
(d) Short-term loans and advances	15	232,369,995	270,692,912
(e) Other current assets	16	2,360,971	1,677,801
		<u>1,027,855,924</u>	<u>947,467,308</u>
		<u>6,958,731,609</u>	<u>7,663,892,609</u>
<b>TOTAL</b>			
Contingent Liabilities	26		
See other accompanying notes to the financial statements	27-28		

As per our report of even date

For Khandelwal Jain & Co.  
Chartered Accountants  
Firm registration number: 105049W

Akash Shinghal Partner  
Membership No. 103490

Place : Mohali  
Date : May 29, 2013

For and on behalf of the Board

Yatinder Vir Singh  
Director

Kapil Bhalla  
Company Secretary & Manager

Babu Mohanlal Panchal  
Director

Sunil Jit Singh  
Chief Financial Officer



**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013**  
(Unless and otherwise stated, all amounts are in rupees)

Particulars	Note No.	For the year ended 31.03.2013	For the year ended 31.03.2012
I. Revenue from operations	17	3,362,771,961	2,815,701,201
II. Other income	18	<u>27,238,242</u>	<u>15,633,473</u>
<b>III. Total Revenue (I + II)</b>		<b><u>3,390,010,203</u></b>	<b><u>2,831,334,674</u></b>
<b>IV. Expenses:</b>			
Purchase of Stock-in -trade	19	1,845,302	1,258,480
Changes in inventories of Finished Goods, Work in Progress and Stock in Trade	20	(146,455)	1,246,620
Network Operation Expenditure	21	2,189,169,650	2,164,962,157
Employee Benefits Expenses	22	483,836,526	443,558,910
Sales & Marketing Expenditure	23	229,366,237	203,780,213
Finance Cost	24	280,634,618	281,193,936
Depreciation and Amortization Expenses	10	1,224,675,928	1,208,006,176
Other Expenses	25	343,847,658	323,466,432
<b>Total expenses</b>		<b><u>4,753,229,464</u></b>	<b><u>4,627,472,924</u></b>
<b>V. Profit before tax (III- IV)</b>		<b><u>(1,363,219,261)</u></b>	<b><u>(1,796,138,250)</u></b>
<b>VI. Tax expense:</b>			
(1) Current tax		-	-
(2) Deferred tax		1,269,396	594,233
<b>VII. Profit (Loss) for the period (V-VI)</b>		<b><u>(1,361,949,865)</u></b>	<b><u>(1,795,544,017)</u></b>
<b>VIII. Earnings per equity share: (Nominal Value of Rs 10/- each)</b> [Refer Note 28 (12)]			
(1) Basic		(2.22)	(2.93)
(2) Diluted		(2.22)	(2.93)
Contingent Liabilities	26		
See other accompanying notes to the financial statements	27-28		

As per our report of even date

For and on behalf of the Board

For Khandelwal Jain & Co.  
Chartered AccountantsYatinder Vir Singh  
DirectorBabu Mohanlal Panchal  
Director

Firm registration number: 105049W

Akash Shinghal Partner  
Membership No. 103490Kapil Bhalla  
Company Secretary & ManagerSunil Jit Singh  
Chief Financial Officer

Place : Mohali

Date : May 29, 2013

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit/(Loss) for the year before Prior Year Expenditure and Tax</b>	(1,348,261,064)	(1,805,560,457)
Adjustments for:		
Depreciation and Amortisation	1,224,675,925	1,208,006,176
Foreign exchange Loss/ (Gain)	(307,063)	(1,722,162)
Loss/ (Gain) on Sold / Discarded Fixed Assets	20,894,811	8,883,788
Bad Debts Written Off	41,012,221	37,887,913
Provision for Doubtful Debts	16,682,391	10,489,234
Finance Expenses [Refer Note 3 below]	280,634,618	281,193,936
Interest Income	(9,554,016)	(3,410,108)
<b>Operating profit before working capital changes</b>	<b>225,777,823</b>	<b>(264,231,680)</b>
Adjustment for changes in working capital:		
(Increase) / Decrease in debtors	(42,404,123)	(91,767,792)
(Increase) / Decrease in Loans and advances	90,865,342	3,990,818
(Increase) / Decrease in Inventory	1,356,519	5,889,085
Increase / (Decrease) in Current liabilities and provisions	677,802,118	767,291,121
<b>Cash generated from operations</b>	<b>953,397,679</b>	<b>421,171,552</b>
Direct Taxes paid (Net)	(52,744,912)	(28,705,180)
Prior Period (Expense) / Income (Net)	(14,958,195)	9,422,206
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES (A)</b>	<b>885,694,572</b>	<b>401,888,578</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Adjustment for changes in:		
Purchase of fixed assets	(622,642,134)	(301,812,819)
Proceeds from sale of fixed assets	(4,917,080)	13,488,053
Fixed deposits	(131,624,980)	(30,477,277)
Interest Received	8,870,848	7,194,546
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(750,313,346)</b>	<b>(311,607,497)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Redemable Non Convertible Debentures ('NCDs')	3,196,908,800	-
Repayment of Secured Loan	(3,208,440,509)	(1,743,805)
Repayment of Public Deposits	(10,000)	(6,397)
Interest paid	(120,789,128)	(88,918,013)
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b>(132,330,837)</b>	<b>(90,668,215)</b>
<b>NET INCREASE / (DECREASE ) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>3,050,389</b>	<b>(387,134)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>65,957,223</b>	<b>66,344,357</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>69,007,612</b>	<b>65,957,223</b>
<b>Cash and Bank Balances</b>		
Cash in Hand	10,182,555	14,075,383
Cheques in Hand	5,716,350	7,274,114
Balances with Scheduled Banks		
In Current Account	52,022,698	43,511,717
In Fixed Deposit [Receipts pledged with Banks as margin money for guarantees and LCs issued	182,079,146	50,454,166
In Escrow Account	1,086,009	1,096,009
	<b>251,086,758</b>	<b>116,411,389</b>
Less : Margin Money pledged for Guarantees and LCs issued	182,079,146	50,454,166
<b>Cash &amp; Cash Equivalents</b>	<b>69,007,612</b>	<b>65,957,223</b>

Notes:

- The cash flow statement has been prepared under the indirect method as set out in the Accounting Standard 3 on Cash Flow Statement notified under Companies (Accounting Standard) Rules 2006, ('as amended')
- Figures in brackets indicate cash outflow.
- Finance expenses includes interest accrued but not due on secured loan as amounting to Rs 159,845,490 (March 31, 2012 - Rs 192,340,070 ) as per CDR Scheme.
- Previous year figures have been regrouped and recast wherever necessary to conform to current year classification.

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

For Khandelwal Jain & Co.

Chartered Accountants

Firm registration number: 105049W

For and on behalf of the Board of Directors of Quadrant Televentures Limited.

**Akash Shinghal**  
Partner  
Membership No. 103490

**Yatinder Vir Singh**  
Director

**Babu Mohanlal Panchal**  
Director

**Kapil Bhalla**  
Company Secretary & Manager

**Sunil Jit Singh**  
Chief Financial Officer

Place : Mohali  
Date : May 29, 2013

## NOTES FORMING PARTS OF THE ACCOUNTS

NOTE 1 - SHARE CAPITAL [Refer Note 28 (3)]	As at 31.03.2013	As at 31.03.2012
<b>Authorised:</b>		
1,200,000,000 (March 31, 2012 - 1,200,000,000 ) equity shares of Rs 10 each.	12,000,000,000	12,000,000,000
30,000,000 (March 31, 2012 - 30,000,000) preference shares of Rs 100 each.	3,000,000,000	3,000,000,000
	<u>15,000,000,000</u>	<u>15,000,000,000</u>
<b>Issued, Subscribed and Paid up :</b>		
612,260,268 (March 31, 2012 - 612,260,268) equity shares of Rs 10 each fully paid.	6,122,602,680	6,122,602,680
6,500,000 (March 31, 2012 - 6,500,000) 2% cumulative redeemable preference shares ('CRPS') of Rs 100 each fully paid.	650,000,000	650,000,000
15,984,543 (March 31, 2012 - 15,984,543) 2% cumulative redeemable preference shares ('CRPS') of Rs 100 each fully paid.	1,598,454,300	1,598,454,300
	<u>8,371,056,980</u>	<u>8,371,056,980</u>

- (a) Of the above
- 490,750 (March 31, 2012 - 490,750 of Rs. 10 each) equity shares of Rs 10 each, were allotted as fully paid bonus shares in the earlier years by way of capitalisation of reserves.
  - 83,070,088 equity shares of Rs 10 each were allotted on October 16, 2004, pursuant to the Corporate Debt Restructuring ('CDR') Scheme.[Refer Note 28 (3) (a)]  
Out of these, 63,373,110 equity shares of Rs 10 each were issued by the Company to Industrial Development Bank of India ('IDBI'), at par and the balance of 12,171,778 and 7,525,200 equity shares of Rs 10 each to Oriental Bank of Commerce ('OBC') and ING Vysya Bank Limited ('ING'), respectively, at a premium of Re 0.50 per equity share as per provisions of applicable law.
  - 8,67,43,116 equity shares of Rs.10 each were issued on July 08, 2009 consequent to the conversion of Optionally Fully Convertible Debentures (OFCDs) pursuant to the Corporate Debt Restructuring (CDR) Cell.
- (b) As more fully discussed in Note 28 (3) (a), the Company in accordance with the scheme of amalgamation approved by the High Court of the State of Punjab and Haryana and the State of Tamil Nadu on March 6, 2003 and March 20, 2003, respectively under section 391 and 394 of the Companies Act, 1956, the erstwhile HFCL Infotel Limited (name earlier allotted to the transferor company), amalgamated with HFCL Infotel Limited now Quadrant Televentures Limited, (formerly The Investment Trust of India Limited). Subsequent to the approved amalgamation:
- 432,000,250 ( March 31,2012 432,000,250)equity shares of Rs 10 each issued for consideration other than cash pursuant to the amalgamation of erstwhile HFCL Infotel Limited with the Company.
  - 1,730,814 equity shares of Rs 10 each were allotted on October 13, 2003, on conversion of the warrants issued to the shareholders of The Investment Trust of India Limited prior to June 11, 2003.
- (c) Of the above
- 6,500,000 (March 31, 2012 - 6,500,000) 7.5 per cent CRPS were allotted on October 16, 2004, pursuant to the CDR Scheme, where under the specified part of the amount due to CRPS Holder by the Company was converted into 7.5 per cent CRPS redeemable after the repayment of Rupee Term Loan (in Financial Year 2016-17). As per the CDR Scheme , prior approval of the lenders would be required to declare dividend on 7.5 per cent CRPS and all the voting rights attached to the CRPS to be assigned in favour of the term lenders. On June 24, 2005 as per revised CDR Scheme, the dividend percentage was reduced to 2 per cent from 7.5 per cent with effect from date of issuance of CRPS. The CDR dated August 13,2009 does not stipulate any reference to the aforesaid CRPS. Accordingly the CRPS shall be redeemable in the Financial Year 2016-17. (With reference to CDR dated June 24,2005)
  - 15,984,543 (March 31,2012-15,984,543) 2% Cumulative Redeemable Preference Shares of Rs. 100 fully paid up, aggregating up to Rs. 1,598,454,300 were allotted on November 9, 2011 to the Banks and Financial Institution, namely, IDBI Bank Limited, Life Insurance Corporation of India, Oriental Bank of Commerce, ING Vysya Bank and State Bank of Patiala in terms of the Corporate Debt Restructuring Package (CDR Package) approved by the Corporate Debt Restructuring Cell (CDR Cell) vide their letter dated August 13, 2009, in conversion of 25% of their outstanding loans; the CRPSs shall be redeemed (monthly) over a period of four years commencing from April 1, 2021 at a premium of 34%.
  - Due to accumulated losses provision for dividend on CRPS of Rs 650,000,000 and Rs1,598,454,300 and premium on redemption of CRPS of Rs 1,598,454,300 is not required and hence not provided for in the financials.

NOTES FORMING PARTS OF THE ACCOUNTS

iv) The details of Shareholders holding more than 5 percent shares as at 31.03.2013 are as under

Name of Share Holder	No. of Share as at 31.03.2013	% held as at 31.03.2013	No. of Share as at 31.03.2012	% held as at 31.03.2012
<b>Equity Share</b>				
Quadrant Enterprises Pvt Ltd.	326,705,000	53.36	326,705,000	53.36
IDBI Bank Ltd.	118,271,642	19.32	118,271,642	19.32
Oriental Bank of Commerce	39,073,070	6.38	39,073,070	6.38
<b>Preference Share</b>				
IDBI Bank Ltd.	10,569,187	47.01	10,569,187	47.01
Shree Dhoot Trading & Agencies Ltd.	6,500,000	28.91	6,500,000	28.91
Oriental Bank of Commerce	1,981,254	8.81	1,981,254	8.81
Life Insurance Corporation of India	1,981,165	8.81	1,981,165	8.81

v) The reconciliation of the number of Equity Shares outstanding as at 31.03.2013 is set out below:

Particulars	Figures As At 31.03.2013	Figures As At 31.03.2012
Number of Equity shares at the beginning	612,260,268	612,260,268
Add: Shares issued during the year	-	-
Number of shares at the end	<u>612,260,268</u>	<u>612,260,268</u>
Number of Preference shares at the beginning	22,484,543	22,484,543
Add: Shares issued during the year	-	-
Number of shares at the end	<u>22,484,543</u>	<u>22,484,543</u>

NOTE 2 - RESERVE AND SURPLUS	As at 31.03.2013	As at 31.03.2012
<b>Capital Reserve:</b>		
Balance at the beginning and end of the year	34,032,776	34,032,776
<b>Securities Premium [Refer Note (a) below]</b>		
Balance at the beginning and end of the year	22,633,732	22,633,732
<b>Statutory Reserve [Refer Note (b) below]</b>		
Balance at the beginning and end of the year	11,900,000	11,900,000
<b>Profit &amp; Loss A/c:</b>		
Opening Balance	(15,443,573,063)	(13,648,029,046)
Add: Transfer from Statement of Profit & Loss	<u>(1,361,949,865)</u>	<u>(1,795,544,017)</u>
Closing Balance	<u>(16,805,522,928)</u>	<u>(15,443,573,063)</u>
<b>Total</b>	<u><b>(16,736,956,420)</b></u>	<u><b>(15,375,006,555)</b></u>

Of the above

- (a) Securities premium includes an amount of Rs 9,848,489 received on allotment of 19,696,978 equity shares of Rs 10 each on October 16, 2004 at a premium of Rs 0.50 per equity share [Refer of Note 1 (a) (ii)].
- (b) As more fully discussed in Note 27 (1) (a), the Company (erstwhile The Investment Trust of India Limited) was a Non-Banking financial Corporation ("NBFC") under the Certificate of Registration ("CoR") No 07.00222 dated April 18, 1998. Further, as more fully discussed in Note 28 (16), the Company had surrendered its CoR with the Reserve Bank of India ("RBI"). In 2004 As a condition for the cancellation of the CoR, the RBI had advised the Company to follow certain strictures till the balance in the escrow account is settled.

## NOTES FORMING PARTS OF THE ACCOUNTS

NOTE 3 - LONG TERM BORROWING	As at 31.03.2013	As at 31.03.2012
<b>Secured [Refer Note 28(4)]</b>		
Redemable Secured Non Convertible Debentures ('NCDs') Pursuant to Revised CDR Term Loan Convertible Into Non-convertible Debenture as per CDR [ Refer Note 28 (4) (a)]	3,196,908,800	-
From Financial Institution	-	396,233,192
From Bank	-	2,800,675,852
<b>Unsecured [Refer Note 28 (5)]</b>		
Zero per cent Non Convertible Debentures ('NCDs') (erstwhile OFCDs)	166,776,100	166,776,100
Loans from Body Corporate	2,508,699,886	2,508,699,886
<b>Total</b>	<u><u>5,872,384,786</u></u>	<u><u>5,872,385,030</u></u>

- a. Yield of Interest and Premium on redemption of Secured Non-Convertible Debentures is 8% p.a.
- b. Redemable Secured Non-Convertible Debentures as per CDR is secured by first pari passu charge on movable and immovable fixed assets and first pari passu charge on Current Assets, assignment of license / contracts and fully detailed in note 28 (4) (a).
- c. Redemption Schedule of the Secured Non Convertible Debenture.

Financial Year	Amount of Non Convertible Debenture
2017	319,690,904
2018	319,690,904
2019	639,381,809
2020	639,381,809
2021	639,381,809
2022	639,381,809

- d. On October 16, 2004, the Company issued 1,667,761 zero percent Non Convertible Debentures ('NCDs') of Rs 100 each in lieu of interest accrued on term loans from a financial institution and a bank for the period April 1, 2003 to December 31, 2003. The 'NCD's earlier redeemable at par on March 31, 2014, are now redeemable at par on March 31, 2016 after repayment of the term loans as per revised CDR Scheme effective from April 1, 2005.

NOTE 4 - OTHER LONG TERM LIABILITIES	As at 31.03.2013	As at 31.03.2012
Interest accrued but not due on borrowings	767,784,927	607,939,437
Security Deposits		
-From Subscribers	15,424,675	20,733,893
-From Others	37,822,589	39,057,125
Advance From Customers and Unaccrued Income	281,347,668	298,378,436
<b>Total</b>	<u><u>1,102,379,859</u></u>	<u><u>966,108,891</u></u>

NOTE 5 - LONG TERM PROVISIONS [Refer Note 28(18)]	As at 31.03.2013	As at 31.03.2012
Provision for employee benefits.		
Leave Encashment / Availment	22,894,087	20,278,734
Gratuity	20,410,035	14,077,311
<b>Total</b>	<u><u>43,304,122</u></u>	<u><u>34,356,045</u></u>



NOTES FORMING PARTS OF THE ACCOUNTS

NOTE 6 - SHORT TERM BORROWINGS	As at 31.03.2013	As at 31.03.2012
<b>Secured</b>		
Working Capital from Scheduled Banks	158,707,360	170,168,040
<b>Total</b>	<u>158,707,360</u>	<u>170,168,040</u>

Working capital loan is secured by first pari passu charge on movable and immovable fixed assets and first pari passu charge on Current Assets, assignment of license / contracts and fully detailed in note 28 (4) (a).

NOTE 7 - TRADE PAYABLE	As at 31.03.2013	As at 31.03.2012
Due to Micro / Small & Medium Enterprises [Refer Note 28 (10)]	816,620	94,298
For Expenses	779,663,218	1,036,817,280
<b>Total</b>	<u>780,479,838</u>	<u>1,036,911,578</u>

NOTE 8 - OTHER CURRENT LIABILITIES	As at 31.03.2013	As at 31.03.2012
Current maturities of long-term debts*		
Vechile Loan	-	70,786
Advances from customers and unaccrued income	251,442,448	190,357,924
Other Advances	4,956,527,643	4,003,100,000
For Capital Goods	2,074,301,570	2,243,757,040
Book Bank Overdraft	478,047	6,070,004
Investor Education and Protection Fund		
Unclaimed Deposits from Public	-	10,000
Interest accrued and due on Public Deposits	-	-
Other liabilities including statutory dues**	63,686,952	125,762,653
<b>Total</b>	<u>7,346,436,660</u>	<u>6,569,128,407</u>

\* Vehicle Loan are secured by hypothecation of respective vehicle.

\*\* Other Current liabilities include cheques outstanding beyond six months of Rs 523,618 (March 31, 2012 - 523,618) due on deposits towards repayment of public deposits under the NBFC CoR and Rs. 543,480 interest accrued & due on deposits to be transferred to investors education & protection fund. [Refer Note 28(16)].

NOTE 9 - SHORT TERM PROVISIONS [Refer Note 28(18)]	As at 31.03.2013	As at 31.03.2012
Provision for employee benefits.		
Leave Encashment / Availment	19,691,885	16,667,279
Gratuity	1,246,539	2,116,914
<b>Total</b>	<u>20,938,424</u>	<u>18,784,193</u>

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## Note 10: FIXED ASSETS [Refer Note 28(6)]

	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at April 1, 2012	Additions during the period	Sale/Adjustment during the period	As at March 31, 2013	As at April 1, 2012	Depreciation for the period	On Sale/Adjustment	As at March 31, 2013	As at March 31, 2012
<b>TANGIBLE ASSETS</b>									
Land - Freehold	16,142,623	-	-	16,142,623	-	-	-	-	16,142,623
Land - Leasehold	8,896,419	-	-	8,896,419	1,201,149	92,160	-	1,293,309	7,603,110
Building	189,189,617	-	-	189,189,617	39,562,828	3,681,117	-	43,243,947	145,945,671
Leasehold Improvements	79,523,165	2,004,745	-	81,527,910	68,514,586	2,581,929	-	71,096,515	10,431,395
Network Equipment	5,536,626,752	284,145,832	56,255,266	5,764,517,318	2,864,968,146	446,331,200	42,841,117	3,268,458,229	2,496,059,089
Optical Fibre Cable and Copper Cable	4,576,218,197	20,962,065	104,143	4,597,076,119	3,038,882,391	347,622,323	58,148	3,386,446,566	1,210,629,553
Telephone Instruments at Customers Premises	329,372,702	28,833,784	17,868,604	340,337,882	210,177,129	50,502,479	15,456,350	245,223,258	95,114,624
Computers	208,219,347	97,531,953	5,474,150	300,277,150	189,553,905	13,711,604	5,450,266	197,815,244	102,461,906
Office Equipment	48,854,963	773,163	2,942,981	46,685,145	38,543,761	2,648,711	2,864,240	38,328,232	8,356,914
Furniture & Fixture	42,362,634	1,718,842	706,560	43,374,916	39,033,356	1,241,677	706,189	39,568,843	3,329,279
Vehicles	14,824,356	627,295	3,134	15,448,517	14,711,046	217,275	801	14,927,520	113,311
<b>T O T A L</b>	<b>11,050,230,775</b>	<b>436,597,679</b>	<b>83,354,838</b>	<b>11,403,473,616</b>	<b>6,505,148,297</b>	<b>868,630,475</b>	<b>67,377,111</b>	<b>7,306,401,661</b>	<b>4,097,071,955</b>
Previous Year ended March 31, 2012	11,129,316,070	508,799,484	587,884,780	11,050,230,777	6,216,373,788	854,287,447	565,512,939	6,505,148,296	4,545,082,481
<b>INTANGIBLE ASSETS</b>									
Computer Software	197,199,504	48,044,363	-	245,243,868	182,605,186	11,447,864	-	194,053,050	51,190,818
Licence Entry Fees	2,352,658,603	-	-	2,352,658,603	1,603,422,624	136,055,290	-	1,739,477,914	613,180,689
Licence Entry Fees GSM [Refer Note 27 (f) (b)]	1,517,500,000	-	-	1,517,500,000	406,255,478	202,296,385	-	608,551,863	908,948,137
Goodwill [Refer Note 28(6)]	31,229,573	-	-	31,229,573	18,737,744	6,245,915	-	24,983,659	6,245,914
<b>T O T A L</b>	<b>4,098,587,680</b>	<b>48,044,363</b>	<b>-</b>	<b>4,146,632,044</b>	<b>2,211,021,032</b>	<b>356,045,454</b>	<b>-</b>	<b>2,567,066,486</b>	<b>1,579,565,558</b>
Previous Year ended March 31, 2012	4,090,713,105	7,874,575	-	4,098,587,680	1,857,302,302	353,718,730	-	2,211,021,032	1,887,566,648

NOTES FORMING PARTS OF THE ACCOUNTS

NOTE 11 - LONG TERM LOANS AND ADVANCES	As at 31.03.2013	As at 31.03.2012
<b>Unsecured, considered good</b>		
Capital Advances	9,170,072	3,987,253
Security Deposits	59,547,949	60,060,508
Advances Recoverable in cash or in kind or for value to be received	35,466,078	34,305,536
<b>Doubtful</b>		
Security Deposits	1,186,199	1,186,199
Advances Recoverable in cash or in kind or for value to be received	802,642	802,642
Less: Provision For Doubtful Advances	(1,988,841)	(1,988,841)
<b>Total</b>	<b>104,184,099</b>	<b>98,353,297</b>

NOTE 12 - INVENTORIES [Refer Note 28 (7)]	As at 31.03.2013	As at 31.03.2012
Inventory Held for installation and maintenance of network	17,755,836	19,112,355
<b>Total</b>	<b>17,755,836</b>	<b>19,112,355</b>

NOTE 13 - TRADE RECEIVABLES	As at 31.03.2013	As at 31.03.2012
<b>Trade Receivables Outstanding for a period exceeding six months:</b>		
Secured, Considered Good	4,098,245	4,807,465
Unsecured, Considered Good	24,122,786	114,998,844
Doubtful	158,640,666	149,551,825
<b>Others</b>		
Secured, Considered Good	1,227,209	2,393,721
Unsecured, Considered Good	494,834,123	417,372,822
Doubtful	9,226,281	9,496,472
	<b>692,149,310</b>	<b>698,621,149</b>
Less: Provision for Doubtful Trade Receivables	(167,866,946)	(159,048,297)
<b>Total</b>	<b>524,282,364</b>	<b>539,572,852</b>

- a) Debtors are secured to the extent of deposit received from the subscribers.  
b) Includes Rs 113,959,342 (March 31, 2012 - Rs 74,496,145) of unbilled revenues, the invoices for which have been raised subsequent to March 31, 2013 [Refer Note 27 (2.12)]

NOTE 14 - CASH & CASH EQUIVALENTS	As at 31.03.2013	As at 31.03.2012
<b>Balances with Scheduled Banks;</b>		
In Current Accounts	52,022,698	43,511,717
In Escrow Accounts*	1,086,009	1,096,009
<b>Fixed Deposit Accounts**</b>		
Bank Deposit with more than 12 months maturity	-	600,000
Other	182,079,146	49,854,166
<b>Cheques in Hand</b>	<b>5,716,350</b>	<b>7,274,114</b>
<b>Cash in Hand</b>	<b>10,182,555</b>	<b>14,075,383</b>
<b>Total</b>	<b>251,086,758</b>	<b>116,411,389</b>

\* The balance with scheduled banks in Escrow account is towards public deposits payable by the Company [Refer Note 28 (16)]

\*\* Balances with banks to the extent held as margin money against BG & LC's are of Rs. 48,549,592/- (March 31, 2012 Rs. 50,254,166/-)

## NOTES FORMING PARTS OF THE ACCOUNTS

NOTE 15 - SHORT TERM LOANS & ADVANCES	As at 31.03.2013	As at 31.03.2012
<b>Unsecured, considered good</b>		
TDS Recoverable	125,099,302	71,908,893
Balance with Customs, Excise and Service Tax	57,772,262	139,351,211
Advances Recoverable in cash or in kind or for value to be received	49,498,431	59,432,808
<b>Total</b>	<u>232,369,995</u>	<u>270,692,912</u>

NOTE 16 - OTHER CURRENT ASSETS	As at 31.03.2013	As at 31.03.2012
Interest Accrued on FDR	2,360,971	1,677,801
<b>Total</b>	<u>2,360,971</u>	<u>1,677,801</u>

## NOTES TO THE PROFIT AND LOSS

NOTE 17 - REVENUE FROM OPERATIONS	For the year ended 31.03.2013	For the year ended 31.03.2012
<b>Sale</b>		
sale of products;	2,761,229	2,682,367
<b>Sale of services;</b>		
From Unified Access Services	2,016,382,825	1,704,442,056
From interconnection Usage Charges	215,176,749	161,277,793
From Infrastructure Services	48,304,476	48,776,164
From Internet Services	1,078,501,626	898,522,821
From Other Services	1,645,056	-
<b>Total</b>	<u>3,362,771,961</u>	<u>2,815,701,201</u>

NOTE 18 - OTHER INCOME	For the year ended 31.03.2013	For the year ended 31.03.2012
Interest Income	9,554,016	3,410,108
Sale of Scrap	4,519,239	4,333,008
Rental Income	12,430,714	7,409,540
Miscellaneous Income	734,273	480,817
<b>Total</b>	<u>27,238,242</u>	<u>15,633,473</u>

NOTE 19 - PURCHASE OF STOCK IN TRADE	For the year ended 31.03.2013	For the year ended 31.03.2012
Purchases during the year	1,845,302	1,258,480
<b>Total</b>	<u>1,845,302</u>	<u>1,258,480</u>

NOTE 20 - CHANGE IN INVENTORY OF STOCK IN TRADE	For the year ended 31.03.2013	For the year ended 31.03.2012
Opening Stock in trade	666,544	1,913,164
Closing Stock in trade	812,999	666,544
<b>(Increase)/Decrease in Inventory (a-b)</b>	<u>(146,455)</u>	<u>1,246,620</u>

NOTES TO THE PROFIT AND LOSS

NOTE 21 - NETWORK OPERATION EXPENDITURE	For the year ended 31.03.2013	For the year ended 31.03.2012
Interconnect Usage Charges	935,700,379	718,825,556
Other Value Added Service charges	30,973,541	36,852,272
Port Charges	30,791,442	42,170,280
Testing and Technical Survey Expenses	70,000	380,000
Licence Fees on Revenue Share Basis	147,690,355	91,328,395
Royalty and licence fees to Wireless Planning Commission	32,033,655	23,302,114
Stores and Spares Consumed	67,656,447	61,507,609
Rent Node site	42,397,627	39,521,892
Infrastructure Sharing Rent	452,541,058	530,032,570
Electricity and Water -Network	244,773,906	332,090,211
Security Charges	637,693	539,359
Repair & Maintenance - Network	102,986,267	200,284,459
Bandwidth Charges	100,917,280	88,127,440
<b>Total</b>	<b><u>2,189,169,650</u></b>	<b><u>2,164,962,157</u></b>

NOTE 22 - EMPLOYEE BENEFIT EXPENSES	For the year ended 31.03.2013	For the year ended 31.03.2012
Salaries, Wages and Bonus	437,753,395	400,396,179
Employer's Contribution to Provident and other Funds	23,833,104	21,349,183
Leave Encashment / Availment	5,873,769	6,780,605
Gratuity	5,480,839	4,833,737
Staff Welfare Expenses	8,585,679	8,694,006
Recruitment & Training Expenses	2,309,740	1,505,200
<b>Total</b>	<b><u>483,836,526</u></b>	<b><u>443,558,910</u></b>

NOTE 23 - SALES & MARKETING EXPENDITURE	For the year ended 31.03.2013	For the year ended 31.03.2012
Sales and Business Promotion	6,930,367	3,474,558
Advertisement Expenses	29,194,863	20,065,247
Customers Acquisition Costs	193,241,007	180,240,408
<b>Total</b>	<b><u>229,366,237</u></b>	<b><u>203,780,213</u></b>

NOTE 24 - FINANCE COSTS	For the year ended 31.03.2013	For the year ended 31.03.2012
Interest on Non Convertible Debentures	255,752,784	256,453,815
Interest to others	18,311,405	18,452,997
Bank Guarantee Commission	3,290,560	3,090,839
Trustees Fee	849,994	750,000
Monitoring Fees	1,000,000	1,100,000
Other Finance Charges	1,429,875	1,346,285
<b>Total</b>	<b><u>280,634,618</u></b>	<b><u>281,193,936</u></b>



## NOTES TO THE PROFIT AND LOSS

NOTE 25- OTHER EXPENSES	For the year ended 31.03.2013	For the year ended 31.03.2012
Foreign exchange fluctuation	7,611,018	17,755,242
Payments to the auditor		
Audit Fees	1,600,000	1,600,000
Tax Audit Fees	505,000	505,000
Other services	425,000	225,000
Reimbursement of expenses	88,185	104,915
Prior period Adjustments	14,958,195	(9,422,206)
Technical Expenses	1,186,971	411,495
Legal and Professional Expenses	10,731,921	17,034,172
Travelling and Conveyance	68,497,723	70,253,814
Communication Expenses	3,407,796	2,743,451
Rent	24,937,144	24,551,298
Security Charges	6,275,748	5,799,860
Repairs and Maintenance - Building	334,826	235,549
Repairs and Maintenance - Others	10,932,907	10,365,818
Electricity and Water	18,289,765	16,253,639
Insurance	6,208,667	8,642,573
Rates and Taxes	8,666,243	12,710,944
Freight & Cartage	6,191,430	5,545,840
Printing and Stationary	2,565,637	2,442,780
Billing and Collection Expenses	65,791,145	73,589,175
Directors' Fees	213,440	194,300
Loss/ (Gain) on sale and Discarded of Fixed Assets	20,894,811	8,883,788
Bad Debts Written off	48,875,963	
Less; Provision for Doubtful Debts	<u>(7,863,742)</u>	37,887,913
Provision for Doubtful Debts	16,682,391	10,489,234
Miscellaneous Expenses	5,839,474	4,662,838
<b>Total</b>	<b><u>343,847,658</u></b>	<b><u>323,466,432</u></b>

NOTE 26 - CONTINGENT LIABILITIES	For the year ended 31.03.2013	For the year ended 31.03.2012
Estimated value of contracts remaining to be executed on capital account and not provided for net of capital advances Rs. 9,170,072 (March 31,2012 Rs 3,987,253)	121,006,095	64,947,346
Bank Guarantees given against Bid Bonds/Performance/ Advance		
Financial Bank Guarantees	82,202,345	83,043,358
Performance Bank Guarantees	53,294,948	53,052,363
Open Letter of Credits (Margin Deposit Rs. 23,998,323 [March 31, 2012 - Rs. 18,514,929])	27,554,745	18,514,929
Income tax matters under appeal [Refer Note 28 (1) (a).	13,519,046	12,678,483
Claims against the company not acknowledged as debts	5,022,700	3,277,812
Dividend on 2% Cumulative redeemable preference shares ('CRPS')	127,876,344	63,938,172
Others [Refer Note 28 (1) (b, c, d, e, f,g and h).	1,038,397,602	852,854,133
<b>Total</b>	<b><u>1,468,873,825</u></b>	<b><u>1,152,306,596</u></b>

**NOTES FORMING PART OF BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS AS AT AND FOR THE YEAR ENDED MARCH 31, 2013**

*[All amounts in Indian Rupees, except share data including share price, unless otherwise stated]*

**NOTE 27: BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES**

**1. Background**

**(a) Nature of business and ownership**

Quadrant Televentures Limited (Formerly known as HFCL Infotel Limited) ('the Company' or 'QTL'), Unified Access Services Licensee for Punjab Circle (including Chandigarh and Panchkula), is providing complete telecommunication services, which includes voice telephony, both wireline and fixed wireless, CDMA and GSM based mobiles, internet services, broadband data services and a wide range of value added service viz., centrex, leased lines, VPNs, voice mail, video conferencing etc. The services were commercially launched in October 2000 and as on March 31, 2013, the Company has an active subscriber base of over 1,701,481.

The Company was incorporated on August 2, 1946 with the name of The Investment Trust of India Limited (ITI) which was subsequently changed to HFCL Infotel Limited on May 12, 2003. This was done pursuant to a Scheme of amalgamation (the Scheme), approved by the Hon' able High Court of the State of Punjab and Haryana and the State of Tamil Nadu on March 6, 2003 and March 20, 2003, respectively, whereby the *erstwhile* HFCL Infotel Limited (name earlier allotted to the transferor Company) ('*erstwhile* HFCL Infotel') was merged with the Company with effect from September 1, 2002. As per the Scheme envisaged, the Company's then existing business of hire purchase, leasing and securities trading was transferred by way of slump sales to its wholly owned subsidiary, Rajam Finance & Investments Company (India) Limited ('Rajam Finance') with effect from September 1, 2002. Rajam Finance was renamed as The Investment Trust of India Limited with effect from June 17, 2003 and it ceased to be the subsidiary of the Company with effect from September 30, 2003, due to allotment of fresh equity by Rajam Finance to other investors.

The Company, during the year ended March 31, 2004, surrendered its license granted by Reserve Bank of India ('RBI') to carry out NBFC business. RBI confirmed the cancellation of the NBFC license as per their letter dated May 24, 2004.

On September 24, 2010 the name of Company was changed to Quadrant Televentures Limited.

Infotel Tower Infrastructure Private Limited ('ITIPL') is a 100% Subsidiary Company. The principal business of the Company is building, establishing, setting-up, accruing, developing, advising on, managing, providing,

operating and/or maintaining, facilitating conduct of, fully or partially infrastructure facilities and services thereof for all kinds of value added services including Broadband Towers for telecom operations/services, payment gateway services and international gateway services.

QTL, together with its subsidiaries ITIPL is hereinafter collectively referred to as 'the Group'.

**(b) License Fees**

The Company obtained licence for Basic Telephony Service for the Punjab circle (including Chandigarh and Panchkula) by way of amalgamation of the *erstwhile* HFCL Infotel with the Company. *Erstwhile* HFCL Infotel had obtained this licence under fixed license fee regime under National Telecom Policy ('NTP') 1994, valid for a period of 20 years from the effective date, and subsequently migrated from the fixed license fee regime to revenue sharing regime upon implementation of NTP 1999. Further to the Telecom Regulatory Authority of India's ('TRAI') recommendations of October 27, 2003 and the Department of Telecommunications ('DoT') guidelines on Unified Access (Basic & Cellular) Services Licence ('UASL') dated November 11, 2003, the Company migrated its licence to the UASL regime with effect from November 14, 2003. A fresh License Agreement was signed on May 31, 2004. Pursuant to this migration, the Company became additionally entitled to provide full mobility services. HFCL Infotel also entered into a Licence Agreement dated June 28, 2000, and amendments thereto, with DoT to establish maintain and operate internet service in Punjab circle (including Chandigarh and Panchkula).

During the year ended March 31, 2008, the Company has deposited the entry fee to the Department of Telecommunication ('DOT') for the use of GSM Technology in addition to CDMA technology being used under the existing (UASL) for the Punjab Service Area. The UASL has since been amended to incorporate the license for use of GSM technology on January 15, 2008 vide DOT's letter number F.No.10-15/2004/BS.II/HITL/ Punjab/17 dated January 15, 2008. The Company has launched its GSM services on March 29, 2010 in Punjab Circle.

With effect from August 1, 1999, the Company is required to pay revenue share license fees as a fraction of Adjusted Gross Revenue ('AGR') on UASL, The revenue share fraction other than income from Internet Services was set at 10 per cent of AGR with effect from August 1, 1999 and was reduced to 8 per cent of AGR with effect from April 1, 2004. In addition, spectrum charges calculated at 3 per cent of the AGR earned through the wireless technology is payable under the license agreement.

With effect from July 01, 2012 Income from internet services is included as the service revenue for the purpose of the calculation of AGR under Internet Services Licence

as it is governed by a separate ISP licence between the Company and the Department of Telecommunications ('DoT'). The revenue share fraction is set at 4% of income from internet revenue ('AGR' under Internet Service Licence)

### (c) Project Financing

The Company's project was initially appraised by Industrial Development Bank of India ('IDBI') during the year ended March 31, 2000.

Pursuant to the migration to UASL regime, the consortium of lenders, led by IDBI, through the Corporate Debt Restructuring ('CDR') mechanism approved an overall restructuring of the liabilities of the Company and thereby revised the peak funding requirements.

Further, the CDR Empowered Group has approved the proposal of the Company for expansion of services, change in the scope of the project, cost of project and means of finance and restructuring of debt as per the reworked restructuring scheme dated June 24, 2005.

During the year, the Company has incurred losses of Rs 1,356,822,123 resulting into accumulated loss of Rs 16,785,419,039 as at March 31, 2013 which has completely eroded its net worth and has a net current liability of Rs 7,251,909,436. The ability of the Group to continue as a going concern is substantially dependent on its ability to successfully arrange the remaining funding and achieve financial closure to fund its operating and capital funding requirements and to substantially increase its subscriber base. The management in view of its business plans and support from significant shareholders is confident of generating cash flows to fund the operating and capital requirements of the Company. Accordingly, these statements have been prepared on a going concern basis.

During the year, ITIPL has incurred losses of Rs 5,127,742 resulting into accumulated loss of Rs 20,103,887 as at March 31, 2013 which has completely eroded its net worth. The ability of the Company to continue as a going concern is dependent on the success of its operations and ability to arrange funds for its operations. The management is confident of meeting of its funds requirements in the future and generating cash flow. Accordingly, these statements have been prepared on a going concern basis.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation of Financial Statements

The financial statements have been prepared to comply in all material respects with the notified accounting standards by Companies (Accounting Standards) Rules, 2006 ('as amended'), and the relevant provisions of the Companies Act, 1956. The preparation of financial

statements is in conformity with the Generally Accepted Accounting Principals. The financial statements have been prepared under the historical cost convention on an accrual basis of accounting. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. The significant accounting policies are as follows:

### 2.2 Principles of Consolidation

These consolidated financial statements of the Group have been prepared based on a line-by-line consolidation of the balance sheet, statement of profit and loss and cash flows of QTL and ITIPL as at March 31, 2013. All material inter-Company transactions and balances between the entities included in the consolidated financial statements have been eliminated.

Minority interest represents that part of the net assets of a subsidiary attributable to interests, which are not owned directly or indirectly through subsidiary, by QTL.

The significant accounting policies adopted by the Group in respect of the consolidated financial statements are detailed as follows:

### 2.3 Fixed Assets

Fixed assets are stated at cost (net of cenvat credit and VAT if availed) less impairment loss, if any, and accumulated depreciation. The Company capitalises direct costs including taxes (excluding cenvat), duty, freight and incidental expenses directly attributable to the acquisition and installation of fixed assets. Capital work-in-progress is stated at cost.

Telephone instruments having useful life lying with deactivated customers for more than 90 days since disconnection are written off.

### 2.4 Inventory

Inventory is valued at cost or net realisable value which ever is low. Cost for the purchase is calculated on FIFO basis.

### 2.5 Depreciation

Depreciation is provided pro-rata to the period of use (except for Telephone Instruments, being ready for use are depreciated from the beginning of the month, following the month of purchase), on the straight line method based on the estimated useful life of the assets, as follows:

Asset	Useful life (in years)
Leasehold Land	Over the lease term
Buildings	Office Building 30 years Others 61 years
Leasehold Improvements	10 years or over the lease term, whichever is lower

Network Equipment (other than batteries)	9.67 years
Batteries	5 years
Testing Equipments (included in Network Equipments)	5 years
Optical Fibre Cable and Copper Cable	15 years
Telephone Instruments	5 years
Computers	6.17 years
Software	5 years
Office Equipments	10 years, except in case issued to employees, where asset is depreciated in 5 years
Furniture and Fixture	10 years, except in case issued to employees, where asset is depreciated in 5 years
Vehicles	4 years
Fixed Assets costing less than Rs 5,000 (other than Telephone Instruments)	Fully depreciated when they are ready for use.
Goodwill	5 years

- (i) Depreciation rates derived from the above are not less than the rates prescribed under Schedule XIV of the Companies Act, 1956.
- (ii) During the year ended March 31, 2009 the Company has decreased the average life of Batteries considered part of Network equipments from 9.67 years to 5 years. Resultant impact is not material, hence not disclosed.
- (iii) Depreciation on the amount capitalized on up-gradation of the existing assets is provided over the balance life of the original asset.
- (iv) Depreciation on the amount capitalised till March 31, 2007 on account of foreign exchange fluctuations is provided over the balance life of the original asset (refer Note 2.14, below).

**2.6 Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

**2.7 Intangibles**

All expenditure on intangible items are expensed as incurred unless it qualifies as an intangible asset as defined in Accounting Standard 26. The carrying value of intangible assets is assessed for recoverability by reference to the estimated future discounted net cash flows that are expected to be generated by the asset. Where this assessment indicates a deficit, the assets are written down to the market value or fair value as computed above.

For accounting policy related to Licence Entry Fees, refer note 2.8(i), below.

**2.8 Licence Fees**

*(i) Licence Entry Fee*

The Licence Entry Fee has been recognised as an intangible asset and is amortised equally over the remainder of the licence period from the date of commencement of commercial operations. Licence entry fees includes interest on funding of licence entry fees, foreign exchange fluctuations on the loan taken upto the date of commencement of commercial operations.

The carrying value of license entry fees are assessed for recoverability by reference to the estimated future discounted net cash flows that are expected to be generated by the asset. Where this assessment indicates a deficit, the assets are written down to the market value or fair value as computed above.

*(ii) Revenue Sharing Fee*

Revenue Sharing Fee, currently computed at the prescribed rate of Adjusted Gross Revenue ('AGR') is expensed in the Statement of Profit and Loss Account in the year in which the related income from providing unified access services and Internet Services are recognised.

An additional revenue share towards spectrum charges is computed at the prescribed rate of the service revenue earned from the customers who are provided services through the CDMA, GSM and technology. This is expensed in the Statement of Profit and Loss Account in the year in which the related income is recognised.

**2.9 Goodwill**

The excess of cost incurred for acquisition of "Handset Business" over net value of Asset and Liabilities has been treated as Goodwill

**2.10 Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Long term investments are stated at cost. However, provision for diminution in value is



made to recognise a decline other than temporary in the value of the investments. Current investments are carried at lower of cost and fair value and determined on an individual investment basis.

### 2.11 Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable 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. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### 2.12 Revenue Recognition

- (i) Revenue from unified access services are recognised on services rendered and is net of rebates, discounts and service tax. Unbilled revenues resulting from unified access services provided from the billing cycle date to the end of each month are estimated and recorded. Revenues from unified access services rendered through prepaid cards are recognised based on actual usage by the customers. Billings made but not expected to be collected, if any, are estimated by the management and not recognised as revenues in accordance with Accounting Standard on Revenue Recognition ('AS 9').
- (ii) Revenue on account of internet services and revenue from infrastructure services are recognised as services are rendered, in accordance with the terms of the related contracts.
- (iii) Revenue on account of Sale of Handsets is recognised on transfer of significant risk and rewards in respect of ownership

### 2.13 Interconnection Usage Revenue and Charges

The TRAI issued Interconnection Usage Charges Regulation 2003 ('IUC regime') effective May 1, 2003 and subsequently amended the same twice with effect from February 1, 2004 and February 1, 2005. Under the IUC regime, with the objective of sharing of call revenues across different operators involved in origination, transit and termination of every call, the Company pays interconnection charges (prescribed as Rs per minute of call time) for all outgoing calls originating in its network to other operators, depending on the termination point of the call i.e. mobile, fixed line, and distance i.e. local, national long distance and international long distance. The Company receives certain interconnection charges from other operators for all calls terminating in its network

Accordingly, interconnect revenue are recognised on those calls originating in another telecom operator network and terminating in the Company's network.

Interconnect cost is recognised as charges incurred on termination of calls originating from the Company's network and terminating on the network of other telecom operators. The interconnect revenue and costs are recognised in the financial statement on a gross basis and included in service revenue and network operation expenditure, respectively.

### 2.14 Foreign Currency Transactions

#### *Initial Recognition*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### *Conversion*

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

#### *Exchange Differences*

Exchange differences arising on the settlement or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year.

### 2.15 Borrowing Costs

Borrowing costs that are attributable to the acquisition and construction of a qualifying asset are capitalised as a part of the cost of the asset. Other borrowing costs are recognised as an expense in the year in which they are incurred

### 2.16 Employee Benefits

Effective April 1, 2007, the Company has adopted the Revised Accounting Standard - 15 'Employee Benefits'. The relevant policies are:

#### **Short Term Employee Benefits**

Short term employee benefits are recognised in the period during which the services have been rendered.

#### **Long Term Employee Benefits**

#### **Provident Fund and employees' state insurance schemes**

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 recognised 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.

**Leave Encashment**

The Company has provided for the liability at period end on account of unavailed earned leave as per the actuarial valuation as per the Projected Unit Credit Method.

**Gratuity**

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 valuation in accordance with Accounting Standard 15 (revised), "Employee Benefits". The Company makes annual contributions to the LIC for the Gratuity Plan in respect of employees. The present value of obligation under gratuity is determined based on actuarial valuation at period end using Project Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

- a) Short term compensated absences are provided for on based on estimates.
- b) Actuarial gains and losses are recognised as and when incurred

**2.17 Income-Tax**

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. 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 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. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent

that it has become reasonably certain or virtually certain, as the case may be, that future taxable income will be available against which such deferred tax assets can be realised.

**2.18 Operating Leases**

*Where the Company is the lessee*

Leases of assets under which the lessor effectively retains all the risks and rewards of ownership are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

*Where the Company is the lessor*

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

**2.19 Loss Per Share**

Basic loss per share is calculated by dividing the net loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For calculating diluted loss per share, the number of shares comprises the weighted average shares considered for deriving basic loss per share, and also the weighted average number of shares, if any which would have been used in the conversion of all dilutive potential equity shares. The number of shares and potentially dilutive equity shares are adjusted for the bonus shares and the sub-division of shares, if any.

**2.20 Segment Reporting**

*Identification of segments:*

The primary reporting of the Company has been performed on the basis of business segments. The analysis of geographical segments is based on the areas in which the Company's products are sold or services are rendered.

*Allocation of common costs:*

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

*Unallocated items:*

The Corporate and other segment include general corporate income and expense items, which are not allocated to any business segment.

**2.21 Pre-Operative Expenditure**

Expenditure incurred before the commencement of commercial operation are considered as pre-operative expenditure and are charged to profit and loss account.

**2.22 Cash & Cash Equivalents**

Cash & cash equivalents in the Balance Sheet comprise cash in hand and at bank.

**CONSOLIDATED QUADRANT TELEVENTURES LIMITED**
**NOTE 28: NOTES FORMING PART OF THE FINANCIAL STATEMENTS**
**(1) Commitments and contingent liabilities not provided for in respect of:**

- (a) The Company has certain income tax related matters pending with Income Tax Appellate Tribunal for the Assessment Year 2001-02 aggregating to Rs 13,519,046 (March 31, 2012 – Rs 12,678,483).
- (b) The Wireless Finance Division of Department of Telecommunications has claimed an outstanding of Rs 29,585,211 towards the Spectrum Charges dues from year 2001 to year 2005 vide their letter 1020/48/2005-WFD dated October 7, 2005. The Company has submitted its reply to the department on October 25, 2005 confirming the total due of Rs 29,472 only and paid the said amount. The Wireless Finance Division of Department of Telecommunications has subsequently claimed Rs 39,310,176 vide letter number 1020/48/2005-WFD dated September 13, 2006 towards the Spectrum Charges dues from year 2001 to year 2006. The Company has submitted a detailed reply on October 31, 2006. During the year ended March 31, 2008, out of the above demand, the Company has deposited Rs 1,801,241 under protest towards the interest due till August 31, 2006. Wireless Finance Division of Department of Telecommunications has updated their claim to Rs 70,604,092 towards Spectrum Charges dues from January 1, 2000 to September 30, 2008 vide letter number 1020/29/WR/07-08 dated October 24, 2008. The Company has once again made a written representation vide its letter dated December 8, 2008 and August 12, 2009. Subsequently DOT has revised their demand to Rs 70,528,239 vide Letter No 1020/48/WFD/2005-06/ Dated September 6, 2010 to which the Company has made representations vide letter dated September 23, 2010, February 3, 2011 and March 17, 2011. Subsequently DOT has revised their demand to Rs 149,960,749 vide Letter No 1020/48/WFD/2005-06/ Dated January 3, 2013 to which the Company has made representations vide letter dated January 18, 2013. The reply of which has not been received. Based on the legal opinion, the Company is confident that no liability would accrue regarding the same in future.
- (c) During the year ended March 31, 2007, Bharat Sanchar Nigam Limited ('BSNL') has raised supplementary bill dated August 10, 2006 for Rs 167,614,241 towards Inter-connect Usage Charges ('IUC') and Access Deficit Charges ('ADC') for the period November 14, 2004 to August 31, 2005 on the Company. BSNL further raised invoices to the tune of Rs 99,346,533 on similar grounds for the period

September 1, 2005 to February 28, 2006. These charges are on account of unilateral declaration of the Company's Fixed Wireless and Wire line Phone services as Limited Mobility Services by BSNL. The Company has submitted its reply to BSNL on August 23, 2006 asking for the calculation/basis for the additional amount raised towards IUC and ADC by BSNL for Rs 167,614,241. Subsequently, BSNL issued a disconnection notice on August 26, 2006 which required the payment of Rs 208,236,569 (including Rs 167,614,241). The Company has submitted details to BSNL for payments already made for Rs 40,622,328. The Company has approached Hon'ble TDSAT on the subject matter and a stay order was granted on Company's petition no 232 of 2006 against the disconnection notice on September 21, 2006. BSNL Jalandhar Office subsequently raised a supplementary bill dated March 20, 2007 for Rs 5,206,780, to which the Company has submitted its reply on March 23, 2007 intimating that the matter being sub-judice and pending decision by the Hon'ble TDSAT, no coercive action be taken against the Company. The hearing on the matter has been completed and the Hon'ble TDSAT has pronounced the judgment on May 21, 2010 in Company's favour and has directed that BSNL and the Company should exchange relevant information and reconcile the differences. In the absence of information from BSNL, the Company is not in a position to determine the liability with respect to this matter. The Company, based on expert legal opinion, believes that there would be no financial liability against such bills and accordingly, has not recorded any liability towards the IUC and ADC supplementary bills during the year ended March 31, 2013.

- (d) The Company is in receipt of Show Cause Notice dated June 4, 2007 from Department of Telecommunications ('DoT') for non fulfilment of first year's roll-out obligations of Unified Access Service License ('UASL') Agreement for Punjab Service Area, where in the licensee as per the terms of the license agreement was required to ensure that at least 10% of the District Headquarter / Towns are covered in the first year of the date of migration to UASL which commences from the date of Test Certificate issued by Telecom Engineering Centre ('TEC'). As stated by DoT in the Show Cause Notice issued, the Company has violated the conditions of UASL and accordingly Liquidated Damages of Rs 70,000,000 has been imposed and DoT has also sought explanation within 21 days as to why they should not take action against the Company under the UASL Agreement to which the Company has replied on September 27, 2007 that the Company has not violated the conditions of UASL and based on expert legal advice, the Company believes that there would be no financial liability against such

claims of DoT and accordingly, has not recorded any liability towards the Liquidated Damages during year ended March 31, 2013.

- (e) The Company is in receipt of a demand of Rs 433,158,340 from Bharat Sanchar Nigam Limited ('BSNL') on December 20, 2008 on account of unilateral revision of access charges vide its letter dated April 28, 2001 for the period from June 2001 to May 2003, in contravention of the Interconnect Agreement and TRAI Regulations. The Company, Association of Unified Service Providers of India 'AUSPI' (erstwhile Association of Basic Telephone Operators 'ABTO') and other Basic Service Operators contested aforesaid revision in the rates of access charges before Telecom Dispute Settlement Appellate Tribunal ('TDSAT'). TDSAT vide its reasoned and detailed judgement dated April 27, 2005 allowed the refund claims and struck down the unilateral revision in the rates of access charges by BSNL and held that Telecom Regulatory Authority of India ('TRAI') is the final authority for fixing of access charges and access charges would be payable as rates prescribed by the TRAI and as per the Interconnect agreements. BSNL preferred an appeal in Hon'ble Supreme Court against the order of TDSAT and an interim stay was granted on October 19, 2006. Therefore aggrieved by such unilateral action on the part of BSNL by raising aforesaid demand and disturbing the status-quo, applications were moved by the Company, AUSPI and other Operators in the Hon'ble Supreme Court vide C.A No.5834-5836 of 2005 that was listed for hearing on February 9, 2009 and Hon'ble Supreme Court passed an order clarifying its previous order of October 19, 2006 and stayed the refunds claim against the BSNL there by upholding the TDSAT order dated April 27, 2005 whereby BSNL is refrained from raising the access charges demand. The Company based on the legal opinion believes that there would be no financial liability against this demand and has accordingly not recorded any liability towards access charges during the year ended March 31, 2013.
- (f) The Company is in receipt of demand of Rs. 7,000,000 from Department of Telecommunications ('DoT'), Licensing Group (Access Services) vide their letter dated October 21, 2009 for issuance of SIM cards on fake ID in Punjab Service Area, where in the Licensee was required to ensure adequate verification of each and every customer before enrolling him as a subscriber. The Company has replied to DoT vide letter dated November 14, 2009 that the levy of penalty imposed by DoT was based on verification done by an agency other than the DOT - TERM Cells and the exercise was carried out suo moto and in complete disregard of

the established procedures and guidelines laid by DoT. Accordingly the Company has requested DoT to have this validation done by the DOT - TERM Cell. The Company believes that there would be no financial liability against this demand and has accordingly not recorded any liability towards penalty during the year ended March 31, 2013.

- (g) As per The Telecommunication Interconnect Usage Charges Regulations 2003, had fixed intra circle carriage charges payable per minute for all intra circle calls irrespective of the distance between originating and terminating points. Bharat Sanchar Nigam Limited ('BSNL') was charging additional amounts based on distance for the period October 2007 to March 2009 which was against the telecommunication Interconnect Usage Charges Regulations 2003 of TRAI. The matter was raised to Hon'ble TDSAT by service providers to which Hon'ble TDSAT vide its order dated May 21, 2010 upheld the demand of BSNL. The liability of the Company on basis of BSNL demand amounted to Rs 4,110,959. Subsequently TRAI appealed against the order of TDSAT in the Hon'ble Supreme Court. The matter is sub-judice and the final decision of the Hon'ble Supreme Court in the matter is still awaited.
- (h) The Company is in receipt of a Show Cause Notice amounting to Rs 1,020,00,000 dated May 17, 2013 from Department of Telecommunications ('DOT') purportedly for the non-compliance with Electro Magnetic Frequency Radiation Norms ('EMF Radiation Norms') prescribed by DOT. The Company on May 21, 2013 has represented to DOT that the Company is fully compliant with the specified limits of the EMF Radiation Norms and the Company has also submitted the 'Self Certifications' in respect of all the 204 Base Transceiver Station ('BTS') set up in the Punjab Telecom Circle as mentioned in the Show Cause Notice well within the stipulated last date of March 31, 2011 as prescribed by DOT. The Company is confident that no such liability will arise and no further communication is received from DOT with this regard

(2) **Managerial remuneration**

Remuneration paid to Manager is as under:

Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
Salary	572,400	540,000
Employer's contribution to provident fund	68,688	64,800
Perquisites/ Allowances	656,163	615,815
Ex-gratia/ Performance linked incentive	421,200	-
<b>Total</b>	<b>1,718,451</b>	<b>1,220,615</b>



The above managerial remuneration does not include provision of gratuity of Rs 132,764 (March 31, 2012– Rs 98,408) and leave encashment of Rs 232,937 (March 31, 2012– Rs187,457), as these provisions are computed on the basis of an actuarial valuation done for the Company and are provided in the financials.

Value of perquisites and other allowances has been determined in accordance with the provision of the Income-tax Act, 1961.

### (3) Share Capital

(a) As of date, the entire paid up Equity Share Capital of the company comprising of 612,260,268 equity shares of Rs 10 each, stands listed on the Bombay Stock Exchange (BSE) Consequent upon the issuance of 86,743,116 equity shares allotted pursuant to the conversion of 7,551,178 OFCDs along with interest accrued thereon to the Financial Institution /Banks on July 8, 2009, the non-promoter shareholding in the Company increased from 38.02% to 46.80%, and the Promoters' Shareholding decreased from 61.97% to 53.19%, whereupon the Company requested BSE to grant listing of unlisted shares without insisting upon the stipulation of the condition for 'Offer for Sale. BSE, vide its letter DCS / AMAL / RCG/ GEN / 1108 / 2008-09 dated February 13, 2009, inter-alia, agreed to exempt the condition imposed on the Company to comply with requirement of making an offer for sale in the domestic market, subject to compliance of certain procedural requirements including 'three years lock-in' period of 25% of equity shares that had been issued pursuant to the merger on June 17, 2003 i.e. 25% of 432,000,250 shares (108,000,063 equity shares). The Company had - in compliance with the conditions stipulated by BSE - placed under lock-in 108,000,063 equity shares on May 14, 2009 for a period of 3 years ending May 15, 2012. The Company has also complied with all other necessary requirements pursuant to the letter from BSE dated February 13, 2009 related to 83,070,088 equity shares issued pursuant to corporate debt restructuring scheme. BSE had also agreed to grant in-principle approval for allotment of 86,743,116 equity shares to be issued to Banks and financial institutions on conversion upon filing of necessary listing application, which the Company has filed, vide its letter no. HITL/S&L/S-01/09/472 and 473 dated March 07, 2009. Consequently, vide their notice 20090514-12 dated May 14, 2009 hosted on it's website BSE had granted Listing and Trading permission in respect of the 432,000,250 equity shares issued pursuant to scheme of amalgamation. BSE had also granted Listing approval in respect of the 83,070,088 equity shares allotted as aforesaid vide their letter number DCS/PREF/DMN/FIP/239/09-10 dated May 25, 2009 and the shares were Listed by BSE vide its notice number 20090605-20 dated June 5, 2009.

(b) Out of the total paid up equity share capital comprising of 612,260,268 equity shares of Rs 10 each, 86,743,116 equity shares of Rs.10/- each (allotted on July 08, 2009, after obtaining in principle approval from the BSE and MSE. upon the conversion of Optionally Fully Convertible Debentures (OFCDs) allotted pursuant to the Corporate Debt Restructuring (CDR Cell) Consequently, the Listing approval in respect of these shares was granted by Bombay Stock Exchange (BSE) vide its letter number 20090813-08 dated August 13, 2009 w.e.f. August 14, 2009 and by the Madras Stock Exchange Limited vide its letter no.MSE/LD/PSK/738/215/09 dated September 01, 2009 w.e.f. September 01, 2009.

Out of the total paid up equity share capital comprising of 612,260,268 equity shares of Rs 10 each, 326,705,000 equity shares of Rs.10/- each representing 53.3605% of the total Paid up share capital of the Company - which were earlier held by Himachal Futuristic Communications Limited - the erstwhile promoter or Holding Company), were acquired by M/s Quadrant Enterprises Private Limited on 03<sup>rd</sup> April, 2010 in compliance with the SEBI Exemption Order in pursuance of the proposal for settlement / change of management of the Company approved under the New Restructuring Scheme as approved by the Corporate Debt Restructuring Cell (CDR Cell) on August 13, 2009.

(c) Pursuant to the Company's application in this regard, for Voluntary Delisting pursuant to the provisions of regulation 6(a) and 7(1) of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulation, 2009, the Madras Stock Exchange (MSE), MSE has vide its letter dated March 15, 2011, accepted and accorded its consent to the Voluntary Delisting of the Company's shares vide its letter No. MSE/LD/PSK/731/109/11 dated 15th March, 2011 accepting the Voluntary delisting of the company's equity shares from the MSE.

### (4) Secured Loans

(a) As per the CDR Scheme approved on March 10, 2004 and subsequently approved on June 4, 2005, the Lenders have signed Master Restructuring Agreement ('MRA') for restructuring of their Debts and Security Trusteeship Agreement, whereby the Lenders have entered into an agreement and appointed IDBI Trusteeship Services Limited (herein after referred as "ITSL") as their custodian of security. On November 11, 2005, the charges were registered in favour of the ITSL for Rupee Term Loans, for providing Specific Credit Facility, for Working Capital Assistance and Zero percent Secured OFCDs. The same are secured by first pari passu charge on immovable properties of the Company situated at Kandivali (East), Mumbai and properties situated at Mohali & Jalandhar

under equitable mortgage, first pari passu charge of hypothecation of movable properties of the Company including movable plant & machinery, machinery spares, tools & accessories and other movables including book debts by way of hypothecation, both present and future. Further, the same are also secured by assignment of all rights, title, benefits, claims and interest in, under the project documents, insurance policies, all statutory, government and regulatory approvals, permissions, exemptions and waivers on pari passu basis. Subsequently, pursuant to the reworked restructuring scheme approved under CDR mechanism on June 24, 2005, the Company has entered into a mandatory Master Restructuring Agreement and mandatory Security Trusteeship Agreement ('STA') on March 9, 2006, whereby Centurion Bank of Punjab has also joined as one of the lenders and has agreed to appoint ITSL as their custodian for security and signed the STA in line with other lenders in consortium.

On the request of the Company, Corporate Debt Restructuring Cell ('CDR') vide their letter no CDR (JCP) No 138 / 2009-10 ('CDR Letter') dated May 20, 2009 has approved the interim revised restructuring package. The revised restructuring package inter alia includes funding of interest from July 1, 2008 to October 31, 2009 on simple interest basis. Funded Interest on Term Loan ('FITL') would not carry any interest and the FITL shall be repaid in 16 equal monthly installments commencing from December 1, 2009, and has rescheduled the principle installments from August 1, 2008 to November 1, 2009 so as to be repayable from December 1, 2009 to March 1, 2011. Corporate Debt Restructuring ('CDR') cell vide their letter no CDR (JCP) No 563 / 2009-10 dated August 13, 2009 has approved a new restructuring scheme, which includes the induction of strategic investor / change of management and settlement proposal for Term Lenders. All the term lenders have given their acceptance to the new restructuring scheme. The new restructuring scheme has been made effective from April 1, 2009 and accordingly an amount of Rs 373,097,077 towards FITL from July 1, 2008 to March 31, 2009 has been considered as term loan.

In pursuant to the new restructuring scheme vide letter no. CDR (JCP) No 563 / 2009-10 dated August 13, 2009, The Company had allotted 15,984,543, 2 % Cumulative Redeemable Preference Shares of Rs.100 each aggregating to Rs.1,598,454,300 on November 9, 2010, to Financial Institution / Banks in conversion of 25% of their outstanding loans as on April 01, 2009.

In compliance with the aforesaid new restructuring scheme dated August 13, 2009 the Company had repaid on July 06, 2010 and July 07, 2010 an amount of Rs 1,598,454,522 being 25% of their outstanding loans as on April 01, 2009

In compliance with the aforesaid new restructuring scheme dated August 13, 2009, the Company had allotted 31,969,088 Redeemable Secured Non Convertible Debenture ('NCD') of Rs.100 each aggregating to Rs.3,196,908,800 on January 21, 2013, to Financial Institution / Banks in conversion of 50% of their outstanding loans as on April 01, 2009.

- (b) The above mentioned security has been further extended to the amount of secured loans and working capital assistance, together with the interest, compound interest, additional interest, default interest, costs, charges, expenses and any other monies payable by the Company in relation thereto and in terms with MRA and STA entered into between the lenders and ITSL.
- (c) Vehicle Loans of Rs Nil (March 31, 2012 - Rs 70,786) are secured by way of exclusive hypothecation charge in favour of bank on the specific vehicle acquired out of the loan proceeds of the Company.

**(5) Unsecured Loans**

- (a) On October 16, 2004, the Company issued 1,667,761 zero percent Non Convertible Debentures ('NCDs') of Rs 100 each in lieu of interest accrued on term loans from a financial institution and a bank for the period April 1, 2003 to December 31, 2003. The NCDs earlier redeemable at par on March 31, 2014, are now redeemable at par on March 31, 2016 after repayment of the term loans as per reworked restructuring scheme effective from April 1, 2005.
- (b) The Company under the terms of the agreement dated May 1, 2007 had taken convertible loan to facilitate expansion and development of businesses amounting to Rs 499,499,886 from Infotel Digicomm Private Limited. The convertible loan was repayable on demand with an option to convert the Loan into Equity Shares, subject to getting necessary approvals and subject to applicable pricing guidelines as per SEBI and other laws and regulations. On September 16, 2009 Infotel Digicomm Private Limited ('IDPL') had entered into an assignment agreement with Domebell Electronics India Private Limited ('DEIPL'), wherein IDPL had assigned the above convertible loan of Rs 499,499,886 to DEIPL. All the terms and conditions relating to the convertible loan remained the same. The interest accrues at the end of each quarter. During the year ended March 31, 2010 the Company has provided for interest amounting to Rs 14,984,997 @ 12% to IDIPL for the three months ended June 30, 2009. DEIPL on the basis of the assignment agreement dated September 16, 2009 has a right on the interest accruing from July 1, 2009 onwards. DEIPL have agreed to waive off the interest from July 1, 2009 till March 31, 2013, therefore no provision for such interest has been made by the Company.



Consequent to the addendum to the assignment agreement, the convertible loan from DEIPL is now repayable after 7 years from the date of assignment agreement dated September 16, 2009.

(c) The Company under the terms of the agreement dated May 1, 2007 had taken buyer's credit facility to facilitate funding of the telecom project amounting to Rs 410,740,832 from Infotel Business Solutions Limited. The loan carries 12% interest and was repayable on demand. Infotel Business Solutions Limited had the option to convert the loan including interest accrued into equity shares, subject to applicable pricing guidelines as per SEBI and other laws and regulations. On September 16, 2009 Infotel Business Solutions Limited ('IBSL') has entered into an assignment agreement with Domebell Electronics India Private Limited ('DEIPL'), wherein IBSL has assigned the above buyer's credit facility of Rs 410,700,000 to DEIPL. All the terms and conditions relating to the buyer's credit facility remained the same. The interest accrues at the end of each quarter. During the year ended March 31, 2010 the Company has provided for interest amounting to Rs 12,322,225 @ 12% to IBSL for the three months ended June 30, 2009. and accordingly DEIPL on the basis of the assignment agreement dated September 16, 2009 has a right on the interest accruing from July 1, 2009 onwards DEIPL has agreed to waive off the interest from July 1, 2009 till March 31, 2013, therefore no provision for such interest has been made by the Company. Consequent to the addendum to the assignment agreement, the convertible loan from DEIPL is now repayable after 7 years from the date of assignment agreement dated September 16, 2009.

(d) The Company had taken an unsecured loan on July 06, 2010 of Rs.1,598,500,000 @ 8% per annum, the interest accrues at the end of each quarter. The lender has agreed to waive off the interest from July 06, 2010 to March 31, 2013, therefore no provision for said interest has been made by the Company. The aforesaid unsecured loan is repayable after 7 years from the commencement of the unsecured loan.

#### (6) Fixed Assets and Capital work-in-progress

(a) Capital Work in Progress includes Goods in Transit of Rs. NIL (March 31, 2012 Rs Nil)

(b) As on March 31, 2013, telephone instruments aggregating to a net book value of Rs 79,675,183 (March 31, 2012 - Rs 85,390,844) and other assets aggregating to net book value of Rs 1,029,215,214 (March 31, 2012 - Rs 1,031,023,331 ) are located at customer premises, other parties and at other operator's sites, respectively.

#### (7) Inventory for Network Maintenance

The Group holds inventory of network maintenance consumables and RUIIM cards and mobile handsets amounting to Rs 17,755,836 (March 31, 2012 - Rs 19,112,355). The quantity and valuation of inventory is taken as verified, valued and certified by the management.

#### (8) Goodwill

Infotel Tower Infrastructure Private Limited has entered into agreement dated March 31, 2009 for acquiring "the Handset Business" from M/s Infotel Business Solutions Limited for consideration amounting to Rs. 40,836,098. The value of acquired inventory of handsets is Rs 9,732,480 and fixed assets is Rs 350,709 and taken over net current liabilities amounting to Rs. 476,663. The excess of consideration over net value of Assets and Liabilities amounting to Rs. 31,229,573 has been recognized as Goodwill and disclosed as intangible assets in the Balance Sheet. Goodwill would be amortized over the period of 5 years on straight-line method starting from April 1, 2009.

#### (9) Deferred Taxes

During the year, the Group has incurred losses of Rs 1,361,949,865 (accumulated losses of Rs 16,805,522,928) resulting into a tax loss carry forward situation. The Company is eligible for a tax holiday under section 80IA of the Income-tax Act, 1961. Though the management is confident of generating profits in the future, there is currently no convincing evidence of virtual certainty that the Company would reverse the tax loss carry forwards beyond the tax holiday period. Accordingly, the Company has not recognized any deferred tax assets resulting from the carry forward tax losses. Further, no deferred tax liabilities on account of temporary timing differences have been recognized since they are expected to reverse in the tax holiday period.

Deferred Tax in the ITIPL Tax has been provided for in accordance with the Accounting Standard 22 - Accounting for taxes on Income issued by the Institute of Chartered Accountants of India. Net deferred tax assets amounting to Rs. 2,127,344/- as on 31st March, 2013 comprises of the followings:

Particulars	As at 31.03.2013	Charge/ (Credit) during the year	As at 31.03.2012
<b>Deferred Tax Assets/(Liability)</b>			
Provision for Gratuity	378,120	151,047	227,073
Provision for Leave encashment	654,754	219,742	435,012
Depreciation/Amortization	1,095,818	898,608	197,210
Preliminary Expenses	-1347		-1,347
<b>Net Deferred Tax (Liability)/Asset</b>	<b>2,127,344</b>	<b>1,269,397</b>	<b>857,948</b>

- (10) Trade Payables include amount payable to Micro and Small Enterprises as at March 31, 2013 of Rs 816,620 (March 31, 2012 - Rs 94,298 ). The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information and records available with the Company.

Information for the supplier covered under the Micro, Small and Medium Enterprise Development Act, 2006, as at March 31, 2013 is as under -

Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
Principal amount	816,620	94,298
Interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
The amount of interest paid by the buyer in terms of Section 16 of Micro, Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each account year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small & Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of accounting year.	-	-

- (11) The Company had received advance of Rs 4,955,927,643 ( March 31, 2012 Rs. 3,827,500,000) to fund the entry fee for using GSM Technology under the existing Unified Access Services License (UASL) and business operations for Punjab Service Area. The same is included in Other Current Liabilities. No interest is payable on the said advance.

**(12) Earning Per Share**

The calculation of earning per share is based on the loss for the year and number of shares is shown below.

Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
Loss for the year (in Rs )	1,361,949,865	1,795,544,017
Weighted average number of equity shares	612,260,268	612,260,268
Nominal value per equity share (in Rs)	10	10
Earning per share - basic and diluted (in Rs)	(2.22)	(2.93)

**(13) Operating leases**

**A. Company as a Lessee**

- (a) The Company has entered into various cancelable lease agreements for leased premises. Gross rental expenses for the year ended March 31, 2013 is Rs 67,334,772 (March 31, 2012 - Rs 64,073,190).
- (b) The Company has entered into site sharing agreements with other operators for sharing of their infrastructure sites. During the year, the Company has incurred Rs 452,541,058 (March 31, 2012 - Rs 530,032,570) towards infrastructure sharing expenses.

Further lease payments under non-cancellable operating leases are as follows:-

Particulars	As at 31.03.2013	As at 31.03.2012
Payable not later than one year	514,044,850	465,246,235
Payable later than one year and not later than five years	1,200,895,000	1,404,241,701
Payable more than five years	95,679,309	245,992,464
<b>Total</b>	<b>1,810,619,159</b>	<b>2,115,480,400</b>

The escalation clause includes escalation at various periodic levels ranging from 0 to 50%, includes option of renewal from 1 to 99 years and there are no restrictions imposed on lease arrangements.

**B. Company as a Lessor**

The Company has entered into cancellable site sharing agreements with other operators for sharing of its infrastructure sites. During the year, the Company has accrued Rs 9,710,199 (March 31, 2012- Rs 7,608,860) towards site sharing revenue.

The Company has entered into a non-cancellable lease arrangement to provide approximately 8,357.42 Fiber pair kilometers of dark fiber on indefeasible right of use (IRU) basis for a period of 15 years. The gross block, accumulated depreciation and depreciation expense of the assets given on IRU basis is not readily determinable and hence not disclosed. In respect of such leases, rental income of Rs 38,806,906 (March 31, 2012- Rs 36,775,779) has been recognized in the Statement of Profit and Loss for the year ended March 31, 2013.

Further lease receipts (under non-cancellable operating leases) will be recognized in the Statement of Profit and Loss of subsequent years as follows:-

Particulars	As at 31.03.2013	As at 31.03.2012
Receivable not later than one year	38,806,906	36,775,779
Receivable later than one year and not later than five years	155,227,625	147,103,116
Receivable later than five years	122,759,678	147,906,965
<b>Total</b>	<b>316,794,209</b>	<b>331,785,859</b>

**(14) Segmental Reporting**

The primary reporting of the Company has been performed on the basis of business segments. The Company has only one business segment, which is provision of unified telephony services. Accordingly, the amounts appearing in these financial statements relate to this primary business segment. Further, the Company provides services only in the State of Punjab (including Chandigarh and Panchkula) and, accordingly, no disclosures are required under secondary segment reporting.

**(15) Related Party Disclosures**

As required under Accounting Standard 18 on "Related Party Disclosures", the disclosure of transactions with related parties as defined in the Accounting Standard are given below:

**a) Name of Related Parties and its relationship:**

Name	Relationship
Quadrant Enterprises Pvt. Ltd	Holding Company
Infotel Tower Infrastructure Private Ltd	100% Wholly Owned Subsidiary
Mr. Kapil Bhalla (Manager under Companies Act 1956)	Key Managerial Persons (KMPs)

**b) Transactions/outstanding balances with Related Parties**

Particulars	2012-13 KMP	2011-12 KMP
Sale of Material	--	--
Debit notes raised by us	--	--
Debit note raised on us	--	--
Purchase of Consumable	--	--
Purchase of Services	--	--
Remuneration paid	1,718,451	1,220,615
Payment made by Company	1,718,451	1,220,615
<b>Closing Balance as at Balance Sheet date</b>		
Amount receivable	--	--

**(16) Unclaimed deposits from public**

During the year ended March 31, 2004, the Company surrendered its licence granted by Reserve Bank of India ('RBI') to carry out NBFC business. Accordingly, the Company foreclosed all the unpaid / unclaimed deposits as on September 15, 2003 and the interest accruing thereon as on that date, and the same have been transferred to the Escrow Account in February 2004. On August 10, 2004, the Company has obtained the approval of the shareholders for the removal of NBFC related objects from the Memorandum of Association. Further, the Company submitted a letter dated July 7, 2004 for compliance and RBI vide its letter dated July 30, 2004 gave some concessions from compliance and has advised the Company to follow certain instructions till the balance in the escrow account is settled.

The accompanying financial statements include the following account balances relating to the NBFC business whose licence granted by RBI was surrendered during the year ended March 31, 2004:

- Interest accrued and due on deposits up to transferred to Investor Education and Protection Fund Rs 543,480
- Cheques outstanding beyond 6 months Rs 523,618
- Others (Under reconciliation) Rs 18,961 Rs 1,086,009
- Balances with Scheduled banks in Escrow account Rs 1,086,009

**(17) Debenture redemption reserve**

Pursuant to the CDR scheme on October 16, 2004, the Company had issued unsecured Zero % Non Convertible Debenture ('NCD') (Erstwhile OFCDs) aggregating to Rs 166,776,100 repayable as on March 31, 2016. Pursuant to the new restructuring scheme dated August 13, 2009 the Company has to allot secured Non Convertible Debenture ('NCD') for Rs 3,196,909,043 to Financial institution and Banks equivalent to 50% of their outstanding loans as on April 01, 2009 which shall be issued on completion of such approvals and conditions precedent. As per section 117C (1) of the Companies Act, 1956, a debenture redemption reserve ('DRR') is to be created to which adequate amounts are to be credited out of the profits of each year until such debentures are redeemed.

During the year, the Company has incurred loss of Rs 1,356,822,123. Hence, in accordance with the clarification received from the Department of Company Affairs vide circular No 6/3/2001-CL.V dated April 18, 2002, the Company has not created Debenture redemption reserve.

**(18) Employee Benefits**

- (a) During the year, the Company has recognized the following amounts in the Statement of Profit and Loss

**Defined Contribution Plans**

Particulars	For the year ended	For the year ended
	31.03.2013	31.03.2012
Employer's Contribution to Provident Fund *	19,519,326	17,847,253
Employer's Contribution to ESI *	4,313,881	3,501,930

\* Included in Employer's Contribution to Provident and Other Funds, Refer Note 22

**Defined Benefit Plans**

The employee's gratuity fund scheme managed by Life Insurance Corporation of India and ICICI Lombard General Insurance Company Limited is a defined benefit plan and the same is 100% funded. The present value of obligation is determined based on actuarial valuation using Project Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

Experience adjustments are Nil and have not been disclosed as required under para 120 of Accounting Standard 15 relating to Employee benefits.

Particulars	2012-13		2011-12	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current service cost	4,138,219	7,367,751	3,906,481	7,592,883
Interest cost	1,590,650	1,863,850	1,354,798	1,580,079
Expected Return on plan assets	(103,672)	-	(179,343)	-
Actuarial (gain) / loss	(144,358)	(3,357,832)	(248,199)	(2,392,357)
Past service cost	-	-	-	-
Curtailement and Settlement cost / (credit)	-	-	-	-
<b>Net cost</b>	<b>5,480,839</b>	<b>5,873,769</b>	<b>4,833,737</b>	<b>6,780,605</b>

The Company expects to contribute Rs. 5,003,852 towards employers' contribution for funded defined benefit plans in 2013-14.

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

Particulars	2012-13		2011-12	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount Rate	8.00%	8.00%	8.50%	8.50%

Expected Rate of increase in Compensation levels	6.00%	6.00%	6.00%	6.00%
Expected Rate of Return on Plan Assets - the company	8.00%	8.00%	8.00%	8.00%
Expected Rate of Return on Plan Assets - the subsidiary	NA	NA	NA	NA
Expected Average remaining working lives of employees (years) - the Company	7.95Years	7.95Years	7.95Years	7.95Years
Expected Average remaining working lives of employees (years) - the Subsidiary	8.52 Years	8.52 Years	8.40 Years	8.40 Years

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

Particulars	2012-13		2011-12	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>Change in Projected Benefit Obligation (PBO)</b>				
Projected benefit obligation at beginning of year	18,660,982	21,981,636	15,710,694	17,907,466
Current service cost	4,138,219	5,389,887	3,906,481	7,592,883
Interest cost	1,590,650	1,863,850	1,354,798	1,580,079
Benefits paid	(2,026,733)	(2,228,779)	(2,066,080)	(2,706,435)
Past service cost	-	-	-	-
Actuarial (gain) / loss	(131,619)	(3,357,832)	(244,911)	(2,392,357)
<b>Projected benefit obligation at year end</b>	<b>22,231,499</b>	<b>23,648,762</b>	<b>18,660,982</b>	<b>21,981,636</b>
<b>Change in plan assets :</b>				
Fair value of plan assets at beginning of year	2,466,757	-	1,850,206	-
Expected return on plan assets	103,672	-	179,343	-
Actuarial gain / (loss)	12,739	-	3,288	-
Employer contribution	-	-	-	-
Contribution by plan participants	-	147,051	2,500,000	-
Settlement cost	-	-	-	-
Benefits paid	(2,008,243)	(1,977,864)	(2,066,080)	-
<b>Fair value of plan assets at year end</b>	<b>574,925</b>	<b>-</b>	<b>2,466,757</b>	<b>-</b>



Particulars	2012-13		2011-12	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Net funded status of the plan	(21,656,574)	(23,648,762)	(16,194,225)	(21,981,636)
Net amount recognized	(21,656,574)	(23,648,762)	(16,194,225)	(21,981,636)

Particulars	2012-13		2011-12	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Fair value of plan assets :				
Fair value of plan assets at beginning of year	2,466,757	-	1,850,206	-
Actual return on plan assets	116,411	-	182,631	-
Employer contribution	-	-	-	-
Contribution by plan participants	-	-	2,500,000	-
Settlement cost	-	-	-	-
Benefits paid	(2,008,243)	(1,977,864)	(2,066,080)	-
Fair value of plan assets at year end	574,925	-	2,466,757	-

- d) The expected rate of return on plan assets was based on the average long-term rate of return expected to prevail over the next 15 to 20 years on the investments made by the LIC. This was based on the historical returns suitably adjusted for movements in long-term government bond interest rates. The discount rate is based on the average yield on government bonds of 20 years.
- e) The Company made annual contributions to the LIC of an amount advised by the LIC. The Company was not informed by LIC of the investments made by the LIC or the break-down of plan assets by investment type.
- f) The estimates of rate of escalation in salary considered in actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors including demand and supply in the employment market. The above information is certified by the actuary.
- g) The disclosure requirement as per para 120 (n) of Accounting Standard - 15 'Employee Benefits' as below:

Particulars	Gratuity			Leave Encashment		
	2012-13	2011-12	2010-11	2012-13	2011-12	2010-11
Defined benefit obligation	22,231,499	18,660,982	16,316,889	23,648,762	21,981,636	17,907,466
Plan assets	574,925	2,466,757	1,850,206	-	-	-
Surplus / (deficit)	(21,656,574)	(16,194,225)	(14,466,683)	(23,648,762)	(21,981,636)	(17,907,466)
Experience adjustments on plan liabilities	-	-	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-	-

22. "The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February, 2011 and 21st February, 2011, respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements."
- 23 Previous year figures have been regrouped where necessary to conform to this year classification.

As Per our report of even date

For and on behalf of the Board of Directors

For Khandelwal Jain & Co.

**Yatinder Vir Singh**

Chartered Accountants

Director

Firm registration number: 105049W

**Babu Mohanlal Panchal**  
Director

**Akash Shinghal**

**Sunil Jit Singh**

Partner

Chief Financial Officer

Membership No.103490

**Kapil Bhalla**

Company Secretary & Manager

Place : Mohali

Date: May 29, 2013

## STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956

(in Rs.)

Name of Subsidiary	Capital	Reserves	Total Assets	Total Liabilities	Investment	Turnover	Profit before tax	Provision for tax	Profit after tax	Proposed Dividend
Infotel Tower Infrastructure Private Limited	100,000	(20,103,886)	19,623,132	19,623,132	-	103,840,491	(6,397,138)	1,269,396	(5,127,742)	Nil



# ATTENDANCE SLIP

## QUADRANT TELEVENTURES LIMITED

**Registered Office :** Autocars Compound, Adalat Road, Aurangabad – 431 005, Maharashtra

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint Shareholders may obtain additional slip on request.

DP Id*	
Client Id*	

Registered Folio No.	
----------------------	--

NAME AND ADDRESS OF SHAREHOLDER \_\_\_\_\_

No. of Share(s) Held: \_\_\_\_\_

I hereby record my presence at the **66th Annual General Meeting** of the Company held on **Friday, September 27, 2013** at 12.00 noon at the Registered Office of the Company at Autocars Compound, Adalat Road, Aurangabad – 431005 Maharashtra.

Signature of the Shareholder or Proxy .....

\*Applicable for investors holding shares in electronic form

## PROXY FORM

## QUADRANT TELEVENTURES LIMITED

**Registered Office :** Autocars Compound, Adalat Road, Aurangabad – 431 005, Maharashtra

DP Id*	
Client Id*	

Registered Folio No.	
----------------------	--

I/we .....of  
..... being a member / members of Quadrant Televentures

Limited hereby appoint .....  
of ..... or failing him

..... of ..... as  
my / our proxy to vote for me / us and on my / our behalf at the **66th Annual General Meeting** of the Company to be held  
on **Friday, September 27, 2013** at 12.00 noon at the Registered Office of the Company at Autocars Compound, Adalat Road,  
Aurangabad – 431 005 Maharashtra, at any adjournments thereof.

Signed on this ..... day of ..... 2013

Signature .....

No. of Shares held .....

\*Applicable for investors holding shares in electronic form

Affix Revenue Stamp of ₹ 1/-
---------------------------------------

Note:- The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.

**Book Post**

**To**

*If undelivered, please return to:*

**QUADRANT TELEVENTURES LIMITED**

**Regd. Office :** Autocars Compound, Adalat Road, Aurangabad – 431 005, Maharashtra



FORM B

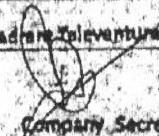
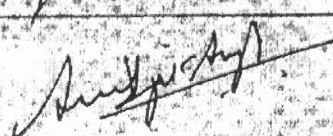
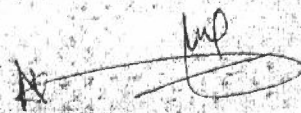
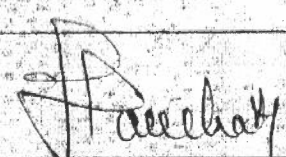
FORMAT OF COVERING LETTER OF ANNUAL AUDIT REPORT TO BE FILED WITH THE STOCK EXCHANGES  
(PURSUANT TO THE SEBI CIRCULAR NO. CIR/CFD/DIL/7/2012 dt. 13.8.12)

1.	Name of the Company	QUADRANT TELEVENTURES LIMITED
2.	Annual financial statement for the year ended	31 <sup>st</sup> MARCH 2013
3.	Type of audit qualification	<p>Qualified Opinion:</p> <p><i>As mentioned in Note 27(B)(a) to the Financial Statements, based on Company's request, Corporate Debt Restructuring (CDR) cell vide their letter dated August 13, 2009 (CDR letter) has revised the terms of CDR scheme with effect from April 1, 2009. The Company has accounted for the impact of revised CDR scheme as approved by CDR Cell after complying with most of the terms and conditions stipulated therein, however compliance of the some of them is still in process. These financial statements do not include any adjustment which may arise due to inability of the management to fulfill the remaining conditions precedent.</i></p>
4.	Frequency of qualification	The qualification/observation appears for the third time in the Independent Auditors' Report; observation earlier appeared in the Auditors' Report for the financial year 2011-12 and 2010-11
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>Refer Note 27 (B) (a) to the Financial Statement and page no. 6 of the Annual Report wherein the 'management's explanation to the Auditors' Observations' is given, which is as follows:</p> <p>The Company has given effect to most of the terms and conditions of the revised Corporate Debt Restructuring (CDR) Scheme. Compliance of some of the terms and conditions are under way. The Company is confident of fulfilling the remaining conditions precedent for the complete implementation of the Revised CDR Scheme and would fully implement the remaining terms of the Revised CDR Scheme on the completion of such approvals and conditions precedent. The Management does not foresee</p>

QUADRANT TELEVENTURES LIMITED

Corporate Office : B-71, Phase-VII, Industrial Focal Point, Mohali - 160 055 (Punjab) India.  
Tel : +91-172-5090000 Fax : +91-172-5090125  
Regd. Office : Autocars Compound, Adalat Road, Aurangabad - 431 005 (Maharashtra) India.  
Tel : +91-240-2354520



		any financial implications on account of the delay in the implementation of the same.
6.	Additional comments from the board/audit committee chair:	<p>The Auditors' observation on the financials for the current year refers to the 'pending compliances in the implementation of CDR Scheme, viz. 'Reduction of Capital' - for which the company has already obtained the shareholders' approval in July 2012 and thereafter submitted application to BSE. BSE's approval was received on Jan 14, 2013 but before the Petition could be filed, SEBI issued revised norms on Feb 4, 2013 and subsequent clarification on May 21, 2013; the company has submitted fresh application to BSE for seeking its in-principle approval in July 2013; as on August 10, 2013, BSE's approval was still awaited. As soon as the BSE approval is received, the company will proceed to file the 'Reduction Petition' in the Hon'ble Bombay High Court.</p> <p>Complete Details in this regard are also mentioned in the Directors' Report under the heading "Corporate Debt Restructuring Scheme (CDR Scheme) on page nos. 3 &amp; 4 of the Annual Report - 2013.</p>
7.	To be signed by:	For Quadrate Televentures Ltd.
	Managing Director/ CEO/Manager MR. KAPIL BHALLA MANAGER	 Company Secretary
	Chief Financial Officer (CFO) MR. SUNIL JIT SINGH CHIEF FINANCIAL OFFICER (CFO)	
	Statutory Auditors M/S KHANDELWAL JAIN & CO. CHARTERED ACCOUNTANTS, NEW DELHI AKASH SHINCHAL	
	Audit Committee Chairman MR. BABU MOHANLAL PANCHAL, DIRECTOR	

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