Annual Report
2010-11

CONNECT

THE SMARTER WAY TO CONNECT

Quadrant Televentures Limited

(Formerly Known as HFCL Infotel Limited)

CORPORATE INFORMATION

BOARD OF DIRECTORS
Mr. Babu Mohanlal Panchal
Mr. Viney Kumar (Nominee 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)
Mr. Yatinder Vir Singh
Mr. Vinay Kumar Monga

SHARE TRANSFER & INVESTOR'S 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
Maximus Management Advisory Services
Private Limited

COMPLIANCE OFFICER
Mr. Kapil Bhalla

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.
Subramanium Building No.1,
Club House Road, Anna Salai, Chennai - 600 002
Tel: 044-28460390-95 (5 lines)
Fax: 044-28460129
E-mail: cameo@cameoindia.com

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NOTICE

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

Day and Date	:	**Friday, September 30, 2011**
Time	:	**12.00 Noon**
Venue	:	**Registered Office at 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, 2011, the 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. Babu Mohanlal Panchal, who retires by rotation, and being eligible, offers himself for re-appointment.

3. 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 Sections 224, 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s. Khandelwal Jain & Co., Chartered Accountants (Firm Registration No. 105049W) 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-imbursement of all out of pocket expenses incurred in connection with the audit of the Company".

Special Business

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 in partial modification of the earlier resolution passed by shareholders on 03.09.2010 (and the details as mentioned in the explanatory statement attached thereto) the terms and conditions of the 1,59,84,543 - 2% Cumulative Redeemable Preference Shares (CRPSs) of ₹ 100/- each aggregating ₹ 159,84,54,300/- issued to the Banks/ Financial Institutions, pursuant to the Corporate Debt Restructuring Scheme (CDR Scheme) be and are hereby modified, in accordance with the CDR Scheme, as mentioned below:

   (a) The CRPSs shall be redeemed (yearly) over a period of four years commencing from **March 31, 2021** (instead of April 1, 2021; and

   (b) The term **"Calendar Year"** (wherever mentioned in the schedule of terms and conditions) be and is hereby changed to **"Financial Year"** in accordance with the terms of the CDR Scheme; rest of the terms and conditions as approved earlier would continue to remain the same.

   RESOLVED FURTHER THAT the duly amended Table giving the details pertaining to the Schedule of Redemption, Financial Year, Coupon Rate, Premium Payable on Redemption and the Quantum of Redemption, in respect of the aforesaid CRPSs as given in the Explanatory Statement attached hereto be and is hereby approved."

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

   "RESOLVED THAT in partial modification of the earlier resolution passed by shareholders on 03.09.2010 (and the details as mentioned in the explanatory statement attached thereto) the terms and conditions of the 3,19,69,088 Secured Non-Convertible Debentures (NCDs) of the face value of ₹ 100/- each aggregating ₹ 319,69,08,800 to be issued to the Banks/ Financial Institutions pursuant to the Corporate Debt Restructuring Scheme (CDR Scheme) be and are hereby modified, in accordance with the CDR Scheme, to the extent mentioned below:

   (a) The term **"Calendar Year"** (wherever mentioned in the schedule of terms and conditions of the NCDs) be and is hereby changed to **"Financial Year"** in accordance with the terms of the CDR Scheme; rest of the terms and conditions as approved earlier would continue to remain the same.

   RESOLVED FURTHER THAT the duly amended Table mentioning "Financial Year" instead of "Calendar Year" and giving details with regard to the terms of the NCDs viz. Schedule of Redemption, Coupon Rate and the Premium Payable on Redemption as given in the Explanatory Statement attached hereto be and is hereby approved."

By Order of the Board of Directors
For **Quadrant Televentures Limited**

Place: Mohali
Dated: August 10, 2011

KAPIL BHALLA
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY SHALL NOT BE ENTITILED TO VOTE EXCEPT ON A POLL. DULY COMPLETED PROXY FORMS SHOULD BE LODGED WITH THE COMPANY NOT LATER THAN 48 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) to attend and vote on their behalf at the Meeting.

3. The Register of Members and the Transfer Books of the Company will remain closed from September 23, 2011 to September 30, 2011 (both days inclusive).

4. The name of the Company was changed from HFCL Infotel Limited to QUADRANT TELEVENTURES LIMITED pursuant to the 'Fresh Certificate of Incorporation consequent Upon Change of Name' issued by the Registrar of Companies, Mumbai on September 24, 2010.

5. 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.

6. 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, ***M/s. Cameo Corporate Services Ltd., "Subramaniam Building", No. 1, Club House Road, Anna Salai, Chennai - 600 002.***

7. 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.

8. Members/Proxies are requested to fill the enclosed Attendance Slip and deposit the same at the entrance of the meeting hall.

9. To avail the facility of nomination, members are requested to submit to the Company the nomination form, which will be supplied on request.

10. 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.

11. 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.

12. Members may address their queries/communications at secretarial@infotelconnect.com

13. Members are requested to kindly bring their copy of the Annual Report to the Meeting.

14. In terms of the provisions of Section 173 (2) of the Companies Act, 1956, the Explanatory Statement in respect of Item Nos. is annexed hereunder.

15. **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. The Circular has made it clear that henceforth sending of the Balance Sheet by electronic mail to the members would be deemed to be due compliance of Section 219(1) of the Companies Act, 1956; it is therefore proposed to send all future communications to the Members including Annual Report, Notices, attendance slip, proxy form etc. - in future - in electronic form to the e-mail addresses of members provided by them and/or made available to us by the Depositories viz. NSDL/CDSL. The members are advised to update by registering changes, if any, in their e-mail addresses, from time to time, with the concerned Depository Participant/Company/ Company's Registrar. In case where any member has not registered his e-mail address with the Depository/ Company/Registrar, these documents will be sent in physical form under the permitted modes of dispatch. The Company shall also display full text of these communications/documents/reports at its website www.infotelconnect.com 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.

16. Members who do not wish to receive the Annual Report in soft form/electronic mode, may write to the Company/RTA stating that they wish to receive the Annual Report in physical form only.

17. 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 RTA at ***M/s. Cameo Corporate Services Ltd., "Subramaniam Building", No.1, Club House Road, Anna Salai, Chennai - 600 002.***

18. 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.

19. Non-resident Indian Members are requested to inform ***M/s. Cameo Corporate Services Ltd.*** immediately whenever there is a change in their residential status on return to India for permanent settlement.

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

ITEM NO. 3

M/s. Khandelwal Jain & Co., Chartered Accountants (Firm Registration No. 105049W) 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.

ITEM NO. 4

The shareholders had accorded their approval vide resolution passed on 03.09.2010 for the issuance of 2% Cumulative Redeemable Preference Shares (CRPSs) to the Banks/Financial Institution in compliance with the Corporate Debt Restructuring Package (CDR package) on the terms and conditions mentioned therein. Inadvertently, the terms provided that the CRPSs would be redeemable (yearly) over a period of four years w.e.f. April 1, 2021 (instead of **March 31, 2021**); also the term "Calendar Year" was inadvertently mentioned in the terms and conditions of CRPSs instead of "Financial Year".

Therefore, in accordance with the directions of the Lenders viz. Banks/Financial Institution, it is proposed to amend the terms pertaining to the CRPSs as proposed in the resolution.

The duly amended Table giving the details pertaining to the Schedule of Redemption, Financial Year, Coupon Rate, Premium Payable on Redemption and the Quantum of Redemption, in respect of the aforesaid CRPSs would be as under:

Number of completed years (from CDR approval)	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**
Financial Year (2010 to 2024)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Premium payable on Redemption (%)	0	0	0	0	0	0	0	0	0	0	0	34	34	34	34
Coupon rate for the year (%)	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Quantum of Redemption during the Year (%)	0	0	0	0	0	0	0	0	0	0	0	25	25	25	25

Premium Payable = % indicated X Amount to be converted (i.e. ₹ 159,84,54,300/-)

The members may therefore pass the attached resolution as a Special Resolution.

Mr. Viney Kumar, Nominee Director of IDBI Bank Ltd. – which holds 66.12% of the Subscribed Preference Share Capital - may be deemed to be interested in the proposed Special Resolution. None of the other Directors is interested in the proposed resolution.

ITEM NO. 5

The shareholders had accorded their approval vide resolution passed on 03.09.2010 for the issuance of Secured Non-Convertible Debentures (NCDs) to the Banks/ Financial Institution in compliance with the Corporate Debt Restructuring Package (CDR package) on the terms and conditions mentioned therein. Inadvertently, in the earlier resolution passed on 03.09.2010 and the Schedule given in the Explanatory Statement to the said resolution the term "Calendar Year" was inadvertently mentioned in the terms and conditions instead of "Financial Year" in terms of the CDR Scheme. Therefore, in accordance with the directions of the Lenders viz. Banks/Financial Institution, it is proposed to make the necessary correction therein.

The duly amended Table mentioning "Financial Year" instead of "Calendar Year" and giving details with regard to the terms of the NCDs viz. Number of Years, Financial Years, Schedule of Redemption, Coupon Rate and the Premium Payable on Redemption in respect of the aforesaid NCDs is as under:

Number of completed years (from CDR approval)	1	2	3	4	5	6	7	8	9	10	11	12	13
Financial Year (2010 to 2022)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Premium payable on Redemption (%)	0	0	0	0	0	0	0	8	8	8	8	8	8
Interest rate for the year (%)	1	2	2	3	5	6	9	10	10	10	10	10	10
Quantum of Redemption during the Year (%)	0	0	0	0	0	0	0	10	10	20	20	20	20

The rate of interest and premium payable would result in a yield of 8% (eight percent) per annum on the NCDs. Premium Payable = % indicated X Amount to be converted (i.e. ₹ 319,69,08,800).

The members may therefore pass the attached resolution as a Special Resolution.

Mr. Viney Kumar, Nominee Director of IDBI Bank Ltd. may be deemed to be interested in the proposed Special Resolution to the extent the Secured Non-Convertible Debentures (NCDs) are to be allotted to the IDBI Bank Ltd. None of the other Directors is interested in the proposed resolution.

By Order of the Board of Directors
For **Quadrant Televentures Limited**

Place: Mohali
Dated: August 10, 2011

KAPIL BHALLA
Company Secretary

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

Name of Director	**Mr. Babu Mohanlal Panchal**
Director Identification Number (DIN No.)	01806193
Date of Birth	14.12.1967
Date of Appointment	09.04.2010
Qualification	B.Com, FCA
Expertise in Specific Functional areas	Accounts, Finance, Capital Market, Joint Ventures Taxation, Amalgamations & Takeovers, and Administration
Directorship in other Public Companies	NIL
Chairmanship/Membership of Committees of the Board of Public Limited Companies of which he is a Director	**Quadrant Televentures Limited** Audit Committee - Chairman Remuneration Committee - Member Share Transfer and Investor Grievance Committee - Member Share Transfer In-house Committee - Member
No. of Shares held by Directors in the Company	NIL
Relationship, if any, with the other members of the Board	None

DIRECTORS' REPORT

To the Members of
QUADRANT TELEVENTURES LIMITED
(Formerly HFCL Infotel Ltd.)

Your Directors take pleasure in presenting the Sixty Fourth Annual Report of your Company together with the Audited Accounts for the financial year ended March 31, 2011.

SUMMARY OF FINANCIAL RESULTS

The summarized Financial Results for the year ended March 31, 2011 are as under:

(₹ in millions)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Gross Income – - Service Revenue - Other Income	 **2360.51** **22.87**	 1962.09 16.07
Total	**2383.38**	1978.16
Total Expenditure	**3130.47**	1964.01
Operating Profit before Finance Charges, Depreciation, Amortisation and Loss on sold/ discarded Fixed Assets	**(747.09)**	14.15
Diminution in Value of Investments	**–**	–
(Gain) on sale of Fixed Assets	**(24.75)**	(14.30)
Loss on sold/discarded Fixed Assets and Capital work in progress	**–**	19.00
Finance Cost	**278.67**	(704.24)
Foreign Exchange (Gain) / Loss	**(0.46)**	(34.61)
Depreciation and Amortisation	**1230.24**	950.17
Loss for the year before prior period Expenditure and Tax	**2230.79**	201.87
Prior period Expenditure (net)	**5.87**	4.58
Loss for the year before Tax	**2236.67**	206.45
Provision for taxation for earlier years	**–**	–
Loss for the year from ordinary and extraordinary activities	**2236.67**	206.45
Loss brought forward from previous year	**11400.33**	11193.88
Loss carried to the Balance Sheet	**13637.00**	11400.33

PERFORMANCE

The Company holds the UASL (Unified Access Services License) for providing Telephony Services in the Punjab Telecom Service Area comprising of the state of Punjab, the union territory of Chandigarh and the Panchkula Town of Haryana. Currently, the Company is providing Fixed Voice (Landline) services, DSL (Internet) services, Leased Line services, CDMA Mobile Services and GSM Mobile Services in the Punjab Telecom Circle.

As on March 31, 2011, the Broadband DSL subscriber base touched 1,04,850 (previous year 87,354) witnessing a growth of about 20%, and the Fixed Voice (Landline) Subscriber Base touched 1,89,988 (previous year 154,743); the CDMA Mobile Services Segment customer base declined by about 7% to 2,41,798 subscribers (previous year 2,59,456).

As of March 31, 2011, the GSM Mobile Services Segment customer base has touched 12,27,493 (previous year 332), at the end of first year of operations.

The Service Revenue of the Company increased by 20% from ₹ 1962.09 million in 2009-10 to ₹ 2360.51 million in 2010-11. However, in view of the extensive GSM Network Rollout for launching its GSM Operations, the Operating Expenses went up from ₹ 1964.01 million in 2009-10 to ₹ 3130.47 million in 2010-11.

Consequently, the Operating Profits from Telecom Services (before finance charges, depreciation and loss on sold/ discarded fixed assets) reduced from ₹ 14.15 million in the year 2009-10 to ₹ (747.09) million during the year ended March 31, 2011.

DIVIDEND

As on March 31, 2011, the Company had accumulated losses. Your Directors, therefore, have not recommended any dividend for the financial year 2010-11.

TRANSFER TO RESERVES

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

MATERIAL CHANGES AND COMMITMENTS OCCURRED BETWEEN THE END OF FINANCIAL YEAR AND THE DATE OF REPORT

Restructuring of Liabilities:

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 and the consequent approval of the terms and conditions of the CDR Package by the shareholders through the process of Postal Ballot the result of which was declared on September 3, 2010, the company has:

(i) Repaid 25% of the Term Loan/Interest outstanding to the Financial Institutions/Banks — amounting to ₹ 159.84 crores - on July 06, 2010 and July 07, 2010.

(ii) Issued 2% (two percent) Cumulative Redeemable Preference Shares of ₹ 100/- (Rupees One Hundred only) each, fully paid up, aggregating ₹ 159.84 crore to the Lenders on November 09, 2010, viz. Financial Institution/Banks — by way of conversion of 25% of the outstanding.

(iii) The Company is presently, taking steps for the issuance of Secured Non Convertible Debentures of

₹ 100/- (Rupees One Hundred only) each, fully paid up - aggregating ₹ 319.69 crores - to the Financial Institutions/Banks by way of conversion of 50% of the Outstanding debt.

CHANGE OF NAME OF THE COMPANY

Pursuant to the approval of the shareholders accorded by way of Postal Ballot on September 3, 2010 the name of the company was changed from HFCL Infotel Limited to Quadrant Televentures Limited. Fresh Certificate of Incorporation in this regard was issued by the Registrar of Companies, Mumbai as of September 24, 2010.

CHANGE OF REGISTERED OFFICE OF THE COMPANY

Pursuant to the approval of the shareholders accorded by way of Postal Ballot on September 3, 2010, the Registered Office of the Company was shifted from Mumbai to Aurangabad within the state of Maharashtra.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORBTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Since the Company does not carry on any manufacturing activity, the provisions of Section 217(1) (e) of the Companies Act, 1956 relating to Conservation of Energy are not applicable. However, the Company is regularly taking 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 ₹ 136.76 million, which was on account of import of material, finance charges and travel expenses.

SHARE CAPITAL

The total issued, subscribed and paid up equity share capital of the company comprises of 612,260,268 equity shares of ₹ 10/- each, fully paid up aggregating ₹ 612.26 crores; the Equity Shares are listed on the Bombay Stock Exchange.

VOLUNTARY DELISTING OF THE SHARES OF THE COMPANY FROM MADRAS STOCK EXCHANGE

Pursuant to the application made by the Company for Voluntary Delisting of its equity share capital from the Madras Stock Exchange (MSE), the formal approval/ confirmation has been received from MSE on March 15, 2011. The Equity Shares of the Company are now listed only on the Bombay Stock Exchange (BSE).

DIRECTORS

The Board of Directors comprises of four independent directors viz. Mr. Babu Mohanlal Panchal, Mr. Yatinder Vir Singh, Mr. Viney Kumar (Nominee Director of IDBI Bank) and Mr. Vinay Kumar Monga. Mr. Rajesh Kandwal (Nominee Director of Life Insurance Corporation of India) resigned from the Board of Directors with effect from December 22, 2010.

In accordance with Section 260 of the Companies Act, 1956 read with Clause 104 of the Articles of Association of the Company, Mr. Babu Mohanlal Panchal retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Your Directors recommend his appointment at the forthcoming Annual General Meeting.

AUDITORS

M/s Khandelwal Jain & Co., Chartered Accountants, who were appointed as the Statutory Auditors of the Company in the 63rd Annual General Meeting of the company, hold office until the conclusion of the forthcoming Annual General Meeting. The Auditors have expressed their willingness to act as the statutory Auditors of the Company; the Company has received the requisite Certificate pursuant to Section 224(1B) of the Companies Act, 1956 from M/s Khandelwal Jain & Co. , regarding their eligibility for re-appointment . Your Directors therefore recommend the appointment of M/s Khandelwal Jain & Co. as the Statutory Auditors at the ensuing Annual General Meeting.

PARTICULARS OF EMPLOYEES

The details of employees 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, during the financial year 2010-11, is annexed as Annexure 'A' forms part of this Report.

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 March 31, 2011, 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 March 31, 2011 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 March 31, 2011 on a going concern basis.

SUBSIDIARY

The Company had promoted – Infotel Tower Infrastructure Private Limited – a Subsidiary Company in 2008, with the object of creating Infrastructure for telecom operations, manpower outsourcing and trading activities related to telecommunication operations. During the year, Infotel Tower Infrastructure Private Limited became a wholly owned subsidiary of the Company; Information on Infotel Tower Infrastructure Private Limited as required under Section 212 of the Companies Act, 1956 is provided in Annexure to this Report.

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 transferred the entire outstanding amounts to an Escrow Account maintained with Oriental Bank of Commerce. In respect of the request received from depositors from time to time, the Company has been making the payment of the amount of deposits out of the said Escrow Account. Certain amount of deposits which were unclaimed for a period of seven years have been transferred to the Investor Education and Protection Fund (IEPF) in terms of the provisions of section 205C of the Companies Act, 1956 out of said Escrow Account, as and they became due. The unclaimed amounts as at March 31, 2011 was ₹ 1.18 million.

AUDITORS' REPORT

The Statutory Auditors of the Company, M/s. Khandelwal Jain & Co., Chartered Accountants, have submitted Auditors' Report on the accounts of the Company for the accounting period ended March 31, 2011, which is self explanatory.

MANAGEMENT'S EXPLANATION TO THE AUDITORS' OBSERVATIONS:

Auditors Observation

As mentioned in Note 8(a) of schedule 22 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 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

Corporate Governance and Management Discussion and Analysis Reports as well as Corporate Governance Compliance Certificate are being presented as Annexure to this 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 programes 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.

ACKNOWLEDGEMENTS

Your Directors wish to express their gratitude for the wholehearted support received throughout the year from the Financial Institutions, Banks/Lenders 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

(Babu Mohanlal Panchal)	**(Yatinder Vir Singh)**
Director	**Director**

Place : Mohali
Date : August 10, 2011

Annexure 'A' to the Directors' Report

Statement of particulars of Employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956, as amended, read with the Companies (Particulars of Employees) rules, 1975 and forming part of the Directors Report for the year ended March 31, 2011.

A) Employed throughout the year and were in receipt of the remuneration in aggregate of not less than ₹ 60,00,000/- per annum

Name of the employee	Designation	Remuneration (₹)	Qualification	Experience (Years)	Date of Joining	Age (Years)	Designation and Last Employment
No Employee							

B) Employed for the part of the year and were in receipt of the remuneration at the rate not less than ₹ 5,00,000/- per month.

Name of the employee	Designation	Remuneration (₹)	Qualification	Experience (Years)	Date of Joining	Age (Years)	Designation and Last Employment
Surendra Lunia**	Chief Executive Officer**	2,861,150	B.Com, M.Com, CA, CS	25	15.04.2000	48	VP-Finance, South Asian Petrochem Ltd.
Vikash Agarwal**	Vice President (Corporate Finance)**	1,484,955	B.Com, M.Com, CA, CS, ICWA	15	06.02.2001	36	AVP-SREI International Finance Ltd.
Gurdial Singh**	Chief Operating Officer**	2,221,586	BE	19	02.12.2002	40	VP-SAB Infotech Ltd.
S S Nijjar**	Vice President**	977,205	B.Tech; M.Tech	34	01.04.2004	56	GM, MTNL
Tejvinder Singh***	GM (Operations)	1,032,453	BE	17	16.10.1996	41	Sr. Executive (Sales) Hatchison Max

** Ceased to hold office as on 09.04.2010

*** Ceased to hold office as on 01.04.2010

Notes:

1. Remuneration includes salary, allowances, value of perquisites, Company's contribution to Provident Fund and gratuity and leave encashment paid at the time of separation.
2. None of the employees above is a relative of any Director or Manager of the Company.
3. Nature of employment in all cases contractual.
4. None of the employees mentioned above had any shareholding in the Company till the date of cessation.

For and on behalf of the Board of Directors

Place: Mohali
Date : August 10, 2011

(Babu Mohanlal Panchal)
Director

(Yatinder Vir Singh)
Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDARY COMPANY

1.		Name of the Company	Infotel Tower Infrastructure Private Limited
2.		Financial Year ended on	31.03.2011
3.		Shares of the Subsidiary held by the Company on the above date	
	(a)	Number and Face Value	10,000 equity shares of ₹ 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 (₹)	
	(a)	dealt with in the accounts of the Holding Company for the year ended on March 31, 2011	(46,15,197)
	(b)	not dealt with in the accounts of the Holding Company for the year ended on March 31, 2011	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 (₹)	
	(a)	dealt with in the accounts of the Holding Company for the period ended March 31, 2010	(56,63,391)
	(b)	not dealt with in the accounts of the Holding Company for the period ended March 31, 2010	Nil

MANAGEMENT DISCUSSION & ANALYSIS REPORT

OVERVIEW

Quadrant Televentures Limited (Formerly HFCL Infotel Limited) is a Unified Access Services Licensee in the Punjab Telecom Circle, which comprises 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 UASL 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 the Punjab Telecom Circle. Apart from the UASL 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 Fixed Voice (Landline) services, DSL (Internet) services, Leased Line services, CDMA Mobile Services and GSM Mobile Services in the Punjab Telecom Circle.

As at March 31, 2011, the company had a total subscriber base of 17,64,129 telephony customers, including 1,89,988 fixed-line customers, 1,04,850 Broadband customers, 2,41,798 CDMA mobile customers and 12,27,493 GSM 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.

With the Company launching its GSM Services in March 2010 in Punjab Telecom Circle, there are now ten operators providing GSM mobile services in Punjab Telecom Circle. The GSM Services have been launched in a substantial part of the Circle over the last one year in the face of intense competition from the established Players who were already present and operating in the Circle.

Key Business and Financial highlights for the financial year ended March 31, 2011 are:

- The Broadband customer base has been increased by 20% to 1,04,850 (previous year 87,354).
- CDMA based mobile customers base has gone down by 7% to 2,41,798 (previous year 2,59,456).
- The Fixed Voice Subscriber base increased to 1,89,988 (previous year 1,54,743).
- GSM based Mobile Subscriber base stands at 12,27,493 (previous year 332).
- During the financial year 2010-11, the Company generated gross revenue of ₹ 2383.38 million, which is higher by 20% as compared to previous year.
- However owing to roll out expenses for the GSM Network, the Operating Profits (EBIDTA) reduced from ₹ 14.15 million in the previous year to ₹ (747.1) million.

INDUSTRY STRUCTURE

The Telecommunication Services Sector operates in a licensed and regulated environment. The sector can be classified in terms of segments for which the Government of India (GOI) issues licences:

- Access Operators – Offering Fixed line and Mobile Services.
- National Long Distance Operators – Inter-linking the Access Operators.
- International Long Distance Operators – Connecting the domestic operators (Access and National Long Distance) with operators in other countries.
- Other Value-added Services Providers – Internet Access Services including Internet Telephony, VSAT based services, Radio Paging Services, Public Mobile Radio Trunking Services, Global Mobile Personal Communications Services through Satellite.

The Government of India is empowered to decide on the policies that govern the Telecommunication Services Sector and issue licences to the private sector players. The Government plays these roles through the Department of Telecommunications (DOT) and the Telecom Commission, both functioning under the Ministry of Communications and Information Technology.

Apart from the above, the Telecom Regulatory Authority of India (TRAI), an autonomous body with quasi-judicial powers to regulate the Telecommunications Services was established in early 1997. The Act governing the establishment and role of TRAI was amended in 2000, pursuant to which TRAI's powers to adjudicate disputes have been vested in the Telecom Disputes Settlement Appellate Tribunal (TDSAT).

KEY INDUSTRY DEVELOPMENTS

Growth and Market Trends

Telecom Services – Industry Scenario

With the successfully concluded auctions of the 3G and BWA spectrum, this growth is set to become even more pronounced. Indian telecom network had 846.32 million connections as on March 31, 2011 (as against 621.8 million telecom subscribers as at March 31, 2010). With 811.59 million wireless connections, Indian telecom has become the second largest wireless network in the world after China. The future progress of telecom in our country is very encouraging. There is an addition of over 18 million connections per month which puts the telecom sector on strong footing.

The share of private sector in total telephone is 84.60%. Overall tele-density has reached 66.17%. Urban tele-density is about 148%, whereas rural teledensity is at 31.22% which is also steadily increasing. Broadband connections have also crossed 11 million connections.

The customer base of wireline has been overshadowed by the growth in mobile services mainly due to convenience of use of mobile set with features like telephony directory and SMS coupled with cheaper or more affordable tariffs.

Indian telecom market has still a huge untapped potential to grow further. With a large population yet to have access to telecommunication and teledensity still being 66.17% and rural tele-density at 31.22%, there is significant growth opportunity for the sector, especially in rural areas and 3G and BWA yet to make significant inroads. The rural market is expected to drive the next round of growth for the voicebased services while data services will create the much needed churn with in maturing urban markets. There is talk about one billion telephones in the country by 2015.

Broadband

It is necessary to increase the broadband connectivity for the knowledge-based society to grow quickly and for reaping the consequent economic benefits. The auction of 3G/BWA Spectrum has been successfully conducted. Newer Access technologies like BWA and 3G can significantly transform the character of internet/broadband scenario in India. Several policies have been announced and implemented to promote broadband in the country

Telecom sector is therefore expected to continue to grow mainly on account of the following factors:

- Need for increased coverage by network operators reaching out to untapped rural markets.
- Higher affordability through reduced tariffs and affordable handsets.
- Consistent growth of IT Services and IT enabled Services sector.
- Increasing operations of the Multinational Corporations in India and Indian Companies expanding overseas operations thereby necessitating integration with Global economy.
- Growing need by the Companies to organize their operations using ERPs and expansion their networks for SCM, CRM.
- Telecom Industry has witnessed a trend of voice traffic shifting from Fixedline networks to Mobile networks due to the below mentioned reasons:
    - Higher penetration of mobile telephony in view of increased competition and lower tariff leading to substitution of landlines in favour of Mobiles and voice traffic moving onto the mobile network..
    - Convenience of Mobility and the enhanced functionality of handsets which are personalized and easy to navigate. Rapidly changing consumption pattern are also having an impact on usage. Personal nature of the device supporting the increased individualism of our society.
    - Lower tariff for mobile voice calls as a result of
    - Falling equipment prices and increased capacities.
    - Advanced mobile network including 3G Services.
    - Intensifying competition among mobile operators.
    - Infrastructure sharing among operators.
    - Higher density of the mobile telephony with cheap STD rates resulting in tremendous drop in the walk-in traffic at PCO locations.

Going forward it is estimated that:

- The Fixed line subscriber base may decline to 35 million connections in 2013, while the broadband subscriber base is expected to increase to reach 16 million subscribers.
- Revenue from broadband services will significantly contribute to the overall growth of fixed line services in India, with growth of 25% from 2008 to 2013.

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.

- DoT had also issued guidelines for sharing of passive infrastructure except sharing of spectrum, where under sharing of passive infrastructure has been permitted to share Tower, Ducts and Nodes etc.
- Telecom Regulatory Authority of India (TRAI) had issued draft regulations for introduction of mobile number portability (MNP). The guidelines have highlighted subscribers' eligibility for porting – switching operators without changing number – as well as the rights, obligations and duties of operators – both donors and recipients which has come into effect w.e.f. January 2011.
- Pursuant to the auction of spectrum in 3G and BWA spectrum more lucrative services with new applications in mobile and BWA have been launched in metros and large cities and towns across India.
- TRAI had introduced the National Do Not Call (NDNC) Registry which had been introduced in 2008 by TRAI which has now been changed to "National Consumer Preference Register (NCPR)" and fresh regulations have been introduced; it is now in the process of final implementation. Till the implementation of the new NCPR Guidelines the earlier NDNC Guidelines would continue to operative.

Future Perspective

After being in the overdrive for the last one decade, the telecom sector has now come in the grip of strong competition. 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. Currently the industry is faced with high overheads and operating costs and continuously shrinking margins and increasing competition.

Mobile Number Portability (MNP)

The launch of MNP in January 2011, saw an intense competition between the various Telecom Players, especially the established players, in wooing the premium segment customers on the basis of offering better network and wider coverage as well as better value added services. 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.

Litigation pertaining to the allocation of 2G Licenses

Over the last one year the Telecom Industry has been rocked by litigations – in the nature of Public Interest Litigations (PILs) - filed in the Hon'ble Supreme Court of India challenging the very allotment of new Telecom Licenses by the Department of Telecommunications (DoT) in the year 2008. The petitions which were filed in the Hon'ble Supreme Court of India have rocked the telecom industry and have practically affected each and every member of the Telecom Industry including the well established PAN India operators who had been providing services over the last decade. The petitions have purportedly sought to question the very process and methodology of allotment of Telecom Licenses allotted by the DoT in 2008 as well as the purportedly low License Fee charged by DoT for the same. The Petitioners have sought to question the allocation of new Licenses at rates which were prevalent in the initial years during 2000 – 2003 thereby alleging heavy losses to the state exchequer by charging very low license fees – instead of adopting the auction route which was adopted by DoT in the allocation of 3G Spectrum to applicants in the recently conducted 3G auctions in 2010 – which brought in enormous Funds through the process of bidding. The low pricing of the 2G License was also alleged on account of the fact that some of the Licensees, sold substantial/part of the equity stake in the allottee Licensee company(ies) to overseas Telecom Players and/or Investors for unprecedented huge amounts which were manifold higher than the License Fees that was originally charged by the DoT.

The petitions have also sought to challenge the very process that was followed by the Telecom Ministry and the DoT in the allotment of Licenses.

The Petitions have sought the highest Court's intervention in the matter and have even sought for the cancellation of the Licenses allotted by DoT in 2008. The Telecom Industry has keenly contested the petitions for defending the Licenses and the Roll out done by them.

Consequently, under the instructions issued by the Hon'ble Supreme Court of India, the CBI has been entrusted with the task of determining whether any irregularities have been committed in the allocation of the Licenses and also in the method of allotment of Licenses; under the instructions issued by the Hon'ble Supreme Court of India, a dedicated special Court designated as the "Special CBI Court" has been set up to look into the irregularities committed in the allocation of Licenses and is working full time on a continuous daily basis routine to look into the allegations of irregularities, consider the findings of the CBI and to accord a hearing to all concerned persons who were connected with the allocation of Licenses or against whom a charge sheet has been filed by the CBI.

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, have now 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 and cities in 2011. Currently, about 3 million customers in India are using 3G services. All the major Telecom Operators are providing 3G Services in all major cities of the respective allotted circles in the country. 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.

Telecom Policy

A new Telecom policy is expected to be formulated by the year end; a lot of issues are expected to be sorted out including spectrum allocation, licensing, tariffs, pricing, spectrum sharing and trading, rollout obligations as well as mergers and acquisitions.

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. Realizing that mobile service is the largest growth opportunity and to corner a larger pie in the growing telecom market, the company had rolled out its GSM mobile services in March 2010. As of March 31, 2011 the company had over 12 lac GSM Mobile Subscribers.

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 topline growth and thereby, combat potential revenue stagnation and profitability pressures arising out of decline in tariffs and competition.

Threats

The competitive intensity in Punjab has always been very high; earlier only seven operators were offering their services in the area with all the seven operators offering mobile telephony services and four of these offering fixedline services as well.

Currently, there are almost – Ten Operators with Airtel, Vodafone, Idea, Tata (GSM and CDMA) and Reliance (GSM and CDMA) being already very well established in the Mobile Segment in the Punjab Circle.

High level of competition causes tremendous pressure on new customer acquisitions, retention of existing customers and tariffs.

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

OUTLOOK

The Company foresees high degree of competition in the years to come, especially in the mobile telephony segment. The Company during the financial year 2009-10 had expanded the wireless network footprint to most parts of Punjab. In terms of subscriber base, all existing mobile operators are showing a healthy growth pattern and no single major operators holds sway over the market.

Even the overall market for fixedline services – the Company's largest service stream – has witnessed considerable growth and the Management believes that the Company will sustain all round healthy growth in both the Wireline as well as the GSM/CDMA segments on account of following factors:

- The planned expansion of wireless services into Pan Punjab, at low incremental capital cost and low incremental operating cost will help improve the overall asset utilization and profitability ratios.
- The Company expects its subscriber base to grow faster as the mobile telephony segment is growing significantly faster than the fixedline segment.
- With equipment becoming cheaper in recent times, the Company has started offering very affordable tariff packages for broadband internet access services. Increasing demand for high-speed Internet access would be a key driver for the Company's copper based wireline service.

RISKS AND CONCERNS

As is the case with any infrastructure project, the Company is also exposed to a 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.

   As is the case for any other capital-intensive infrastructure business, the deployment of telecommunication services infrastructure entails significant capital expenditure, a substantial portion of which needs to be incurred before the realization of adequate revenues. As a result a lot of investment would go in before matching revenues are realized.

   Thus, the Company's operating results and financial condition depends, among other things, on timely securing of significant external financial resources at competitive rates to fund these requirements. Further, the envisaged fund requirement might also escalate upward due to variety of factors viz. slower uptake of services, stiff competition, change in regulatory scenario, technological up gradation requirements and delays in planned capital expenditure.

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, which mostly are recurring in nature viz. SACFA/WPC approval for frequency allocation, Right of Way for laying network cables, testing approval for interconnection with BSNL, TRAI approval for interconnection agreements and tariffs etc.

   Although, the Company has obtained all such approvals in the past and would continue to apply for these approvals pursuant to roll out schedule, such approvals may not be available in time or on favourable terms and conditions, which 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 upgrade its networks.

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 proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorized use or its disposition and that transactions are authorized, recorded and reported correctly. The Internal control is supplemented by an extensive internal audit, review by management and audit committee and 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 which conducts audit, reviews, evaluates and submits quarterly reports for review by the management and the Audit Committee at regular intervals.

The Internal Auditors reports continuously evaluate the Internal Control Systems and are considered by the Audit Committee for appropriate actions and corrections, wherever deemed 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 endeavour 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 by introducing the wireless mobile services under the brand name of "Ping". The Company has also launched its GSM based Mobile services on March 29, 2010 in Punjab Circle and has covered substantial ground.

The revenue from telecom service has increased from ₹ 1962.1 million in the previous year to ₹ 2360.5 million during the current year. However, the heavy network expenses incurred in the Roll out of GSM Services has impacted the Operating Profits, i.e. Earnings before Interest, Depreciation, Extra Ordinary Items and Tax which reduced from ₹ 14.1 million in the previous year to ₹ (747) million in the current year.

Revenue at a glance is as follows:

(₹ in millions)

Parameter	FY 2010-11	FY 2009-10
Unified Access Services	1474.3	1202.4
Internet Services	732.3	623.5
Interconnect Usage Charges	107.9	90.1
Infrastructure Services	46.0	46.1
Other Income	22.9	16.1
Total	**2383.4**	**1978.2**

FINANCIAL PERFORMANCE

Key Financial Indicators

Telecom Business

(₹ in millions)

Parameter	FY 2010-11	FY 2009-10
Revenue from Telephony Service	2360.5	1962.1
EBIDTA	(747.1)	14.1

On Gross Basis

(₹ in millions)

Parameter	FY 2010-11	FY 2009-10
Gross Income	2383.4	1978.2
Operating Profit	(747.1)	14.1
Loss after Tax	2236.7	206.4

Major Expenses at a glance are as follows:

(₹ in millions)

Parameter	FY 2010-11	FY 2009-10
Network Operations Expenditure	1978.6	1102.3
Personnel Cost	453.8	458.7
Sales and Marketing Expenditure	402.3	91.3
Administration and Other Expenditure	295.8	311.7
Finance Cost	278.7	(704.2)
Total	**3409.2**	**1259.8**

Share Capital

The Authorised Share Capital of the Company is ₹ 15000 million. Against this, the Paid-up Share Capital is ₹ 8371.03 million comprising of ₹ 6122.6 million by way of Equity Shares and ₹ 2248.45 million by way of Cumulative Redeemable Preference Shares. Pursuant to the Corporate Debt Restructuring Scheme (CDR Scheme) as approved by the Corporate Debt Restructuring Cell (CDR Cell) in August, 2009, the Company had issued fully paid up Cumulative Redeemable Preference Shares of ₹ 100/- each aggregating ₹ 1,590 million to the Lenders. The Company is now in the process of issuing the Secured Non Convertible Debentures of ₹ 100/- each aggregating ₹ 3,190 million to the Financial Institution/Banks by way of conversion of their outstanding loans to the company, in order to consolidate the financial position of the company and reduce the debt burden.

Secured Loans

The Secured Loans of the company have been decreased from ₹ 6,552.9 million on March 31, 2010 to ₹ 3,368.9 million as on March 31, 2011 in view of the Restructuring package approved by the Corporate debt Restructuring Package approved by the Corporate debt Restructuring Cell in 2009 The Secured Loans would decrease further once the Non-Convertible Debentures are allotted in accordance with the Corporate Debt Restructuring Package.

Unsecured Loans

The unsecured loans have increased from ₹ 1169.2 million as on March 31, 2010 to ₹ 2675.5 million as on March 31, 2011.

Fixed Assets

During the Financial year 2010-11, the net block has increased from ₹ 3,736.1 million as on March 31, 2010 to ₹ 4,912.7 million as on March 31, 2011. The Capital Work-in-Progress is ₹ 308.1 million on March 31, 2011 as compared to ₹ 843.1 million as on March 31, 2010.

Investments

The Company has a wholly owned subsidiary namely Infotel Tower Infrastructure private Limited. The Company has an investment of ₹ 1,00,000/- in 10,000 Equity shares of ₹ 10/- each at par in the said wholly owned subsidiary.

Current Liability

The Current liability and provisions of the company stood at ₹ 7,560.1 million on March 31, 2011 as compared to ₹ 4628.1 million as on March 31, 2010.

Current Assets

The current assets of the Company stood at ₹ 971.5 million as on March 31, 2011 as compared to ₹ 655.1 million as on March 31, 2010. These mainly include cash & bank balances, loans and advances and sundry Debtors.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCE

As the Company reorganizes to gain competitive edge, our human resources plays 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 a current manpower strength 552 as against 596 during the previous year — with an average age of employees being 35 years. The Company has a professionally qualified work force out of which more than 70% are professionals drawn from various fields including Engineers, MBA's, C.As/C.S.s etc.

Adopting new Human Resource Practices, We are destined to become employer of choice our endeavor to add value to our organization by:

1. Effectively managing and utilizing people.
2. Trying performance appraisal and compensation to competencies.
3. Developing competencies that enhance individual and organizational performance.
4. Increasing the innovation, creativity and flexibility necessary to enhance competitiveness.
5. Applying new approaches to 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 people. 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

This Report may contain forward looking statements, which may be identified by their use of words like 'plan', 'expects', 'will', 'believes', 'estimates' or other words with similar attributes. All statements that address the future expectations and projections including but not limited to the statement about the Company's strategy for growth, product development, market position, expenditures and financial results are forward looking statements.

Forward-looking statements are based on certain assumptions and expectations of future events and the Company cannot guarantee that these are accurate and that they will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any of hese forward looking statements on the basis of any subsequent developments, information and events.

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2010-11

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

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 a 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 of March 31, 2011 the Board of Directors of the Company consists of four non-executive, independent Directors as per 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.

The Directors, with their diverse knowledge, experience and expertise, bring in their independent judgment in the deliberations in the decisions of the Board.

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 in this respect made necessary disclosures.

Board of Directors as at 31.03.2011.

Name of the Directors	Joining w.e.f	Category	No. of other Directorships	Committee Memberships *	Committee Chairmanships *
Mr. Babu Mohanlal Panchal	09.04.2010	NED/ID	NIL	2	1
Mr. Yatinder Vir Singh	09.04.2010	NED/ID	1	2	0
Mr. Vinay Kumar Monga	09.04.2010	NED/ID	NIL	2	0
Mr. Viney Kumar (Nominee Director of IDBI Bank)	29.09.2009	NED/ID/ Nominee	2	1	0

Note:

**Includes Membership/Chairmanship in QUADRANT TELEVENTURES LIMITED (excludes Private Companies)*

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

[C-Chairman; NED–Non Executive Director; ID-Independent Director, NID-Non Independent Director; PD–Promoter Director]

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) Attendance at the Board Meetings/Annual General Meeting

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. The Company Secretary while preparing the Agenda Notes, Minutes of the meeting(s), is responsible for ensuring the compliance with the applicable laws and regulations including the Companies Act, 1956 read with the Rules issued there under and the Secretarial Standards recommended by the Institute of Company Secretaries of India.

Additional Board Meetings are held whenever required. During the financial year ended 31.03.2011, the Board met 8 times on the following dates viz. April 9, 2010, May 14, 2010, June 25, 2010, July 12, 2010, August 14, 2010, September 3, 2010, November 15, 2010 and February 12, 2011.

The 63rd Annual General Meeting of the shareholders was held on September 30, 2010.

Attendance at Board Meetings / AGM Financial Year - 2010-11				
S. No.	Name of the Director	No. of Board Meetings		Last AGM attended
		Held during the tenure	Attended	
1.	Mr. Babu Mohanlal Panchal*	8	8	Yes
2.	Mr. Yatinder Vir Singh	8	3	-
3.	Mr. Viney Kumar (Nominee of IDBI Bank Ltd)	8	8	-
4.	Mr. Vinay Kumar Monga	8	4	-
5.	Mr. Rajesh Kandwal	7	7	-
6.	Mr. M. P. Shukla**	1*	1	-
7.	Dr. Ranjeet Mal Kastia**	1*	1	-

* *Chairman of the Audit Committee*

** *Resigned on 09.04.2010*

(C) Information Placed before the Board

As required by the terms of Corporate Governance, following matters are regularly placed before the Board in addition to the matters, which statutorily require the Board's approval:

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;

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 requirement 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.

3. Committees of the Board

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 31.03.2011 , the Audit Committee comprises of the following members:

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

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with Stock Exchanges 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 Head of Finance are permanent invitees to the Committee Meetings. The quorum for the Audit Committee is two independent members. The Company Secretary is the convener of the Audit Committee Meetings.

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.
- Approval of payment to Statutory Auditors.
- Approval of appointment of the Cost Auditor.
- Approval of appointment of the 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, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, 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 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 non-payment of declared dividends) and creditors.

The Audit Committee has been mandatory authorized to review of 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;

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

April 9, 2010, May 14, 2010, June 25, 2010, July 12, 2010, August 14, 2010, November 15, 2010 and February 12, 2011.

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

Sr. No.	Name of the Members	No. of Meetings held during the tenure	No. of Meetings Attended
1.	Mr. Babu Mohanlal Panchal	7	7
2.	Mr. Yatinder Vir Singh	7	4
3.	Mr. Viney Kumar (Nominee of IDBI Bank)	7	7
4.	Mr. Vinay Kumar Monga	7	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 31.03.2011 the Remuneration Committee comprised of the following Non-Executive Directors:

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

The Committee is responsible for overseeing the following matters:

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.

(C) Share Transfer and Investors' Grievance Committee

There are two Committees viz. Share Transfer and Investors' Grievance Committee & Share Transfer In-house Committee to look into redressal of shareholders complaints in respect of transfer/ transmission/ transposition split of shares, issue of duplicate share certificates and non-receipt of dividend etc. and to oversee the performance of Registrar and Share Transfer Agent and recommends measures for overall improvement in quality of investor services etc.

Board level Committee, which is known as the Share Transfer and Investors' Grievance Committee (STIG), approves the transfer/ transmission/ transposition in excess of 5000 shares in each individual transaction; as of March 31, 2011 the STIG consisted of the following members:

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

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

This Committee meets on need basis to approve the share transfers/transmission above 5000 shares pertaining to any single shareholder as well as the issue of duplicate share certificates. However, in respect of the request received for "Loss of shares", only the STIG Committee is empowered to issue the duplicate share certificates.

During the year under review, the STIG Committee met once on November 9, 2010; the attendance of the Members at the meeting was as under:

Name of Member	No. of Meetings held during the year	No. of Meetings Attended
Mr. Babu Mohanlal Panchal	1	Nil
Mr. Yatinder Vir Singh	1	1
Mr. Vinay Kumar Monga	1	1

(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 fortnightly for the approval of transfer/ transmission/transposition/split of physical shares for quantities upto 5,000 shares for 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 fortnightly basis, apart from the redressal of shareholders' complaints.

As of March 31, 2011, the STIC consisted of the following members:

1. Mr. Babu Mohanlal Panchal
2. Mr. Yatinder Vir Singh
3. Mr. Vinay Kumar Monga
4. Mr. Sunil Jit Singh, Head (Finance) & Chief Financial Officer
5. Mr. Kapil Bhalla, Company Secretary & Manager u/s 269

The Share Transfer In-House Committee is empowered to approve transfer/ transmission/ transposition of up to 5000 shares for any single shareholder. A meeting of the Committee is held fortnightly. This Committee is not empowered to issue duplicate shares in case of loss of share certificate(s) but is only authorized to issue duplicate certificate(s) in cases where mutilated/ torn/ partially burnt original shares certificates. are surrendered to the Company.

During the year-ended March 31, 2011, 24 meetings of the Share Transfer In-House Committee were held.

(E) Sitting Fee paid to the Directors

The Company pays sitting fees to all the Non-Executive Directors at the rate of ₹ 5,000/- for each meeting of the Board and/or Committee (except for Share Transfer In-House Committee – for which no Sitting Fee is paid).

The details of Sitting Fees paid to Directors during the financial year 2010-11 was as under: -

Sr. No	Name of the Director	Sitting Fee Paid (₹)				Total Sitting Fee Paid
		Board Meeting	Audit Committee	Remuneration Committee	STIG Committee	
1.	Mr. Babu Mohanlal Panchal	40000	35000	Nil	Nil	75000
2	Mr. Yatinder Vir Singh	15000	20000	Nil	5000	40000
3	Mr. Viney Kumar (Nominee of IDBI Bank)	40000	35000	Nil	Nil	75000
4	Mr.Rajesh Kandwal	35000	Nil	Nil	Nil	35000
5.	Mr. Vinay Kumar Monga	20000	20000	Nil	5000	45000
6.	Mr. M. P. Shukla	5000	Nil	Nil	Nil	5000
7.	Mr. Ranjeet Mal Kastia	5000	Nil	Nil	Nil	5000

No other remuneration is paid to the Non-Executive Directors.

4. General Body Meetings

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

Year	AGM No.	Location	Date	Time
2007-2008	61st	B-71, Industrial Area, Phase-VII, Mohali	30.09.2008	12.00 Noon
2008-2009	62nd	B-71, Industrial Area, Phase-VII, Mohali	29.09.2009	12.00 Noon
2009-2010	63rd	Autocars Compound, Adalat Road, Aurangabad, 431 005, Maharashtra	30.09.2010	12.00 Noon

No Extraordinary General Meeting of the shareholders was held during 2010-11, however a postal ballot was conducted as per detail mentioned below:

Postal Ballot

In accordance with the provisions of Section 192A of the Companies Act 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules 2001 a Postal Ballot Notice dated July 27, 2010 was sent to all the shareholders of the Company for seeking their approval for the below mentioned matters:

1. Change of name of the Company from 'HFCL Infotel Limited' to "Quadrant Televentures Limited"

2. Alteration of Clause V of the Memorandum of Association by way of Re-classification of the existing 'Authorised Share capital';
3. Alteration of Article 5(a) of the Articles of Association consequent to alteration of the Authorised Share Capital Clause;
4. Issue of Cumulative Redeemable Preference Shares;
5. Issue of Secured Non-Convertible Debentures;
6. Creation of Charges u/s 293(1)(a) of the Companies Act, 1956 for securing the Non-convertible Debentures;
7. Shifting of Registered Office of the Company from Mumbai to Aurangabad within the state of Maharashtra.

Following was the voting pattern for the Postal Ballot:

Particulars	Number of Postal Ballot	Number of Shares
Total number of Postal Ballots Forms received	191	4,478,849,355
Number of invalid Postal Ballots Forms received	28	5,176
Number of Valid Postal Ballot Forms received	163	4,478,844,179
Votes in favour of the resolutions	163	4,478,844,179

The aforesaid result of the Postal Ballot was also made available on the website of the Company at www.infotelconnect.com and the same can still be viewed on the aforesaid site.

Special Resolutions

- In the Annual General Meeting held on September 30, 2008 a Special Resolution was passed for the allotment of Equity Shares to the Lenders pursuant to the conversion of Optionally Fully Convertible Debentures (OFCDs) into Equity Shares, at par, pursuant to the Revised CDR Package approved by the Corporate Debt Restructuring (CDR) Cell.
- In the Annual General meeting held on September 29, 2009 no Special Resolution was passed.
- In the Annual General meeting held on September 30, 2010 no Special Resolution was passed.

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) 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.infotelconnect.com

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 under Companies Act, 1956 to this effect which 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 2010-11.

c) Risk Management

The Company has adequate internal control systems in place and exercise various risk-mitigating measures. The Company has formed a detailed policy framework for risk assessment and risk management.

d) 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.

e) Secretarial Audit

A qualified practicing Company Secretary carries out secretarial audit 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 capital. The secretarial 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.

f) 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.

6. Whistle Blower Policy

Whistle Blower Policy was adopted by the company w.e.f. May 14, 2007, to receive and investigate the complaints under the Whistle Blower Policy. As at March 31, 2011 Mr. P.D.S. Bajwa, Business Head is responsible for carrying out a comprehensive, neutral and fair investigation into the matters reported, if any. The policy was circulated to all the employees of the Company .

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 Exchanges immediately. Press releases are also issued simultaneously.

b) The Company's official website www.infotelconnect.com. 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 to the Stock Exchanges 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. The Management Discussion and Analysis (MD&A) Report forms part of the Annual Report.

e) Annual Report, Quarterly Results, Shareholding Pattern, etc of the Company as on March 31, 2011. were also posted on the website of the Company www.infotelconnect.com

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

b) 64th Annual General Meeting

The 64th Annual General Meeting of the Company is proposed to be held in the end of September .The Exact date, time and venue shall be intimated separately by way of the Notice of Annual General Meeting.

c) Financial Year and Financial Calendar

Financial Year : 1st April to 31st March

d) Financial Calendar of the Company (Tentative)

Results for the Qtr ending June 30, 2011	Second week of August, 2011
Results for the Qtr ending September 30, 2011	Second week of November 2011
Results for the Qtr ending December 31, 2011	Second week of February 2012
Results for the year ending March 31, 2012 (un-audited)	In the last week of May 2012
Annual General Meeting	In September, 2012

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 April 1, 2010 to March 31, 2011.

f) Dividend payment date :

The Board has not recommended any dividend for the financial year 2010-11

g) Registered Office

The Registered Office of the Company is situated at:
Autocars Compound,
Adalat Road,
Aurangabad – 431 005
Maharashtra
E-mail: secretarial@infotelconnect.com

h) Listing of Equity Shares on Stock Exchanges

Company's shares are listed on Bombay Stock Exchange

Pursuant to the application for Voluntary Delisting made by the Company for Delisting of the shares from the Madras Stock Exchange, (MSE), MSE had vide its letter dated March 15, 2011 had accorded its consent/confirmation for Voluntary Delisting of Company's shares w.e.f. 15.03.2011.

As at March 31, 2011, the subscribed and issued equity share capital of the Company consists of 61,22,60,268 equity shares of ₹ 10/- each. The Equity Shares of the Company are Listed on the Bombay Stock Exchange (BSE).

The requisite Listing Fee have been paid by the Company up to 31.03.2012 to the Stock Exchange(s) where shares of the Company are listed. Listing Fee is not paid to Madras Stock Exchange (MSE) as the shares were voluntarily delisted from MSE w.e.f.15.03.11. .

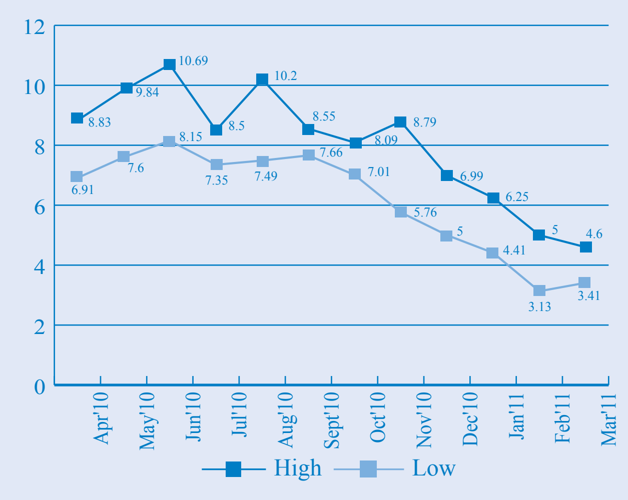
i) Stock Code

- The Stock Exchange, Mumbai – 511116

j) Stock Price Data

The reported high and low closing prices of the Company's shares traded during the fiscal 2010-2011 on the Bombay Stock Exchange are given below:

Month	High	Low
Apr'10	8.83	6.91
May'10	9.84	7.60
Jun'10	10.69	8.15
Jul'10	8.50	7.35
Aug'10	10.20	7.49
Sept'10	8.55	7.66
Oct'10	8.09	7.01
Nov'10	8.79	5.76
Dec'10	6.99	5.00
Jan'11	6.25	4.41
Feb'11	5.00	3.13
Mar'11	4.60	3.41



k. Registrar and Share Transfer Agents

All Securities transfer work, both in physical and demat segments are handled by M/s. Cameo Corporate Services Ltd., Chennai, who are the Registrar & Share Transfer Agents of the Company for all aspects of investor servicing relating to shares.

l. Registrars for Public Deposits

M/s. Cameo Corporate Services Ltd., Chennai are the Registrars to handle all Public Deposit unclaimed funds due to be transferred to the Central Government fund Investor Education Protection Fund (IEPF) after the expiry of the stipulated period of seven years from the date of maturity and provide service to the deposit holders in this regard.

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 a period of 21 days from the date of receipt of the documents, provided all 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 March 31, 2011

Shareholding of Nominal Value	Shareholders		Shareholding	
₹	Number	% of total	₹	% of total
10 - 5000	11431	67.8276	21238870	0.3468
5001 - 10000	2249	13.3448	20008620	0.3267
10001 - 20000	1294	7.6781	21187730	0.3460
20001 - 30000	464	2.7532	12399360	0.2025
30001 - 40000	221	1.3113	8170260	0.1334
40001 - 50000	326	1.9343	15845800	0.2588
50001 - 100000	464	2.7532	36850890	0.6018
100001 & Above	404	2.3971	5986901150	97.7835
Total	**16853**	**100.0000**	**6122602680**	**100.0000**

Shareholding Pattern as on March 31, 2011

	Category of shareholders	No. of Share-holders	Total no. of shares	Shares in demat	Total Shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					as a % of (A+B)	as a % of (A+B+C)	Number of shares	As a %(IX) = (VIII)/(IV)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
A	**SHAREHOLDING OF PROMOTER AND PROMOTER GROUP**							
1	INDIAN BODIES CORPORATE	1	326705000	326705000	53.3604	53.3604	218704937	66.9426
2	FOREIGN	0	0	0	0	0	0	0
	TOTAL SHARE HOLDING OF PROMOTER AND PROMOTER GROUP (A)=(A)(1)+(A)(2)	**1**	**326705000**	**326705000**	**53.3604**	**53.3604**	**218704937**	**66.9426**
B	PUBLIC SHAREHOLDING							
1	INSTITUTIONS							
a.	MUTUL FUND/UTI	0	0	0	0	0	N.A.	N.A.
b.	FINANCIAL INSTITUTION/ BANKS	8	181513847	181513847	29.6465	29.6465	N.A.	N.A.
c.	FOREIGN INSTITUTIONAL INVESTORS	1	125000	125000	0.0204	0.0204	N.A.	N.A.
	SUB - TOTAL (B)(1)	**9**	**181638847**	**181638847**	**29.6669**	**29.6669**	**N.A.**	**N.A.**
2	NON-INSTITUTIONS							
a.	BODIES CORPORATE	446	79973864	75457555	13.0620	13.0620	N.A.	N.A.
b.	INDIVIDUALS							
	I - INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL UPTO ₹ 1 LAKH	15648	11928012	11276886	1.9481	1.9481	N.A.	N.A.
	II - INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL IN EXCESS OF ₹ 1 LAKH	267	10392592	10392592	1.6974	1.6974	N.A.	N.A.
	ANY OTHER							
c.	- CLEARING MEMBERS	20	24194	24194	0.0039	0.0039	N.A.	N.A.
	- HINDU UNDIVIDED FAMILIES	371	1372932	1372932	0.2242	0.2242	N.A.	N.A.
	- NON-RESIDENT INDIANS	89	213752	211262	0.0349	0.0349	N.A.	N.A.
	- OVERSEAS CORPORATE BODIES	2	11075	8300	0.0018	0.0018	N.A.	N.A.
		482	1621953	1616688	0.2648	0.2648	N.A.	N.A.
	SUB - TOTAL (B)(2)	**16843**	**103916421**	**98743721**	**16.9725**	**16.9725**	**N.A.**	**N.A.**
	TOTAL PUBLIC SHAREHOLDING (B)=(B)(1)+(B)(2)	16852	285555268	280382568	46.6394	46.6394	N.A.	N.A.
	TOTAL (A)+(B)	**16853**	**612260268**	**607087568**	**100**	**100**	**218704937**	**35.7209**
C	**SHARES HELD BY CUSTODIANS AND AGAINST WHICH DEPOSITORY RECEIPTS HAVE BEEN ISSUED**	0	0	0	0	0		
	GRAND TOTAL (A)+(B)+(C)	**16853**	**612260268**	**607087568**	**100**	**100**	**218704937**	**35.7209**

Top Ten Shareholders of the Company as on 31.03.2011

Sr. No.	Name of the Shareholders	Number of shares	% of total Shareholdings
1	QUADRANT ENTERPRISES PRIVATE LIMITED	326705000	53.3604
2	IDBI BANK LTD	118271641	19.3172
3	ORIENTAL BANK OF COMMERCE	37177832	6.0721
4	MANTU HOUSING PROJECTS LTD.	20000000	3.2665
5	MASITIA CAPITAL SERVICES LTD.	13015565	2.1258
6	ING VYSYA BANK LIMITED	11871038	1.9388
7	LIFE INSURANCE CORPORATION OF INDIA	10772205	1.7594
8	MOOLSONS HOLDINGS PRIVATE LIMITED	8296559	1.3550
9	MADAN LAL LIMITED	5079432	0.8296
10	PRAGYA MERCANTILE P. LTD.	5078006	0.8293

o) Dematerialization of Shares

As on March 31, 2011, 99.16% of the issued Equity Share Capital of the Company is held in dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited.

p) Unclaimed Dividends

As of March 31, 2011, 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

q) Outstanding GDR/ADR or Warrants

As on date there are no Global Depository Receipts (GDR), American Depository Receipts (ADR) 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 June 24, 2005) held by LIC and SBOP would be redeemable at par, after the full settlement of dues to term lenders on March 31, 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)
E-mail: cameo@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.

Any query on Annual Report
The Company Secretary
QUADRANT TELEVENTURES LIMITED
(Formerly HFCL Infotel Limited)
Autocars Compound,
Adalat Road,
Aurangabad – 431 005
Maharashtra
E-mail: secretarial@infotelconnect.com

t) Cost Audit

In compliance with the Cost Audit Order No. F. No. 52/26/CAB-2010 dated May 2, 2011 passed by the Ministry of Corporate Affairs (Cost Audit Branch) providing for the Cost Audit of Cost Accounting records of a Telecom Company having an Aggregate Net worth exceeding Rs. 5 Crores or Annual Turnover exceeding Rs. 20 Crores in the immediately preceding financial year or which is LISTED on any Stock Exchange, the Company has appointed M/s Sanjay Gupta & Associates, Cost Accountants as Cost Auditors of the Company for the Financial Year 2011-12.

u) Compliance Officer

Mr. Kapil Bhalla, Company Secretary, is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchanges in India.

v) Website: http://www.infotelconnect.com

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

x) 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 May 14, 2007.

y) Shares/Convertible Instruments held by Non-Executive Directors: NIL

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchange (s), 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 March 31, 2011.

Place: Mohali
Date: August 10, 2011

Kapil Bhalla
Company Secretary & Manager
U/s 269 of the Companies Act, 1956

CEO/CFO CERTIFICATION

To,

August 10, 2011

The Board of Directors
Quadrant Televentures Limited

Compliance Certificate by the Manager and the Chief Financial Officer (CFO) under Corporate Governance pursuant to the revised Clause 49 of Listing Agreement.

We, Kapil Bhalla, Company Secretary & Manager appointed in terms of the Companies Act, 1956 and Sunil Jit Singh, 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

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

(Sunil Jit Singh)
Chief Financial Officer

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

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 March 31, 2011, as stipulated in Clause 49 of the Listing Agreement (s) of the said Company with the Stock Exchange (s).

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 not 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, subject to the laying down of detailed format framework for risk assessment and minimization procedure by the Company in process, 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: August 10, 2011
Place: Chandigarh

AUDITORS' REPORT

To
THE MEMBERS OF
QUADRANT TELEVENTURES LIMITED
(Formerly known as HFCL Infotel Limited)

1. We have audited the attached Balance Sheet of **QUADRANT TELEVENTURES LIMITED** (Formerly known as HFCL Infotel Limited) ('the Company') as at 31st March, 2011, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.

4. Without qualifying our opinion we draw attention to note 1 (c) of Schedule 21 to the financial statements. The Company has incurred a loss of ₹ 2,236,667,344 during the year (accumulated loss of ₹ 13,636,994,938) resulting into erosion of its net worth, and has a net current liabilities of ₹ 6,588,544,442 as at March 31, 2011. 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.

5. As mentioned in Note 8 (a) of schedule 22 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.

6. Further to our comments in the Annexure referred to above paragraph, we report that:-

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

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

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

   d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.

   e) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on above date from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

   f) Subject to matter stated in paragraph 5 above consequential effect whereof is not ascertainable in our opinion and to the best of our information and according to the explanations given to us, said accounts read together with the significant accounting policies and the notes thereon, give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;

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

      (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

(Akash Shinghal)
Partner
Membership No. 103490

Place: Mohali
Dated: May 30, 2011

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of the Auditors' Report of even date to the Members of **QUADRANT TELEVENTURES LIMITED** (Formerly known as HFCL Infotel Limited) on the accounts for the year ended 31st March, 2011;

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situations of 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) During the year, the Company has not disposed off any substantial part of the fixed assets.

(ii) (a) As per the information furnished, the Inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, having regard to the nature and location of stocks, the frequency of physical verification is reasonable.

(b) In our opinion, and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of Inventory and no material discrepancies were noticed on such physical verification.

(iii) (a) As per the information furnished, the Company has not granted any loans, secured or unsecured to companies, firms and other parties covered 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) As per the information furnished, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, Clause 4 (iii) (e), (f) and (g) of the said Order is not applicable.

(iv) In our opinion and according to information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services.

(v) (a) Based on the audit procedure 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 needed to be entered into the register 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 the size of the Company and nature of its business.

(viii) The Central Government has prescribed maintenance of the cost records under section 209(1) (d) of the Companies Act, 1956 in respect of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records.

(ix) (a) According to the information and explanations given to us and records examined by us, the Company is regular in depositing undisputed statutory dues with the appropriate authorities in respect of provident fund, employees' state insurance, income tax deduced 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 2011 for period of more than six months from the date they become payable.

(b) According to the records of the company, 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 (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	11,837,921	2000-01	Income Tax Appellate Tribunal

(x) The accumulated loss of the Company as at March 31, 2011, 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) According to the information and explanations given to us and records examined by us, during the year the Company has delayed interest payment to financial institution or banks in respect of the following:-

Name of the Lender	Nature of the Dues	Period of Default / Delays	Maximum Overdue during the year
IDBI Bank	Interest	April 2010 to June 2010	3,599,486
ING VYASA Bank	Interest	April 2010 to June 2010	269,890
LIC of India	Interest	April 2010 to June 2010	674,744
Oriental Bank of Commerce	Interest	April 2010 to June 2010	674,744
State Bank of Patiala	Interest	April 2010 to June 2010	226,633

There is no over dues amounts as at Balance Sheet date.

(xii) Based on our examination of the records and information and explanations given to us, the Company has not granted any 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 not issued any debentures during the year.

(xx) The Company has not raised any money by public issue during the year ended March 31, 2011.

(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.**
Firm Registration No. 105049W
Chartered Accountants,

Akash Shinghal
Partner
Membership No. 103490

Place: Mohali
Dated: May 30, 2011

BALANCE SHEET AS AT MARCH 31, 2011

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

Particulars	Schedule No.	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Fund			
Share Capital	1	8,371,056,980	6,772,602,680
Reserves and Surplus	2	68,566,508	68,566,508
		8,439,623,488	**6,841,169,188**
Loan Funds			
Secured Loans	3	3,368,891,675	6,552,851,534
Unsecured Loans	4	2,675,475,986	1,169,129,573
		6,044,367,661	**7,721,981,108**
		14,483,991,149	**14,563,150,296**
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		11,128,957,152	9,200,296,933
Less: Accumulated Depreciation		(6,216,293,910)	(5,464,151,789)
Net Block		**4,912,663,242**	**3,736,145,144**
Capital Work-in-Progress (Includes Capital Advances for ₹ 2,677,951) (March 31, 2010 - ₹ 1,242,075)		308,104,352	843,114,772
		5,220,767,594	**4,579,259,916**
Intangible Assets (Net)	6	2,214,673,059	2,556,504,636
Investments	7	100,000	99,800
Current Assets, Loans and Advances			
Inventory	8	23,088,275	24,064,756
Sundry Debtors	9	496,182,206	278,160,277
Cash and Bank Balances	10	85,842,714	123,913,620
Other Current Assets	11	5,431,866	18,403,747
Loans and Advances	12	360,987,646	210,584,447
		971,532,707	**655,126,847**
Less: Current Liabilities and Provisions	13		
Current Liabilities		7,518,262,213	4,597,301,495
Provisions		41,814,936	30,867,002
		7,560,077,149	**4,628,168,497**
Net Current Liabilities		**6,588,544,442**	**3,973,041,650**
Profit and Loss Account		13,636,994,938	11,400,327,594
		14,483,991,149	**14,563,150,296**
Significant Accounting Policies	21		
Notes to Financial Statements	22		

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

As per our report of even date

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

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
Manager & Company Secretary

Sunil Jit Singh
Chief Financial Officer

Place : Mohali
Date : May 30, 2011

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

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

Particulars	Schedule No.	For the Year ended March, 31, 2011	For the year ended March 31, 2010
Income			
Service Revenue	14	2,360,512,178	1,962,089,496
Other Income	15	22,869,159	16,071,573
		2,383,381,337	**1,978,161,069**
Expenditure			
Network Operation Expenditure	16	1,978,564,028	1,102,277,739
Personnel Expenditure	17	453,784,056	458,710,043
Sales and Marketing Expenditure	18	402,311,104	91,314,662
Administrative and Other Expenditure	19	295,814,865	311,710,620
		3,130,474,053	**1,964,013,064**
Operating Profit for the Year before Finance Charges, Depreciation, Amortisation and Loss/ (Gain) on Sold/ Discarded Fixed Assets		**(747,092,716)**	**14,148,005**
Loss/(Gain) on sale and Discarded of Fixed Assets		(24,752,278)	4,699,286
Finance Charges	20	278,671,018	(704,235,671)
Foreign exchange Loss/(Gain)		(457,523)	(34,614,221)
Depreciation	6	880,793,873	799,778,815
Amortisation	7	349,445,815	150,386,418
Loss for the Year before Prior Year Expenditure and Tax		**2,230,793,621**	**201,866,622**
Prior Period Expenditure (Net)		5,873,723	4,580,702
Loss for the Year		**2,236,667,344**	**206,447,324**
Loss brought forward from previous year		**11,400,327,594**	**11,193,880,270**
Loss carried to the Balance Sheet		**13,636,994,938**	**11,400,327,594**
Loss per share (equity shares, par value of ₹ 10 each)	22, Note 16		
Basic (in ₹)		3.65	0.35
Diluted (in ₹)		3.65	0.35
Weighted average number of shares used in computing earnings per share			
Basic		612,260,268	588,970,335
Diluted		612,260,268	588,970,335
Significant Accounting Policies	21		
Notes to Financial Statements	22		

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

As per our report of even date
For Khandelwal Jain & Co.
Firm registration No.: 105049W
Chartered Accountants

Akash Shinghal
Partner
Membership No. 103490

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

Yatinder Vir Singh
Director

Babu Mohanlal Panchal
Director

Kapil Bhalla
Manager & Company Secretary

Sunil Jit Singh
Chief Financial Officer

Place : Mohali
Date : May 30, 2011

SCHEDULES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

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

Particulars	As at March 31, 2011	As at March 31, 2010
Schedule 1: Share Capital [Refer Schedule 22, Note 7]		
Authorised:		
1,200,000,000 (March 31, 2010 - 1,300,000,000) equity shares of ₹ 10 each (March 31, 2010 - ₹ 10 each)	12,000,000,000	13,000,000,000
30,000,000 (March 31, 2010 - 20,000,000) 2% preference shares of ₹ 100 each (March 31, 2010 - ₹ 100 each)	3,000,000,000	2,000,000,000
	15,000,000,000	**15,000,000,000**
Issued, Subscribed and Paid up		
612,260,268 (March 31, 2010 - 612,260,268) equity shares of ₹ 10 each (March 31, 2010 - ₹ 10 each) fully paid.	6,122,602,680	6,122,602,680
6,500,000 (March 31, 2010 - 6,500,000) fully paid 2% cumulative redeemable preference shares ('CRPS') of ₹ 100 each	650,000,000	650,000,000
15,984,543 (March 31, 2010 - Nil) fully paid 2% cumulative redeemable preference shares ('CRPS') of ₹ 100 each	1,598,454,300	-
	8,371,056,980	**6,772,602,680**

(a) Of the above:

(i) 490,750 (March 31, 2010 - 490,750) equity shares of ₹ 10 each, were allotted as fully paid bonus shares in the earlier years by way of capitalisation of reserves.

(ii) 326,705,000 (March 31, 2010 - NIL) equity shares are held by Quadrant Enterprises Private Limited (Holding Company); these shares were erlier held by Himachal Futuristic Communications Limited (erstwhile Holding Company)

(iii) 83,070,088 equity shares of ₹ 10 each were allotted on October 16, 2004, pursuant to the Corporate Debt Restructuring ('CDR') Scheme. [Refer Schedule 22, Note 1 (c)]

Out of these, 63,373,110 equity shares of ₹ 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 ₹ 10 each to Oriental Bank of Commerce ('OBC') and ING Vysya Bank Limited ('ING'), respectively, at a premium of ₹ 0.50 per equity share as per provisions of applicable law.

(iv) 8,67,43,116 equity shares of ₹ 10/- each were issued on July 08, 2009 after obtaining in principle approval from the BSE and 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 Schedule 22, Note 1(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, 2010 - 432,000,250) equity shares of ₹ 10 each issued for consideration other than cash pursuant to the amalgamation of erestwhile HFCL Infotel Limited with the Company.

(ii) 1,730,814 equity shares of ₹ 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, 2010 - 6,500,000) 7.5% CRPS were allotted on October 16, 2004, pursuant to the CDR Scheme [Refer Schedule 22, Note 1(c)], where under the specified part of the amount due to CRPS Holder by the Company was converted into 7.5% CRPS redeemable after the repayment of Rupee Term Loan (i.e. July 1, 2013). As per the CDR Scheme , prior approval of the lenders would be required to declare dividend on 7.5% 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% from 7.5% with effect from date of issuance of CRPS. Due to accumulated losses provision for dividend is not required.

(ii) 159,84,543 2% Cumulative Redeemable Preference Shares of ₹ 100/- fully paid up, aggregating upto ₹ 1,598,454,300 were allotted on November 9, 2010 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 over a period of four years commencing from April 1, 2021.

SCHEDULES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

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

Particulars	As at March 31, 2011	As at March 31, 2010
Schedule 2: Reserves and Surplus		
Capital Reserve	34,032,776	34,032,776
Securities Premium [Refer Note (a), (b) & (c) below]	22,633,732	22,633,732
Statutory Reserve [Refer Note (d) below]	11,900,000	11,900,000
	68,566,508	**68,566,508**

(a) Securities premium includes an amount of ₹ 9,848,489 received on allotment of 19,696,978 equity shares of ₹ 10 each on October 16, 2004 at a premium of ₹ 0.50 per equity share [Refer Schedule 1, Note (a) (iii)]

(b) During the year 2006, in accordance with the CDR Scheme [Refer Schedule 21, Note 1(c)], the Company had provided for the premium on Zero % Optionally Fully Convertible Debentures (OFCDs) and has utilised the securities premium to that extent.

(c) During the year 2007-08, the Company based on the lenders confirmation has written back the securities premium of ₹ 13,110,587

(d) As more fully discussed in Schedule 21, Note 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 Schedule 23, Note 20, the Company has surrendered its CoR with the Reserve Bank of India ('RBI'). As a condition for the cancellation of the CoR, the RBI has advised the Company to follow certain strictures till the balance in the escrow account is settled.

Particulars	As at March 31, 2011	As at March 31, 2010
Schedule 3 : Secured Loans [Refer Schedule 22, Note 8]		
Term Loans		
From Financial Institution	-	792,501,704
From Banks	-	5,601,344,471
Loan Convertible in to Non-Convertible Debentures as per CDR [Refer Note 22, Note 8 (a)]		-
From Financial Institution	396,233,192	-
From Banks	2,800,675,852	-
Vehicle loans	351,802	1,341,082
Bank overdraft	171,630,829	157,664,277
	3,368,891,675	**6,552,851,534**
Vehicle Loan repayable within one year ₹ 300,060 (March 31, 2010 ₹ 968,255)		
Schedule 4: Unsecured Loans [Refer Schedule 22, Note 9]		
Zero % Non-Convertible Debentures ('NCDs') (erstwhile OFCDs) (others)	166,776,100	166,776,100
Buyers Credit Facility (Loan from foreign bank)	-	92,153,587
Other Loans	2,508,699,886	910,199,886
	2,675,475,986	**1,169,129,573**

Amounts repayable within one year - Buyer Credit Facility (Loan from foreign bank) NIL(March 31,2010 - 92,153,587)

SCHEDULES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

Schedule 5: Fixed Assets [Refer Schedule 22, Note 10]

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2010	Additions during the period	Sale/ Adjustment during the period	As at March 31, 2011	As at April 1, 2010	Depreciation for the period	On Sale/ Adjustment	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Land - Freehold	16,142,623	-	-	16,142,623	-			-	16,142,623	16,142,623
Land - Leasehold	8,896,419	-	-	8,896,419	1,016,828	92,160		1,108,989	7,787,430	7,879,591
Building	185,256,269	3,933,348	-	189,189,617	32,228,865	3,660,337		35,889,202	153,300,415	153,027,404
Leasehold Improvements	75,761,643	2,948,667	-	78,710,310	58,289,638	6,755,861		65,045,499	13,664,812	17,472,005
Network Equipment	3,475,725,159	1,852,864,497	16,813,343	5,311,776,314	2,146,308,942	450,726,594	14,632,037	2,582,403,499	2,729,372,814	1,329,416,217
Optical Fibre Cable and Copper Cable	4,373,778,679	133,512,294	105,800	4,507,185,172	2,387,449,782	315,645,236	9,952	2,703,085,066	1,804,100,106	1,986,328,897
Telephone Instruments at Customers Premises	721,772,654	58,390,381	107,313,666	672,849,370	556,082,128	76,748,381	101,088,283	531,742,226	141,107,144	165,690,526
Computers	237,682,545	6,074,311	6,883,016	236,873,840	195,601,413	18,302,466	6,856,857	207,047,022	29,826,818	42,081,132
Office Equipment	42,976,358	6,998,903	1,361,543	48,613,718	31,538,947	5,180,732	950,377	35,769,302	12,844,416	11,437,411
Furniture and Fixture	39,993,840	2,431,148	699,082	41,725,906	36,500,371	2,279,054	698,315	38,081,111	3,644,795	3,493,469
Vehicles	22,310,744	-	5,316,882	16,993,862	19,134,875	1,403,052	4,415,930	16,121,997	871,865	3,175,869
T O T A L	**9,200,296,933**	**2,067,153,549**	**138,493,332**	**11,128,957,152**	**5,464,151,789**	**880,793,874**	**128,651,752**	**6,216,293,910**	**4,912,663,240**	**3,736,145,144**
Previous Year ended March 31, 2010.	9,055,888,326	339,646,389	195,237,782	9,200,296,933	4,839,363,053	799,778,815	174,990,079	5,464,151,789		

Schedule 6: Intangible Assets

ASSETS	GROSS BLOCK				AMORTISATION				NET BLOCK	
	As at April 1, 2010	Additions during the period	Sale/ Adjustment during the period	As at March 31, 2011	As at April 1, 2010	Amortisation for the period	On Sale/ Adjustment	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Billing and Allied Software	-			-	-			-	-	-
Computer Software	181,710,691	7,614,238	-	189,324,929	162,389,903	11,094,141	-	173,484,044	15,840,885	19,320,788
Licence Entry Fees	2,352,658,603	-	-	2,352,658,603	1,331,312,045	136,055,290	-	1,467,367,334	885,291,269	1,021,346,558
Licence Entry Fees GSM [Refer Schedule 21, Note 1(b)]	1,517,500,000	-	-	1,517,500,000	1,662,710	202,296,384	-	203,959,094	1,313,540,906	1,515,837,290
T O T A L	**4,051,869,294**	**7,614,238**	**-**	**4,059,483,532**	**1,495,364,658**	**349,445,815**	**-**	**1,844,810,473**	**2,214,673,059**	**2,556,504,636**
Previous Year ended March 31, 2010.	4,045,651,778	6,217,516	-	4,051,869,294	1,344,978,240	150,386,418	-	1,495,364,658		

SCHEDULES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

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

Particulars	As at March 31, 2011	As at March 31, 2010
Schedule 7 : Investments (Non-Trade - Long term) [Refer Schedule 22, Note 11]		
Subsidiary Company		
Long Term (at cost)		
10,000 [March 31, 2010 - 9,980] equity shares of ₹ 10 each fully paid in Infotel Tower Infrastructure Private Limited	100,000	99,800
	100,000	**99,800**

Note:

a) During the year ended March 31, 2009, the Company has incorporated one wholly owned Subsidiary Company, Infotel Tower Infrastructure Private Limited with an Investment of ₹ 99,800 During the year the Company has acquired beneficial interest in the remaining 20 equity shares which were earlier held by the subscribers to the Memorandum of Association; declaration of beneficial Interest in the said shares has been duly filed with the Registrar of Companies. Consequently, the Company now holds 100% of the issued equity share capital in the subsidiary company.

Schedule 8 : Inventory [Refer Schedule 22, Note 13]		
Inventory held for installation and maintenance of network	23,088,275	24,064,756
	23,088,275	**24,064,756**

Schedule 9 : Sundry Debtors		
Outstanding for a period exceeding six months:		
Secured and Considered Good	23,274,697	4,431,908
Unsecured and Considered Doubtful	142,863,813	144,818,316
Others		
Secured and Considered Good	144,287,804	6,335,907
Unsecured and Considered Good	328,620,005	267,392,462
Unsecured and Considered Doubtful	9,745,795	9,210,427
	648,792,114	**432,189,020**
Less: Provision for Doubtful Debts	152,609,908	154,028,743
	496,182,206	**278,160,277**

Notes:

a) Debtors are secured to the extent of deposit received from the subscribers.

b) Includes ₹ 83,158,703 (March 31, 2010 - ₹ 88,871,045) of unbilled revenues, the invoices for which have been raised subsequent to March 31, 2011 [Refer Schedule 21, Note 2.11]

Schedule 10 : Cash and Bank Balances		
Cash in Hand	13,812,926	2,340,516
Cheques in Hand	9,209,626	14,493,617
Balances with Scheduled Banks		
In Current Account	41,866,893	45,216,599
In Fixed Deposit [Receipts pledged with Banks as margin money for guarantees and LCs issued ₹ 19,776,890 (March 31, 2010 - ₹ 60,552,113)]	19,776,890	60,552,113
In Escrow Account [Refer Note below]	1,176,379	1,310,775
	85,842,714	**123,913,620**

Note:

The balance with scheduled banks in Escrow account is towards public deposits payable by the Company [Refer Schedule 22, Note 20]

SCHEDULES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

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

Particulars	As at March 31, 2011	As at March 31, 2010
Schedule 11: Other Current Assets		
Interest Accrued on Fixed Deposits	5,431,866	18,403,747
	5,431,866	**18,403,747**
Schedule 12: Loans and Advances		
(Unsecured, considered good except otherwise stated)		
Advances Recoverable in cash or in kind or for value to be received		
Considered Good	105,957,411	48,925,458
Considered Doubtful	802,642	802,642
Due from Infotel Tower Infrasstructure Private Limited - Wholly owned Subsidiary	24,522,607	32,352,453
(Maximum outstanding balance during the year ₹ 39,653,269, March 31, 2010 ₹ 46,745,145)		
Security Deposits		
Considered Good	25,925,483	26,963,683
Considered Doubtful	1,186,199	1,186,199
Tax deducted at source recoverable	39,501,775	24,492,757
Interest on Term Loans paid in advance to banks and financial institution	5,430,367	-
Balance with Customs, Excise and Service Tax	159,650,003	77,850,096
	362,976,487	**212,573,288**
Less: Provision for Doubtful Advances	1,988,841	1,988,841
	360,987,646	**210,584,447**

Note:

Advance recoverable includes dues from Chief Executive Officer NIL (March 31, 2010 ₹ - 10243)
(Maximum amount outstanding during the year ₹ 36,129 (March 31, 2010 - ₹ 328,024)

Particulars	As at March 31, 2011	As at March 31, 2010
Schedule 13: Current Liabilities and Provisions		
Current Liabilities		
Sundry Creditors		
Due to Micro/Small & Medium Enterprises [Refer Schedule 22, Note 15 (a)]	103,716	1,980,142
Capital Goods	2,145,138,718	1,041,973,880
Expenses	313,373,435	152,735,968
Interconnection Usage Charges ('IUC') payable to other operators	339,789,653	79,723,550
Expenses Payable	535,585,560	351,305,756
Book Overdraft	43,720,883	2,928,802
Advance From Customers and Unaccrued Income*	538,142,091	570,223,744
Other Advances	2,967,163,035	2,015,463,035
Security Deposits		
From Subscribers	30,872,414	46,165,643
From Others	38,746,354	30,245,464
Investor Education and Protection Fund**		
Unclaimed Deposits from Public	16,397	164,397
Interest accrued and due on Public Deposits	64,147	103,342
Other Liabilities***	565,545,810	304,287,773
	7,518,262,213	**4,597,301,495**

* Includes ₹ 434,001,215 (March 31, 2010 ₹ 440,968,743) pertaining to infrastructure income in advance which is recognized on a straight line basis upon the terms of agreement which ranges from year 2005 to 2023.

** To be transferred to Investor Education and Protection Fund (as and when due).

*** Includes interest accrued on secured loan as difference between the interest paid and interest accrued on yield basis amounting to ₹ 421,029,734 (March 31, 2010 - ₹ 226,574,959) to be adjusted over a period from year 2010 to 2017 as per new CDR dated August 13, 2009.

SCHEDULES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

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

Particulars	As at March 31, 2011	As at March 31, 2010
Schedule 13: Current Liabilities and Provisions (Contd.)		
Provisions [Refer Schedule 22, Note 22]		
Leave Encashment/Availment	28,608,652	16,026,523
Gratuity	13,206,284	14,840,479
	41,814,936	**30,867,002**
	7,560,077,149	**4,628,168,497**

Note:

a) Sundry creditors include cheques outstanding beyond six months of ₹ 523,618 (March 31, 2010 - 523,618) towards repayment of public deposits under the NBFC CoR [Refer Schedule 22, Note 20]

Particulars	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Schedule 14 : Service Revenue		
Revenue		
From Unified Access Services	1,474,269,161	1,202,377,243
From Interconnection Usage Charge	107,889,428	90,106,819
From Infrastructure Services	46,031,982	46,103,171
From Internet Services	732,321,607	623,502,263
	2,360,512,178	**1,962,089,496**
Schedule 15 : Other Income		
Interest Income [Tax deduction at source ₹ 116,653 (March 31, 2010 ₹ - 7,668)]	3,184,519	6,954,122
Miscellaneous Income	19,684,640	9,117,451
	22,869,159	**16,071,573**
Schedule 16 : Network Operation Expenditure		
Interconnect Usage Charges	538,484,396	313,989,521
Other Value Added Service charges	12,864,233	12,845,704
Port Charges	39,777,468	28,252,047
Testing and Technical Survey Expenses	578,526	100,000
Licence Fees on Revenue Share Basis	109,522,483	80,550,756
Royalty and licence fees to Wireless Planning Commission	27,494,016	8,307,115
Stores and Spares Consumed	88,281,514	48,037,231
Rent Node site	34,521,337	32,107,831
Infrastructure Sharing Rent	549,466,428	267,620,888
Electricity and Water	329,288,523	133,091,227
Security Charges	781,695	103,953
Repair & Maintenance - Network	170,012,033	93,497,358
Bandwidth Charges	77,491,376	83,774,108
	1,978,564,028	**1,102,277,739**

SCHEDULES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

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

Particulars		For the Year ended March 31, 2011	For the Year ended March 31, 2010
Schedule 17 : Personnel Expenditure			
Salaries, Wages and Bonus [Refer Schedule 22, Note 22]		423,972,419	424,831,630
Employer's Contribution to Provident and Other Funds [Refer Schedule 22, Note 22]		17,143,843	20,202,166
Staff Welfare Expenses		9,546,033	9,894,931
Recruitment & Training Expenses		3,121,761	3,781,316
		453,784,056	**458,710,043**
Schedule 18: Sales and Marketing Expenditure			
Sales and Business Promotion		9,627,722	2,425,360
Advertisement Expenses		99,760,727	18,337,666
Customers Acquisition Costs		292,922,655	70,551,636
		402,311,104	**91,314,662**
Schedule 19 : Administrative and Other Expenditure			
Legal and Professional Expenses		22,680,986	30,839,435
Travelling and Conveyance		70,864,265	68,294,362
Communication Expenses		2,289,647	2,994,734
Rent		26,067,198	26,116,882
Security Charges		5,641,003	5,484,518
Repairs and Maintenance - Building		93,234	165,833
Repairs and Maintenance - Others		12,061,282	11,959,983
Electricity and Water		13,652,334	17,637,174
Insurance		6,406,238	5,061,857
Rates and Taxes		6,071,075	5,531,913
Freight & Cartage		8,534,440	4,438,556
Printing and Stationary		3,839,993	3,670,621
Billing and Collection Expenses		79,620,156	69,771,227
Software Expenses		-	1,097,178
Directors' Fees		286,880	315,160
Provision for Doubtful Advances			
Less: Utilised to Doubtful Advances Written off		-	802,642
Bad Debts Written off	33,925,945	28,041,155	36,249,364
Less: Provision for Doubtful Debts	(5,884,790)		
Provision for Doubtful Debts		4,465,954	16,406,126
Miscellaneous Expenses		5,199,025	4,873,055
		295,814,865	**311,710,620**
Schedule 20 : Finance Charges			
Interest on Term Loans*		257,045,637	(760,681,122)
Interest to Others		15,208,993	45,773,078
Bank Guarantee Commission		2,960,929	7,918,141
Trustees Fee		1,800,000	875,000
Other Finance Charges		1,655,459	1,879,232
		278,671,018	**(704,235,671)**

* Includes interest accrued on secured loan as difference between the interest paid and interest accrued on yield basis amounting to ₹ 415,599,368 (March 31, 2010 - ₹ 223,784,616) as per CDR Scheme. [Refer Schedule 22, Note 8 (a)]

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT AND FOR THE YEAR ENDED MARCH 31, 2011

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

Schedule 21: 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, 2011, the Company has an active subscriber base of over 1,764,129.

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 Subsidiary Company. During the year the Company has acquired beneficial interest in the remaining 20 equity shares which were earlier held by the subscribers to the Memorandum of Association; declaration of beneficial Interest in the said shares has been duly filed with the Registrar of Companies. Consequently, the company now holds 100% of the issued equity share capital in the 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.

(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).

Fixed license fees of ₹ 1,775,852,329 paid under the old license fee regime from inception till July 31, 1999, were considered as the License Entry Fees of the Punjab circle (including Chandigarh and Panchkula) as part of the migration package to NTP 1999.

With effect from August 1, 1999, the Company is required to pay revenue share license fees as a fraction of Adjusted Gross Revenue ('AGR'), The revenue share fraction was set at 10% of AGR with effect from August 1, 1999 and was reduced to 8% 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. Income from internet services is excluded from the service revenue for the purpose of the calculation of AGR.

During the year ended March 31, 2008, the Company has deposited the entry fee of ₹ 1,517,500,000 with The Department of Telecommunication ('DOT') for the use of GSM Technology in addition to CDMA technology being used under the existing Unified Access Services Licence ('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.

(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 letter dated June 24, 2005. As per the said proposal, the peak funding requirement has been further revised and the principal repayment of existing term loan was rescheduled to be repaid between May 1, 2008 and April 1, 2016. Moreover, the rate of interest on existing term loan, secured OFCDs and working capital shall be 9.3% per annum monthly compounding. The secured OFCD were to be converted into equity shares at par subject to applicable provisions of SEBI guidelines and other relevant Acts during financial year ended March 31, 2006.

During the year, the Company has incurred losses of ₹ 2,236,667,344 resulting into accumulated loss of ₹ 13,636,994,938 as at March 31, 2011 which has completely eroded its net worth and has a net current liability of ₹ 6,588,544,442. 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:

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) 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 ₹ 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) 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 2.13, below)

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.

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 [See Note 1 (b)] 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 [Refer Note 1 (a)]. 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 Profit and Loss Account in the year in which the related income from providing unified access services is 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 Profit and Loss Account 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 ₹ 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 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.

2.15 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.

2.16 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 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.

2.17 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.

2.18 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 and Cash Equivalents

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

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT AND FOR THE YEAR ENDED MARCH 31, 2011

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

Schedule 22: Notes Forming Part of the Financial Statements

1. Commitments and contingent liabilities not provided for in respect of:

Sr. No.	Description	As at March 31, 2011	As at March 31, 2010
I.	**Estimated Value of Contracts remaining**		
	To be executed on capital account and not provided for net of capital advances ₹ 2,677,951 (March 31,2010 – ₹ 1,214,168)	296,671,624	1025,925,638
II.	**Contingent Liabilities and Commitments**		
	Financial Bank Guarantees (refer Note (a) below)	74,134,394	185,159,908
	Performance Bank Guarantees (refer Note (a) below)	53,542,500	52,782,810
III.	**Open Letters of Credit**	14,143,944	3,612,292
	(Margin deposit for above ₹ 1,414,394 (March 31, 2010 – ₹ 361,229)		
IV.	**Income-tax matters under Appeal** (refer Note (b) below)	11,837,921	10,997,359
V.	**Claims against the Company not acknowledged as debts** – mainly representing miscellaneous claims filed against the Company, which are subject matter of litigation.	5,381,816	6,004,468
VI.	Others (refer to Note (c, d, e, f, g and h) below)	852,854,133	856,657,573
	Total	**1,308,566,332**	**2,141,140,048**

(a) Financial bank guarantees as at March 31, 2011 of ₹ 74,134,394 (March 31, 2010 – ₹ 185,159,908) and performance bank guarantees of ₹ 53,542,500 (March 31, 2010 – ₹ 52,782,810) are secured. The details of security created are detailed out in Note No. 9 (a) below.

(b) The Company has certain income tax related matters pending with Income Tax Appellate Tribunal for the Assessment Year 2001-02 aggregating to ₹ 11,837,921 (March 31, 2010 – ₹ 10,997,359).

(c) The Wireless Finance Division of Department of Telecommunications has claimed an outstanding of ₹ 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 ₹ 29,472 only and paid the said amount. The Wireless Finance Division of Department of Telecommunications has subsequently claimed ₹ 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 ₹ 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 ₹ 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 ₹ 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. 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.

(d) During the year ended March 31, 2007, Bharat Sanchar Nigam Limited ('BSNL') has raised supplementary bill dated August 10, 2006 for ₹ 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 ₹ 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 ₹ 167,614,241. Subsequently, BSNL issued a disconnection notice on August 26, 2006 which required the payment of ₹ 208,236,569 (including ₹ 167,614,241). The Company has submitted details to BSNL for payments already made for ₹ 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 ₹ 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, 2011.

(e) 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 ₹ 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, 2011.

(f) The Company is in receipt of a demand of ₹ 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, 2011.

(g) The Company is in receipt of demand of ₹ 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, 2011.

(h) The Company is in receipt of a demand of ₹ 4,157,718 from Bharat Sanchar Nigam Limited ('BSNL') on February 2, 2009 on account of port charges for the year 2008-09, passive link charges, duct cost for passive link and active link charges. Out the above ₹ 430,131 pertaining to port charges for the year 2008 - 09 and active link charges was paid by the Company vide receipt number 189 dated February 18, 2009. The amount of ₹ 3,727,587 towards the duct cost for passive link and passive link charges was not acceptable by the Company as the demand raised by BSNL was unilateral and unjust. The Company filed a petition vide petition number 41(C) of 2009 with Telecom Dispute Settlement and Appellate Tribunal ('TDSAT') to which the Company was granted a stay order dated March 25, 2009 restraining BSNL from recovering the dues from the Company. The hearing on the matter has been completed on February 11, 2010 and the judgement from Hon'ble TDSAT was delivered December 22, 2010 in favour of BSNL where in the Company was required to make payment amounting to ₹ 5,191,862 to BSNL. The said payment has been made in compliance with the order.

2. Expenditure in foreign currency (on accrual basis)

	For the year ended March 31, 2011	For the year ended March 31, 2010
Travel expenses	962,879	626,988
Finance charges	2,015,715	11,062,366
Others	4,131,406	5,323,053
Total	**7,110,000**	**17,012,407**

3. Managerial remuneration

Remuneration paid to Manager is as under:

	For the year ended March 31, 2011	For the year ended March 31, 2010
Salary	416,847	370,000
Employer's contribution to provident fund	50,022	44,400
Perquisites/Allowances	524,643	472,894
Ex-gratia/Performance linked incentive	256,170	-
Total	**1,247,682**	**887,294**

The above managerial remuneration does not include provision of gratuity of ₹ 56,688 (March 31, 2010 – ₹ 36,607) and leave encashment of ₹ 129,613 (March 31, 2010 – ₹ 58,488), as these provisions are computed on the basis of an actuarial valuation done for the Company and are provided in the financials (Refer Schedule 13).

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)

	For the year ended March 31, 2011	For the year ended March 31, 2010
As Auditor:		
Audit fees	1,750,000	2,000,000
Tax audit fee	540,500	540,500
Out-of-pocket expenses	177,255	292,968
In other manner: AGR Fees	225,000	150,000
Certification charges	–	150,000
Total	**2,692,755**	**3,133,468**

5. CIF value of imports

	For the year ended March 31, 2011	For the year ended March 31, 2010
Import of capital equipment (other than telephone instruments)	1,039,157,191	863,258,493
Import of telephone instruments	21,590,048	5,390,610
Components and Spares	6,631,032	4,237,426
Total	**1,067,378,271**	**872,886,529**

6. Consumption of Stores and Spares

	For the year ended March 31, 2011		For the year ended March 31, 2010	
	Value	**%**	**Value**	**%**
Indigenous	81,650,482	92.49	42,632,131	88.75
Imported	6,631,032	7.51	5,405,100	11.25
Total	**88,281,514**	**100.00**	**48,037,231**	**100.00**

7. Share Capital

Equity shares

(a) As of date, the entire paid up Equity Share Capital of the company comprising of 612,260,268 equity shares of ₹ 10 each, stands listed on the Bombay Stock Exchange (BSE) Consequent upon the issuance of 8,67,43,116 equity shares allotted pursuant to the conversion of 75,51,178 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 ₹ 10 each, 8,67,43,116 equity shares of ₹ 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 ₹ 10 each, 326,705,000 equity shares of ₹ 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) till April 3, 2010, were acquired by M/s. Quadrant Enterprises Private Limited on 3rd 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 Corporate Debt Restructuring Scheme (CDR Scheme) as approved by the Corporate Debt Restructuring Cell (CDR Cell) on August 13, 2009.

(c) On March 31, 2004, the Company obtained the approval from the shareholders for de-listing the shares listed in the Calcutta Stock Exchange Association Limited ('CSE') and complied with all the necessary requirements for delisting and submitted its application in CSE. Despite repeated reminders, the Company has not yet received CSE's approval in this regard.

(d) 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 March 15, 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 % 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 package, 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 package. The CDR has been made effective from April 1, 2009 and accordingly an amount of ₹ 373,097,077 towards FITL from July 1, 2008 to March 31, 2009 has been considered as term loan. In accordance with the new restructuring package an amount of ₹ 256,829,422 has been considered as Interest for the year ended March 31, 2010, and reversed the provision for interest of ₹ 1,025,846,205, the differential between interest paid and interest accrued on yield basis as per old CDR scheme.

During the year the Company has allotted 15,984,543, 2% Cumulative Redeemable Preference Shares of ₹ 100 each aggregating to ₹ 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 terms of new CDR Scheme in compliance with the New CDR Scheme the company has repaid on July 06, 2010 and July 07, 2010 an amount of ₹ 1,598,454,522 being 25% of their outstanding loans as on April 01, 2009 in terms of New CDR Scheme and the Company is required to allot secured Non-Convertible Debenture ('NCD') of an amount aggregating to ₹ 3,196,909,043 equivalent to 50% of their outstanding loans as on April 01, 2009, which shall be issued and the terms of the Revised CDR Scheme shall be implemented on the completion of such approvals and conditions precedent.

(b) The above mentioned security has been further extended to the amount of loans, working capital assistance, specific facility and OFCDs 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 ₹ 351,802 (March 31, 2010 – ₹ 1,341,082) are secured by way of exclusive hypothecation charge in favour of bank on the specific assets acquired out of the loan proceeds of the Company. These loans are repayable in monthly instalments and shall be repaid by 2012. Vehicle loans repayable within one-year amounts to ₹ 300,060. Interest rates on vehicle loans vary from 9.65% per annum to 12.15% per annum. The average tenure of loan is 36 months.

9. Unsecured Loans

(a) On October 16, 2004, the Company issued 1,667,761 zero % Non-Convertible Debentures ('NCDs') of ₹ 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 revised CDR Scheme effective from April 1, 2005.

(b) On February 8, 2005, the Company has entered into a buyer's credit loan agreement with The Export Import Bank of China to facilitate payment to one of its equipment supplier for a total amount of ₹ 544,131,662 (US$ 12,134,961). As on March 31, 2010, the Company has utilized ₹ 527,470,587 (US$ 12,061,985) of this facility. The facility is secured by Financial Bank guarantee of ₹ 108,825,514 and by a Corporate Guarantee of ₹ 544,131,662 given by Himachal Futuristic Communications Limited erstwhile Holding Company, on pari passu basis with other lenders. During the year the Company on July 21, 2010 has fully repaid the amount outstanding towards the Buyer's Credit Loan.

(c) 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 ₹ 499,499,886 from Infotel Digicomm Private Limited. The convertible loan is repayable on demand; Infotel Digicomm Private Limited shall have 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') has entered into an assignment agreement with Domebell Electronics India Private Limited ('DEIPL'), wherein IDPL has assigned the above convertible loan of ₹ 499,499,886 to DEIPL. All the terms and conditions relating to the convertible loan has 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 ₹ 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, 2011, therefore no provision for such interest has been made by the Company.

(d) 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 ₹ 410,740,832 from Infotel Business Solutions Limited. The loan carries 12% interest and is repayable on demand. Infotel Business Solutions Limited has 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 ₹ 410,700,000 to DEIPL. All the terms and conditions relating to the buyer's credit facility has 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 ₹ 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, 2011, therefore no provision for such interest has been made by the Company.

(e) The Company during the year has received an unsecured loan on July 06, 2010 of ₹ 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, 2011, therefore no provision for said interest has been made by the Company.

10. Fixed Assets and Capital work-in-progress

(a) Capital Work-in-Progress includes Goods in Transit of ₹ 2,299,900 (March 31, 2010 – ₹ 20,106,204).

(b) As on March 31, 2011, telephone instruments aggregating to a net book value of ₹ 121,711,778 (March 31, 2010 – ₹ 155,534,655) and other assets aggregating to net book value of ₹ 1,105,736,867 (March 31, 2010 – ₹ 238,604,630) are located at customer premises, other parties and at other operator's sites, respectively.

11. Investments

During the year ended March 31, 2009 the Company has incorporated a Subsidiary Company Infotel Tower Infrastructure Private Limited with an Investment of ₹ 99,800. 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. During the year the Company has acquired beneficial interest in the remaining 20 equity shares which were earlier held by the subscribers to the Memorandum of Association. Consequently, the company now holds 100% of the issued equity share capital in the subsidiary company.

12. License Entry Fees

During the year ended March 31, 2008, the Company has deposited the entry fee of ₹ 1,517,500,000 with The Department of Telecommunication ('DOT') for the use of GSM Technology in addition to CDMA technology being used under the existing Unified Access Services Licence ('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.

13. Inventory for Network Maintenance

The Company holds inventory of network maintenance consumables and RUIM cards amounting to ₹ 23,088,275 (March 31, 2010 – ₹ 24,064,756). The quantity and valuation of inventory is taken as verified, valued and certified by the management.

14. Deferred Taxes

During the year, the Company has incurred losses of ₹ 2,236,667,344 (accumulated losses of ₹ 13,636,994,938) 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.

15. Current Liabilities and Provisions

a) Sundry Creditors include amount payable to Micro and Small Enterprises as at March 31, 2011 of ₹ 103,716 (March 31, 2010 – ₹ 1,980,142). 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, 2011 is a

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Principal amount	103,716	1,980,142
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 and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of accounting year.	-	-

b) During the year ended March 31, 2008, the Company had obtained advance of ₹ 1,517,500,000 to fund the entry fee for using GSM Technology under the existing Unified Access Services License (UASL) for Punjab Service Area. The amount of aforesaid advance is adjustable or refundable on such terms and conditions as may be mutually agreed. No interest is payable on the said advance.

16. Loss per share

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

	For the year ended March 31, 2011	For the year ended March 31, 2010
Loss for the year (in ₹)	2,236,667,344	206,447,324
Weighted average number of equity shares	612,260,268	588,970,335
Nominal value per equity share (in ₹)	10	10
Loss per share – basic and diluted (in ₹)	3.65*	0.35*

* The impact of dilution on account of advance share capital, OFCD has not been considered as it is anti-dilutive.

17. Operating leases

A. Company as a Lessee

The Company has entered into various cancelable lease agreements for leased premises. Gross rental expenses for the year ended March 31, 2011 is ₹ 60,588,535 (March 31, 2010 – ₹ 58,224,713).

The Company has entered into site sharing agreements with other operators for sharing of their infrastructure sites. During the year, the Company has incurred ₹ 549,466,428 (March 31, 2010 – ₹ 267,620,888) towards infrastructure sharing expenses.

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

Particulars	As at March 31, 2011	As at March 31, 2010
Payable not later than one year	466,350,888	135,517,631
Payable later than one year and not later than five years	1,562,634,242	570,953,292
Payable more than five years	859,438,541	142,973,621
Total	**2,888,423,671**	**849,444,544**

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 ₹ 4,557,384 (March 31, 2010 – ₹ 4,437,292) towards site sharing revenue.

The Company has entered into a non-cancellable lease arrangement to provide approximately 7,814.27 Fibre pair kilometres of dark fibre 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 ₹ 35,810,133 (March 31, 2010 – ₹ 33,956,731) has been recognised in the profit and loss account for the year ended March 31, 2011.

Further lease receipts (under non-cancellable operating leases) will be recognised in the profit and loss account of subsequent years as follows:-

Particulars	As at March 31, 2011	As at March 31, 2010
Receivable not later than one year	35,810,133	33,956,731
Receivable later than one year and not later than five years	143,240,533	135,826,926
Receivable later than five years	178,667,090	206,006,685
Total	**357,717,756**	**375,790,342**

18. 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.

19. Related party transactions

Quadrant Televentures Ltd.

Related Party Transactions for the Period April' 10 - March' 11

Relationship	**Holding Company**		**Wholly owned Subsidiaries**		**Companies under Key Management Personnel**		**Key Management Personnel**		**Total**	
Nature of transaction	**For the year ended March 31, 2011**	**For the year ended March 31, 2010**	**For the year ended March 31, 2011**	**For the year ended March 31, 2010**	**For the year ended March 31, 2011**	**For the year ended March 31, 2010**	**For the year ended March 31, 2011**	**For the year ended March 31, 2010**	**For the year ended March 31, 2011**	**For the year ended March 31, 2010**
<u>Assets</u>										
Purchase of Equity Shares	-	-	-	-	-	-	-	-	-	-
Advance against equity	-	-	-	-	-	-	-	-	-	-
Purchase of Capital Goods	-	5,642,995	2,948,803	1,966,160	-	-	-	-	2,948,803	7,609,154
Purchase of Capital Services	-	-	-	-	-	-	-	-	-	-
Payment against Capital Purchases /Services	-	4,537,254	-	-	440,000	-	-	-	440,000	4,537,254
<u>Liabilities</u>										
Amount received by Company	-	-	-	-	-	-	-	-	-	-
Loan Received By Company	-	-	-	-	-	-	-	-	-	-
Balance - Payable	-	1,154,083	-	-					-	1,154,083
Balance - Receivable		-	24,522,607	32,352,453	24,400,762	23,960,762	-	10,243	48,923,369	56,323,458
Relationship	**Holding Company**		**Wholly owned Subsidiaries**		**Companies under Key Management Personnel**		**Key Management Personnel**		**Total**	
Nature of transaction	**For the year ended March 31, 2011**	**For the year ended March 31, 2010**	**For the year ended March 31, 2011**	**For the year ended March 31, 2010**	**For the year ended March 31, 2011**	**For the year ended March 31, 2010**	**For the year ended March 31, 2011**	**For the year ended March 31, 2010**	**For the year ended March 31, 2011**	**For the year ended March 31, 2010**
<u>Income /Receipt</u>										
Services Provided	-	-	-	-	-	-	-	-	-	-
Sale of Material/Assets	-	566,609	9,055	-	-	13,933,120	-	-	9,055	14,499,729
Debit Notes raised by us	-	-	225,644	523,836	-	17,181,032	-	-	225,644	17,704,868
<u>Expenses/Payments</u>										
Interest expense on ICD received	-	-	-	-	-	21,119,405	-	-	-	21,119,405
Bank Guarantee Commission	-	-	-	-	-	-	-	-	-	-
Debit Notes raised on us	-	566,609	49,760	307,295	-	586,734	-	-	49,760	1,460,638
Purchase of Consumables Goods/Repair & Maintenances	-	-	-	-	-				-	-
Purchase of Services (Expenditure Nature)	-	-	85,084,015	72,594,535	-	4,706,552	4,080,770	26,210,429	89,164,785	103,511,516
Payment received by us	-	-	-	-	-	-	-	-	-	-
Assignment of Loan	-	-				910,199,886		-	-	910,199,886
Payments made by the Company	-	-	80,018,034	73,875,000	-	-	4,080,770	26,210,429	84,098,804	100,085,429
Advances Written Off	-	-	-	-	-	-			-	-

List of related parties

- Holding Company: Himachal Futuristic Communications Limited from April 1, 2010 to April 3, 2010, Quadrant Enterprises Pvt. Ltd from April 4, 2010 to March 31, 2011
- 100% Wholly owned Subsidiary: Infotel Tower Infrastructure Private Ltd., India
- Company under Key Managerial Personnel: Infotel Business Solutions Limited, Infotel Digicomm Pvt. Ltd. from April 1, 2010 to April 9, 2010
- Key Managerial Personnel: Mr. Surendra Lunia (CEO) from April 1, 2010 to April 9, 2010, Mr.Kapil Bhalla (Manager under Companies Act 1956) from April 10, 2010 to March 31, 2011

<u>Advances given to Key Managerial Personnel</u>

Chief Executive Officer (from April 1, 2010 to April 9, 2010): Interest Free Housing loan ₹ Nil (March 31, 2010 – ₹ Nil), Other advances ₹ Nil (March 31, 2010 – ₹ 10,243)

Manager (from April 10, 2010 to March 31, 2011): Interest Free Housing loan ₹ Nil, Other advances ₹ Nil

20. 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 May 24, 2004, the RBI approved the cancellation of the Company's certificate of NBFC registration and provided certain directives to the Company to be complied with, pending completion of which, the Company would continue to be governed by the relevant provisions of the Reserve Bank of India Act, 1934 and various directions/instructions issued by RBI from time to time. [Refer Schedule 11 & 14 and Schedule 22, Note 1(a))]. 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 Registrar of Companies, Jalandhar, is yet to register the resolution of the shareholders due to delay in filing of the documents, for which the Company has moved an application to Central Government for condo nation of delay. Ministry of Company Affairs vide letter No. 17/23/2005-CL.V dated 07th July, 2005 has granted a condonation for filing of form 23, which was submitted to Registrar of Companies, Jalandhar vide letter No. HITL/C&L/S-31/05/347 dated July 13, 2005 and the registration certificate is yet to be obtained.

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:

• Unclaimed Deposits From Public	₹	16,397
• Interest accrued and due on public deposits upto September 15, 2003	₹	64,147
• Interest accrued and due on deposits to be transferred to Investor Education and Protection Fund	₹	553,306
• Cheques outstanding beyond 6 months	₹	523,618
• Others (Under reconciliation)	₹	18,961
	₹	1,176,429
Balances with Scheduled banks in Escrow account	₹	1,176,429

21. Debenture redemption reserve

Pursuant to the CDR scheme on October 16, 2004, the Company has issued OFCDs aggregating to ₹ 166,776,100 repayable as on March 31, 2016. 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 ₹ 2,236,774,666. 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.

22. Employee Benefits

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

Defined Contribution Plans

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Employer's Contribution to Provident Fund *	13,370,880	14,240,542
Employer's Contribution to ESI *	607,158	102,213

* Included in Employer's Contribution to Provident and Other Funds, Refer Schedule 18

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	2010-11		2009-10	
	Gratuity#	Leave Encashment#	Gratuity#	Leave Encashment#
Current service cost	3,415,336	4,014,079	3,430,706	3,078,048
Interest cost	1,176,444	1,069,818	1,162,573	885,327
Expected Return on plan assets	(99,830)	-	(52,513)	-
Actuarial (gain)/loss	(1,326,145)	890,481	1,318,645	(3,741,647)
Past service cost	-	-	-	-
Curtailment and Settlement cost/(credit)	-	-	-	-
Net cost	**3,165,805**	**5,974,378**	**5,859,411**	**221,728**

Included in the Salaries, Wages and Bonus

The Company expects to contribute ₹ 926,120 towards employers' contribution for funded defined benefit plans in 2010-11.

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

Particulars	2010-11		2009-10	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount Rate	8.00%	8.00%	8.00%	8.00%
Expected Rate of increase in Compensation levels	5.00%	5.00%	5.00%	5.00%
Expected Rate of Return on Plan Assets	8.00%	8.00%	8.00%	8.00%
Expected Average remaining working lives of employees (years)	22 years	22 years	22 years	22 years

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

	2010-11		2009-10	
Particulars	**Gratuity**	**Leave Encashment**	**Gratuity**	**Leave Encashment**
Change in Projected Benefit Obligation (PBO)	15,557,280	10,993,273	1 4,071,662	10,771,545
Projected benefit obligation at beginning of year	3,415,336	4,014,079	3,430,706	3,078,048
Current service cost				
Interest cost	1,176,444	1,069,818	1,162,573	885,327
Benefits paid	(3,755,897)	-	(4,460,444)	-
Past service cost	-	-	-	-
Actuarial (gain)/loss	(1,336,673)	890,481	1,352,783	(3,741,647)
Projected benefit obligation at year end	**15,056,490**	**16,967,651**	**15,557,280**	**10,993,273**
Change in plan assets:				
Fair value of plan assets at beginning of year	716,801	-	1 ,416,216	-
Expected return on plan assets	99,830	-	52,513	-
Actuarial gain/(loss)	(10,528)	-	34,138	-
Employer contribution	-	-	-	-
Contribution by plan participants	4,800,000	-	3,674,378	-
Settlement cost	-	-	-	-
Benefits paid	(3,755,897)	-	(4,460,444)	-
Fair value of plan assets at year end	**1,850,206**	**-**	**716,801**	**-**
Net funded status of the plan	**(13,206,284)**	**(16,967,651)**	**(14,840,479)**	**(10,993,273)**
Net amount recognized	**(13,206,284)**	**(16,967,651)**	**(14,840,479)**	**(10,993,273)**

	2010-11		2009-10	
Particulars	**Gratuity**	**Leave Encashment**	**Gratuity**	**Leave Encashment**
Fair value of plan assets:				
Fair value of plan assets at beginning of year	716,801	-	1 ,416,216	-
Actual return on plan assets	89,302	-	86,651	-
Employer contribution	-	-	-	-
Contribution by plan participants	4,800,000	-	3,674,378	-
Settlement cost	-	-	-	-
Benefits paid	(3,755,897)	-	(4,460,444)	-
Fair value of plan assets at year end	**1,850,206**	**-**	**716,801**	**-**

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		
	2010-11	2009-10	2008-09	2010-11	2009-10	2008-09
Defined benefit obligation	15,056,490	15,557,280	14,071,662	16,967,651	10,993,273	10,771,545
Plan assets	1,850,206	716,801	1,416,216	-	-	-
Surplus/(deficit)	(13,206,284)	(14,840,479)	(12,655,446)	(16,967,651)	(10,993,273)	(10,771,545)
Experience adjustments on plan liabilities	-	-	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-	-

23. The Company is primarily engaged in the business of providing telecommunication services. The production and sale of such services is not capable of being expressed in any generic unit. Hence, other information pursuant to the provisions of the paragraph 3, 4C and 4D of Part II Schedule VI of the Companies Act, 1956 are not applicable to the Company.

24. Changeover of Management.

a) Securities Exchange Board of India ('SEBI') has, vide its Order No. WTM/KMA/CFD/233/03/2010 dated March 3, 2010, granted an exemption to M/s Quadrant Enterprises Private Limited, - ('QEPL'), from the applicability of Regulation 10 & 12 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, for acquiring 32,67,05,000 (Thirty Two Crores Sixty Seven Lac and Five Thousand only) equity shares of the Company ('Shares') amounting to 53.3605% (approximately fifty three percent) of the issued, subscribed and paid up share capital of the Company, from the Company Himachal Futuristic Communications Limited ('HFCL'). The Order has been passed pursuant to the proposal for change of management sanctioned by the Corporate Debt Restructuring Cell in terms of its letter No. CDJ (JCP) No. 563/2009-10 dated August 13, 2009. The aforesaid shares have been acquired on April 3, 2010.

b) In line with the stipulations of the CDR package as approved by the CDR Cell vide its Letter no. BY. CDR(JCP) No. 563/2009-10 dated August 13, 2009 stipulating a change in the management of the Company, the existing Directors except the nominees of Financial Institutions had resigned from the Board and therefore to complete the process of change in the management of the Company, as per the stipulations of the CDR package, the senior management team comprising of Mr. Surendra Lunia, Chief Executive Officer, Mr. G.D. Singh, Chief Operating Officer, and Mr. Vikash Agarwal, Vice President (Corporate Finance) and Chief Financial Officer have resigned from the Company on April 09, 2010.

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

The Schedule referred to above and the Notes to Financial Statement form an integral part of the Balance Sheet.

As per our report of even date

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

Akash Shinghal
Partner
Membership No. 103490

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

Yatinder Vir Singh
Director

Babu Mohanlal Panchal
Director

Kapil Bhalla
Manager & Company Secretary

Sunil Jit Singh
Chief Financial Officer

Place : Mohali
Date : May 30, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

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

Particulars	For the period ended March 31, 2011	For the year ended March 31, 2010
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) for the year before Prior Year Expenditure and Tax	(2,230,793,621)	(201,866,622)
Adjustments for:		
Depreciation and Amortisation	1,230,239,688	950,165,233
Foreign exchange Loss/(Gain)	(3,942,811)	(16,668,380)
Loss/ (Gain) on Sold/ Discarded Fixed Assets	(24,752,278)	4,699,286
Bad Debts Written Off	28,041,155	36,249,364
Provision for Doubtful Advances	-	802,642
Provision for Doubtful Debts	4,465,954	16,406,126
Finance Expenses [Refer Note 3 below]	278,671,018	(704,235,671)
Interest Income	(3,184,519)	(6,954,122)
Operating profit before working capital changes	**(721,255,414)**	**78,597,856**
Adjustment for changes in working capital:		
(Increase)/Decrease in debtors	(250,529,038)	8,162,491
(Increase)/Decrease in Loans and advances	(135,394,182)	5,952,660
(Increase)/Decrease in Inventory	976,481	(4,169,081)
Increase/(Decrease) in Current liabilities and provisions	3,980,840,680	377,182,418
Cash generated from operations	**2,874,638,527**	**465,726,344**
Direct Taxes paid (Net)	(14,563,520)	(13,665,740)
Prior Period (Expense)/Income (Net)	(5,873,723)	(4,580,702)
NET CASH GENERATED FROM OPERATING ACTIVITIES (A)	**2,854,201,284**	**447,479,902**
CASH FLOW FROM INVESTING ACTIVITIES		
Adjustment for changes in:		
Purchase of fixed assets	(2,581,627,531)	(157,057,134)
Proceeds from sale of fixed assets	34,593,858	15,548,417
Purchase of Equity Share Capital of Subsidiary [Refer Schedule 21, Note 1 (a)]	(200)	-
Fixed Deposits	40,775,223	4,876,823
Interest Received	16,156,401	1,909,700
NET CASH USED IN INVESTING ACTIVITIES (B)	**(2,490,102,249)**	**(134,722,194)**
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of 2% Cummulative Redeemable Preference Share	1,598,454,300	-
Repayment of Equity Share Capital	-	(21)
Proceeds from Secured loan	-	450,000
Repayment of Secured Loan	(3,183,959,860)	(13,608,202)
Repayment of Public Deposits	(148,000)	(321,566)
Proceeds from Unsecured loan	1,502,969,057	-
Repayment to Unsecured Loan	-	(190,519,092)
Interest paid	(278,710,215)	(97,477,600)
Dividend paid	-	(441,005)
NET CASH USED IN FINANCING ACTIVITIES (C)	**(361,394,718)**	**(301,917,486)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**2,704,317**	**10,840,222**
Cash and Cash Equivalents at the beginning of the year	63,361,507	52,521,285
Cash and Cash Equivalents at the end of the year	**66,065,824**	**63,361,507**
Cash and Bank Balances		
Cash in Hand	13,812,926	2,340,516
Cheques in Hand	9,209,626	14,493,617
Balances with Scheduled Banks		
In Current Account	41,866,893	45,216,599
In Fixed Deposit [Receipts pledged with Banks as margin money for guarantees and LCs issued ₹ 19,776,890 (March 31, 2010 - ₹ 60,552,113)]	19,776,890	60,552,113
In Escrow Account	1,176,379	1,310,775
	85,842,714	**123,913,620**
Less: Margin Money pledged for Guarantees and LCs issued	19,776,890	60,552,113
Cash and Cash Equivalents	**66,065,824**	**63,361,507**

Notes:

1. 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')
2. Figures in brackets indicate cash outflow.
3. Finance expenses includes interest accrued but not due on secured loan as amounting to ₹ 415,599,368 (March 31, 2010 - ₹ 223,784,616) as per CDR Scheme.
4. 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
As per our report of even date

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

Akash Shinghal
Partner
Membership No. 103490

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

Yatinder Vir Singh
Director

Babu Mohanlal Panchal
Director

Kapil Bhalla
Manager & Company Secretary

Sunil Jit Singh
Chief Financial Officer

Place : Mohali
Date : May 30, 2011

QUADRANT TELEVENTURES LIMITED.
(Formerly Known as HFCL Infotel Limited)

STATEMENT PURSUANT TO PART - IV OF SCHEDULE VI
OF THE COMPANIES ACT, 1956
Balance Sheet Abstract and Company's General Business Profile

I.	**REGISTRATION DETAILS**	
	Registration No.	197474
	State Code	11
	Balance Sheet	March 31, 2011
II.	**CAPITAL RAISED DURING THE YEAR (RUPEES)**	
	Public Issue	NIL
	Bonus Shares	NIL
	Rights Issue	NIL
	Private Placement	NIL
III.	**POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (RUPEES)**	
	Total Liabilities	14,483,991,149
	Total Assets	14,483,991,149
	SOURCE OF FUNDS	
	Shareholders' Funds	8,371,056,980
	Reserves & Surplus	68,566,508
	Secured Loans	3,368,891,675
	Unsecured Loans	2,675,475,986
	APPLICATION OF FUNDS	
	Net Fixed Assets	
	(Including Intangible Asset)	7,435,440,653
	Accumulated Losses	13,636,994,938
	Investments	100,000
	Net Current Assets/(Liabilities)	(6,588,544,442)
IV.	**PERFORMANCE OF THE COMPANY (RUPEES)**	
	Turnover	2,383,381,337
	Total Expenditure	4,620,048,682
	Profit/(Loss) Before Tax	(2,236,667,345)
	Profit/(Loss) After Tax	(2,236,667,344)
	Earning Per Share	(3.65)
	Dividend	Nil
V.	**GENERIC NAMES OF THREE PRINCIPAL PRODUCTS /SERVICES OF THE COMPANY**	
	Item Code No. (ITC Code)	N.A.
	Product Description	Unified Access Services

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

Yatinder Vir Singh
Director

Babu Mohanlal Panchal
Director

Kapil Bhalla
Manager & Company Secretary

Sunil Jit Singh
Chief Financial Officer

Place : Mohali
Date : May 30, 2011

AUDITORS' REPORT

To

THE Board of Directors of

QUADRANT TELEVENTURES LIMITED
(Formerly known as HFCL Infotel Limited)

1. We have audited the attached Consolidated Balance Sheet of QUADRANT TELEVENTURES LIMITED (QTL) (Formerly known as HFCL Infotel Limited) ('the Company') and its subsidiary Infotel Tower Infrastructure Private Limited ('ITIPL') (together referred as 'the Group') as described in Schedule 22, Note 1 (a) as at 31st March, 2011, and also the consolidated Profit & Loss Account and consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Consolidated Financial Statements (CFS) are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. In the case of holding company QTL, without qualifying our opinion we draw attention to note 1 (c) of Schedule 22 to the financial statements. The Company has incurred a loss of ₹ 2,236,667,344 during the year (accumulated loss of ₹13, 636,994,938) resulting into erosion of its net worth, and has a net current liabilities of ₹ 6,588,544,442 as at March 31, 2011. 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.

4. In the case of subsidiary ITIPL, without qualifying our opinion we draw attention to note 1(c) of Schedule 22 to the financial statements. The subsidiary has incurred a loss of ₹ 4,615,197 during the year (accumulated loss of ₹11,034,109) resulting into erosion of its net worth, and has a net current liabilities of ₹ 30,348,447 as at March 31, 2011. These factors raise a doubt that the subsidiary 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.

5. We report that the CFS have been prepared by the Group in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements and AS 23, Accounting for Investments in Associates, as notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended) and on the basis of separate financial statements of ITIPL included in the CFS.

6. In the case of holding company QTL, attention in invite to Note 4 (a) of schedule 23 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.

7. Subject to matter stated in paragraph 6 above consequential effect whereof is not ascertainable in our opinion and to the best of our information and according to the explanations given to us, said CFS read together with the significant accounting policies and the notes thereon, give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) In the case of the Balance Sheet, of the state of affairs of the Group as at 31st March, 2011;

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

   (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

(Akash Shinghal)
Partner
Membership No. 103490

Place: Mohali
Dated: May 30, 2011

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

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

Particulars	Schedule No.	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Fund			
Share Capital	1	8,371,056,980	6,772,602,680
Reserves and Surplus	2	68,566,508	68,566,508
		8,439,623,488	**6,841,169,188**
Loan Funds			
Secured Loans	3	3,368,891,675	6,552,851,534
Unsecured Loans	4	2,675,475,986	1,169,129,573
		6,044,367,661	**7,721,981,108**
		14,483,991,149	**14,563,150,296**
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		11,126,520,997	9,200,647,642
Less: Accumulated Depreciation		(6,213,578,713)	(5,464,191,056)
Net Block		**4,912,942,284**	**3,736,456,586**
Capital Work-in-Progress (Includes Capital Advances for ₹ 2,677,951) (March 31, 2010 - ₹ 1,242,075)		308,238,191	843,114,772
		5,221,180,475	**4,579,571,358**
Intangible Assets (Net)	6	**2,233,410,803**	**2,581,488,295**
Deferred Tax Assets	23, Note 11	**263,715**	**975,982**
Current Assets, Loans and Advances			
Inventory	7	25,001,439	30,444,670
Sundry Debtors	8	496,182,206	278,202,101
Cash and Bank Balances	9	86,321,246	129,633,779
Other Current Assets	10	5,462,240	18,418,230
Loans and Advances	11	339,899,096	180,845,442
		952,866,227	**637,544,221**
Less: Current Liabilities and Provisions	12		
Current Liabilities		7,527,899,457	4,610,755,084
Provisions		43,859,660	32,420,981
		7,571,759,117	**4,643,176,065**
Net Current Liabilities		**6,618,892,890**	**4,005,631,844**
Profit and Loss Account		13,648,029,046	11,406,746,504
		14,483,991,149	**14,563,150,295**
Significant Accounting Policies	22		
Notes to Financial Statements	23		

The Schedules referred to above and the Notes to Financial Statements form an integral part of the Balance Sheet.
As per our report of even date

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

Akash Shinghal
Partner
Membership No. 103490

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

Yatinder Vir Singh
Director

Babu Mohanlal Panchal
Director

Kapil Bhalla
Manager & Company Secretary

Sunil Jit Singh
Chief Financial Officer

Place : Mohali
Date : May 30, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

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

Particulars	Schedule No.	For the year ended March 31, 2011	For the year ended March 31, 2010
Income			
Service Revenue	13	2,360,512,178	1,962,089,496
Sales	14	639,174	11,826,353
Other Income	15	22,943,344	16,087,685
		2,384,094,696	**1,990,003,534**
Expenditure			
Network Operation Expenditure	16	1,978,564,029	1,102,277,741
Cost of Goods Sold	17	4,466,750	14,699,140
Personnel Expenditure	18	449,406,222	454,915,905
Sales and Marketing Expenditure	19	402,311,104	91,314,663
Administrative and Other Expenditure	20	296,843,534	312,560,860
		3,131,591,639	**1,975,768,309**
Operating Profit for the Year before Finance Charges, Depreciation, Amortisation and Loss/ (Gain) on Sold/ Discarded Fixed Assets		**(747,496,943)**	**14,235,225**
Loss/(Gain) on sale and Discarded of Fixed Assets		(24,752,278)	4,699,286
Finance Charges	21	278,678,270	(704,135,724)
Foreign exchange Loss/(Gain)		(457,523)	(34,614,221)
Depreciation	6	878,039,410	799,818,081
Amortisation	7	355,691,730	156,632,333
Loss for the Year before Prior Year Expenditure and Tax		**2,234,696,552**	**208,164,530**
Prior Period Expenditure (Net)		5,873,723	4,580,702
Loss for the Year before Tax		**2,240,570,275**	**212,745,232**
Provision for Taxation			
Deferred Tax Liability/(Assets)		712,267	(622,286)
Loss for the year		**2,241,282,542**	**212,122,946**
Loss brought forward from previous year		**11,406,746,504**	**11,194,623,558**
Loss carried to the Balance Sheet		**13,648,029,046**	**11,406,746,504**
Loss/(Profit) per share (equity shares, par value of ₹ 10 each)	23, Note 13		
Basic (in ₹)		3.66	0.36
Diluted (in ₹)		3.66	0.36
Weighted average number of shares used in computing earnings per share			
Basic		612,260,268	588,970,335
Diluted		612,260,268	588,970,335
Significant Accounting Policies	22		
Notes to Financial Statements	23		

The Schedules referred to above and the Notes to Financial Statements form an integral part of the Profit and Loss Account.
As per our report of even date

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

Akash Shinghal
Partner
Membership No. 103490

Place : Mohali
Date : May 30, 2011

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

Yatinder Vir Singh
Director

Babu Mohanlal Panchal
Director

Kapil Bhalla
Manager & Company Secretary

Sunil Jit Singh
Chief Financial Officer

SCHEDULES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

Particulars	As at March 31, 2011	As at March 31, 2010
Schedule 1: Share Capital [Refer Schedule 23, Note 3]		
Authorised:		
1,200,000,000 (March 31, 2010 - 1,300,000,000) equity shares of ₹ 10 each (March 31, 2010 - ₹ 10 each)	12,000,000,000	13,000,000,000
30,000,000 (March 31, 2010 - 20,000,000) 2% preference shares of ₹ 100 each (March 31, 2010 - ₹ 100 each)	3,000,000,000	2,000,000,000
	15,000,000,000	**15,000,000,000**
Issued, Subscribed and Paid up		
612,260,268 (March 31, 2010 - 612,260,268) equity shares of ₹ 10 each (March 31, 2010 - ₹ 10 each) fully paid.	6,122,602,680	6,122,602,680
6,500,000 (March 31, 2010 - 6,500,000) fully paid 2% cumulative redeemable preference shares ('CRPS') of ₹ 100 each	650,000,000	650,000,000
15,984,543 (March 31, 2010 - Nil) fully paid 2% cumulative redeemable preference shares ('CRPS') of ₹ 100 each	1,598,454,300	650,000,000
	8,371,056,980	**6,772,602,680**

(a) Of the above:

(i) 490,750 (March 31, 2010 - 490,750) equity shares of ₹ 10 each, were allotted as fully paid bonus shares in the earlier years by way of capitalisation of reserves.

(ii) 326,705,000 (March 31, 2010 - NIL) equity shares are held by Quadrant Enterprises Private Limited (Holding Company); these shares were earlier held by Himachal Futuristic Communications Limited (erstwhile Holding Company).

(iii) 83,070,088 equity shares of ₹ 10 each were allotted on October 16, 2004, pursuant to the Corporate Debt Restructuring ('CDR') Scheme.[Refer Schedule 22, Note 1 (c)] Out of these, 63,373,110 equity shares of ₹ 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 ₹ 10 each to Oriental Bank of Commerce ('OBC') and ING Vysya Bank Limited ('ING'), respectively, at a premium of ₹ 0.50 per equity share as per provisions of applicable law.

(iv) 8,67,43,116 equity shares of ₹ 10 each were issued on July 08, 2009 after obtaining in principle approval from the BSE and 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 Schedule 22, Note 1(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, 2010 432,000,250)equity shares of ₹ 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 ₹ 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, 2010 - 6,500,000) 7.5% CRPS were allotted on October 16, 2004, pursuant to the CDR Scheme [Refer Schedule 22, Note 1(c)], where under the specified part of the amount due to CRPS Holder by the Company was converted into 7.5% CRPS redeemable after the repayment of Rupee Term Loan (i.e. July 1, 2013). As per the CDR Scheme, prior approval of the lenders would be required to declare dividend on 7.5% 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% from 7.5% with effect from date of issuance of CRPS. Due to accumulated losses provision for dividend is not required.

(ii) 159,84,543 2% Cumulative Redeemable Preference Shares of ₹ 100/- fully paid up, aggregating upto ₹ 1,598,454,300 were allotted on November 9, 2010 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 over a period of four years commencing from April 1, 2021.

SCHEDULES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

Particulars	As at March 31, 2011	As at March 31, 2010
Schedule 2: Reserves and Surplus		
Capital Reserve	34,032,776	34,032,776
Securities Premium [Refer Note (a), (b) & (c) below]	22,633,732	22,633,732
Statutory Reserve [Refer Note (d) below]	11,900,000	11,900,000
	68,566,508	**68,566,508**

(a) Securities premium includes an amount of ₹ 9,848,489 received on allotment of 19,696,978 equity shares of ₹ 10 each on October 16, 2004 at a premium of ₹ 0.50 per equity share [Refer Schedule 1, Note (a) (iii)]

(b) During the year 2006, in accordance with the CDR Scheme [Refer Schedule 21, Note 1(c)], the Company had provided for the premium on Zero % Optionally Fully Convertible Debentures (OFCDs) and has utilised the securities premium to that extent.

(c) During the year 2007-08, the Company based on the lenders confirmation has written back the securities premium of ₹ 13,110,587

(d) As more fully discussed in Schedule 21, Note 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 Schedule 23, Note 20, the Company has surrendered its CoR with the Reserve Bank of India ('RBI'). As a condition for the cancellation of the CoR, the RBI has advised the Company to follow certain strictures till the balance in the escrow account is settled.

Schedule 3: Secured Loans [Refer Schedule 23, Note 4]		
Term Loans		
From Financial Institution	-	792,501,704
From Banks	-	5,601,344,471
Loan Convertible in to Non-Convertible Debentures as per CDR [Refer Note 23, Note 4 (a)]		
From Financial Institution	396,233,192	-
From Banks	2,800,675,852	-
Vehicle loans	351,802	1,341,082
Bank overdraft	171,630,829	157,664,277
	3,368,891,675	**6,552,851,534**
Schedule 4: Unsecured Loans [Refer Schedule 23, Note 5]		
Zero % Non-Convertible Debentures ('NCDs') (erstwhile OFCDs) (others)	166,776,100	166,776,100
Buyers Credit Facility (Loan from foreign bank)	-	92,153,587
Other Loans	2,508,699,886	910,199,886
	2,675,475,986	**1,169,129,573**

SCHEDULES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

Schedule 5: Fixed Assets [Refer Schedule 23, Note 6]

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2010	Additions during the period	Sale / Adjustment during the period	As at March 31, 2011	As at April 1, 2010	Depreciation for the period	On Sale/ Adjustment	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Land - Freehold	16,142,623	-	-	16,142,623	-	-	-	-	16,142,623	16,142,623
Land - Leasehold	8,896,419	-	-	8,896,419	1,016,828	92,160	-	1,108,988	7,787,431	7,879,591
Building	185,256,269	3,933,348	-	189,189,617	32,228,865	3,660,338	-	35,889,203	153,300,414	153,027,404
Leasehold Improvements	75,761,643	2,948,667	-	78,710,310	58,289,638	6,755,861	-	65,045,499	13,664,811	17,472,005
Network Equipment	3,475,725,159	1,852,864,497	16,813,342	5,311,776,314	2,146,308,942	450,726,594	14,632,037	2,582,403,499	2,729,372,815	1,329,416,217
Optical Fibre Cable and Copper Cable	4,373,778,679	133,512,294	105,800	4,507,185,173	2,387,449,782	315,645,236	9,952	2,703,085,066	1,804,100,107	1,986,328,897
Telephone Instruments at Customers Premises	721,772,654	55,595,307	107,313,665	670,054,296	556,082,128	73,953,307	101,088,283	528,947,152	141,107,144	165,690,526
Computers	237,750,106	6,074,311	6,883,016	236,941,401	195,612,365	18,313,417	6,856,857	207,068,925	29,872,476	42,137,741
Office Equipment	42,976,358	6,998,903	1,361,543	48,613,718	31,538,947	5,180,732	950,377	35,769,302	12,844,416	11,437,411
Furniture and Fixture	40,276,988	2,431,148	699,082	42,009,054	36,528,686	2,307,369	698,315	38,137,740	3,871,314	3,748,302
Vehicles	22,310,744	9,055	5,317,727	17,002,072	19,134,875	1,404,396	4,415,932	16,123,339	878,733	3,175,869
T O T A L	**9,200,647,642**	**2,064,367,530**	**138,494,175**	**11,126,520,997**	**5,464,191,056**	**878,039,410**	**128,651,753**	**6,213,578,713**	**4,912,942,284**	**3,736,456,586**
Previous Year ended March 31, 2010	*9,055,888,326*	*339,997,098*	*195,237,782*	*9,200,647,642*	*4,839,363,053*	*799,818,082*	*174,990,079*	*5,464,191,056*		

Schedule 6: Intangible Assets

ASSETS	GROSS BLOCK				AMORTISATION				NET BLOCK	
	As at April 1, 2010	Additions during the period	Sale/ Adjustment during the period	As at March 31, 2011	As at April 1, 2010	Amortisation for the period	On Sale/ Adjustment	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Computer Software	181,710,691	7,614,238	-	189,324,929	162,389,903	11,094,141	-	173,484,045	15,840,884	19,320,788
Licence Entry Fees	2,352,658,603	-	-	2,352,658,603	1,331,312,045	136,055,290	-	1,467,367,334	885,291,269	1,021,346,559
Licence Entry Fees GSM [Refer Schedule 22, Note 1(b)]	1,517,500,000	-	-	1,517,500,000	1,662,710	202,296,384	-	203,959,094	1,313,540,906	1,515,837,290
Goodwill [Refer Schedule 23, Note 10]	31,229,573	-	-	31,229,573	6,245,915	6,245,915	-	12,491,829	18,737,744	24,983,658
T O T A L	**4,083,098,867**	**7,614,238**	**-**	**4,090,713,105**	**1,501,610,573**	**355,691,730**	**-**	**1,857,302,302**	**2,233,410,803**	**2,581,488,295**
Previous Year ended March 31, 2010	*4,076,881,351*	*6,217,516*	*-*	*4,083,098,867*	*1,344,978,240*	*156,632,332*	*-*	*1,501,610,572*		

SCHEDULES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

Particulars	As at March 31, 2011	As at March 31, 2010
Schedule 7: Inventory [Refer Schedule 23, Note 9]		
Inventory held for installation and maintenance of network	23,088,275	24,064,756
Inventory held for Trading	1,913,164	6,379,914
	25,001,439	**30,444,670**
Schedule 8: Sundry Debtors		
Outstanding for a period exceeding six months:		
Secured and Considered Good	23,274,697	4,431,908
Unsecured and Considered Good	41,824	5,962
Unsecured and Considered Doubtful	142,863,813	144,818,316
Others		
Secured and Considered Good	144,287,804	6,335,907
Unsecured and Considered Good	328,620,005	267,428,324
Unsecured and Considered Doubtful	9,745,795	9,210,427
	648,833,938	432,230,844
Less: Provision for Doubtful Debts	152,651,732	154,028,743
	496,182,206	**278,202,100**

Notes:

a) Debtors are secured to the extent of deposit received from the subscribers.

b) Includes ₹ 83,158,703 (March 31, 2010 - ₹ 88,871,045) of unbilled revenues, the invoices for which have been raised subsequent to March 31, 2011 [Refer Schedule 22, Note 2.12]

Particulars	As at March 31, 2011	As at March 31, 2010
Schedule 9: Cash and Bank Balances		
Cash in Hand	13,814,278	2,341,868
Cheques in Hand	9,209,626	14,493,617
Balances with Scheduled Banks		
In Current Account	42,144,074	50,735,405
In Fixed Deposit [Receipts pledged with Banks as margin money for guarantees and LCs issued ₹ 19,976,890 (March 31, 2010 - ₹ 60,752,113)]	19,976,889	60,752,113
In Escrow Account [Refer note below]	1,176,379	1,310,775
	86,321,246	**129,633,779**

Notes:

The balance with scheduled banks in Escrow account is towards public deposits payable by the Company [Refer Schedule 23, Note 17]

Particulars	As at March 31, 2011	As at March 31, 2010
Schedule 10: Other Current Assets		
Interest Accrued on Fixed Deposits	5,462,240	18,418,230
	5,462,240	**18,418,230**

SCHEDULES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

Particulars	As at March 31, 2011	As at March 31, 2010
Schedule 11: Loans and Advances		
(Unsecured, considered good except otherwise stated)		
Advances Recoverable in cash or in kind or for value to be received		
Considered Good	106,013,094	49,021,577
Considered Doubtful	802,642	802,642
Considered Good	25,997,483	27,035,683
Considered Doubtful	1,186,199	1,186,199
Tax deducted at source recoverable	42,758,217	26,600,110
Interest Paid in advance to Banks and financial institution	5,430,367	-
Balance with Customs, Excise and Service Tax	159,699,935	78,188,072
	341,887,937	**182,834,283**
Less: Provision for Doubtful Advances	1,988,841	1,988,841
	339,899,096	**180,845,442**

Notes:

Advance recoverable includes dues from Chief Executive Officer NIL (March 31, 2010 ₹ 10,243)
(Maximum amount outstanding during the year ₹ 36,129 (March 31, 2010 - ₹ 328,024)

Particulars	As at March 31, 2011	As at March 31, 2010
Schedule 12: Current Liabilities and Provisions		
Current Liabilities		
Sundry Creditors		
Due to Micro/Small and Medium Enterprises [Refer Schedule 23, Note 12 (a)]	103,716	1,980,142
Capital Goods	2,148,581,811	1,041,973,880
Expenses	313,373,435	161,482,185
Interconnection Usage Charges ('IUC') payable to other operators	339,789,653	79,723,550
Expenses Payable	540,597,001	355,111,716
Book Overdraft	43,720,883	2,928,802
Other Advances	538,142,091	2,015,463,035
Advance From Customers and Unaccrued Income*	2,967,163,035	570,223,744
Security Deposits		
From Subscribers	30,872,414	46,165,643
From Others	38,746,354	30,245,464
Investor Education and Protection Fund**		
Unclaimed Dividends		
Unclaimed Deposits from Public	16,397	164,397
Interest accrued and due on Public Deposits	64,147	103,342
Other Liabilities ***	566,728,520	305,189,184
	7,527,899,457	**4,610,755,084**

* Includes ₹ 434,001,215 (March 31, 2010 ₹ 440,968,743) pertaining to infrastructure income in advance which is recognized on a straight line basis upon the terms of agreement which ranges from year 2005 to 2023.

** To be transferred to Investor Education and Protection Fund (as and when due).

*** Includes interest accrued on secured loan as difference between the interest paid and interest accrued on yield basis amounting to ₹ 421,029,734 (March 31, 2010 - ₹ 226,574,959) to be adjusted over a period from year 2010 to 2017 as per new CDR dated August 13, 2009.

Provisions [Refer Schedule 23, Note 19]		
Leave Encashment/Availment	29,999,172	17,070,790
Gratuity	13,860,488	15,350,191
	43,859,660	**32,420,981**
	7,571,759,117	**4,643,176,065**

SCHEDULES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Schedule 13: Service Revenue		
Revenue		
From Unified Access Services	1,474,269,161	1,202,377,243
From Interconnection Usage Charge	107,889,428	90,106,819
From Infrastructure Services	46,031,982	46,103,171
From Internet Services	732,321,607	623,502,263
	2,360,512,178	**1,962,089,495**
Schedule 14: Sales		
Sale of Handsets	639,174	11,826,353
	639,174	**11,826,353**
Schedule 15: Other Income		
Interest Income [Tax deduction at source ₹ 118,419 (March 31, 2010 ₹ 9,277)]	3,258,704	6,970,214
Miscellaneous Income	19,684,640	9,117,471
	22,943,344	**16,087,685**
Schedule 16: Network Operation Expenditure		
Interconnect Usage Charges	538,484,396	313,989,521
Other Value Added Service charges	12,864,233	12,845,705
Port Charges	39,777,469	28,252,048
Testing and Technical Survey Expenses	578,526	100,000
Licence Fees on Revenue Share Basis	109,522,483	80,550,756
Royalty and licence fees to Wireless Planning Commission	27,494,016	8,307,115
Stores and Spares Consumed	88,281,514	48,037,231
Rent Node site	34,521,337	32,107,831
Infrastructure Sharing Rent	549,466,428	267,620,888
Electricity and Water	329,288,523	133,091,227
Security Charges	781,695	103,953
Repair and Maintenance - Network	170,012,033	93,497,358
Bandwidth Charges	77,491,376	83,774,108
	1,978,564,029	**1,102,277,741**
Schedule 17: Cost of Good Sold		
Opening Stock	6,379,914	9,733,780
Purchases	-	11,345,274
Less: Closing Stock	1,913,164	6,379,914
	4,466,750	**14,699,140**

SCHEDULES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS

Particulars		For the year ended March 31, 2011	For the year ended March 31, 2010
Schedule 18: Personnel Expenditure			
Salaries, Wages and Bonus [Refer Schedule 23, Note 19]		411,750,008	415,128,162
Employer's Contribution to Provident and Other Funds [Refer Schedule 23, Note 19]		24,906,135	26,079,389
Staff Welfare Expenses		9,594,318	9,927,038
Recruitment & Training Expenses		3,155,761	3,781,316
		449,406,222	**454,915,905**
Schedule 19: Sales and Marketing Expenditure			
Sales and Business Promotion		9,627,722	2,425,361
Advertisement Expenses		99,760,727	18,337,666
Customers Acquisition Costs		292,922,655	70,551,636
		402,311,104	**91,314,663**
Schedule 20: Administrative and Other Expenditure			
Legal and Professional Expenses		23,541,266	31,496,585
Travelling and Conveyance		70,879,041	68,303,362
Communication Expenses		2,289,647	2,994,734
Rent		26,067,198	26,116,882
Security Charges		5,641,003	5,484,518
Repairs and Maintenance - Building		93,234	165,833
Repairs and Maintenance - Others		12,061,282	11,959,983
Electricity and Water		13,652,334	17,637,174
Insurance		6,503,101	5,218,958
Rates and Taxes		6,071,890	5,545,182
Freight and Cartage		8,534,440	4,438,556
Printing and Stationary		3,839,993	3,671,141
Billing and Collection Expenses		79,620,156	69,771,227
Software Expenses		-	1,097,178
Directors' Fees		286,880	315,160
Provision for Doubtful Advances	-		
Less: Utilised to Doubtful Advances Written off	-	-	802,642
Bad Debts Written off	33,925,945	28,041,155	36,249,364
Less: Provision for Doubtful Debts	(5,884,790)		
Provision for Doubtful Debts	-	4,507,778	16,406,126
Miscellaneous Expenses		5,213,136	4,886,255
		296,843,534	**312,560,860**
Schedule 21: Finance Charges			
Interest on Term Loans *		257,045,637	(760,681,122)
Interest to Others		15,208,993	45,864,116
Bank Guarantee Commission		2,964,525	7,921,589
Trustees Fee		1,800,000	875,000
Other Finance Charges		1,659,115	1,884,693
		278,678,270	**(704,135,724)**

* Includes interest accrued on secured loan as difference between the interest paid and interest accrued on yield basis amounting to ₹ 415,599,368 (March 31, 2010 - ₹ 223,784,616) as per CDR Scheme. [Refer Schedule 23, Note 4 (a)]

CONSOLIDATED QUADRANT TELEVENTURES LIMITED (Formerly Known as HFCL Infotel Limited)

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT AND FOR THE YEAR ENDED MARCH 31, 2011

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

Schedule 22: 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, 2011, the Company has an active subscriber base of over 1,764,129.

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'ble 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 Subsidiary Company. During the year the Company has acquired beneficial interest in the remaining 20 equity shares which were earlier held by the subscribers to the Memorandum of Association; declaration of beneficial Interest in the said shares has been duly filed with the Registrar of Companies. Consequently, the company now holds 100% of the issued equity share capital in the 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 and 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).

Fixed license fees of ₹ 1,775,852,329 paid under the old license fee regime from inception till July 31, 1999, were considered as the License Entry Fees of the Punjab circle (including Chandigarh and Panchkula) as part of the migration package to NTP 1999.

With effect from August 1, 1999, the Company is required to pay revenue share license fees as a fraction of Adjusted Gross Revenue ('AGR'), The revenue share fraction was set at 10% of AGR with effect from August 1, 1999 and was reduced to 8% of AGR with effect from April 1, 2004. In addition, spectrum charges calculated at 3% of the AGR earned through the wireless technology is payable under the license agreement. Income from internet services is excluded from the service revenue for the purpose of the calculation of AGR.

During the year ended March 31, 2008, the Company has deposited the entry fee of ₹ 1,517,500,000 with The Department of Telecommunication ('DOT') for the use of GSM Technology in addition to CDMA technology being used under the existing Unified Access Services Licence ('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.

(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 letter dated June 24, 2005. As per the said proposal, the peak funding requirement has been further revised and the principal repayment of existing term loan was rescheduled to be repaid between May 1, 2008 and April 1, 2016. Moreover, the rate of interest on existing term loan, secured OFCDs and working capital shall be 9.3% per annum monthly compounding. The secured OFCD were to be converted into equity shares at par subject to applicable provisions of SEBI guidelines and other relevant Acts during financial year ended March 31, 2006.

During the year, the Company has incurred losses of ₹ 2,236,667,344 resulting into accumulated loss of ₹ 13,636,994,938 as at March 31, 2011 which has completely eroded its net worth and has a net current liability of ₹ 6,588,544,442. 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 ₹ 4,615,197 resulting into accumulated loss of ₹ 11,034,107 as at March 31, 2011 which has completely eroded its net worth and has a net current liability of ₹ 30,348,447. 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, 2011. 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 ₹ 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 [See Note 1 (b)] 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 [Refer Note 1 (a)]. 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 Profit and Loss Account in the year in which the related income from providing unified access services is 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 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 ₹ 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 and Cash Equivalents

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

CONSOLIDATED QUADRANT TELEVENTURES LIMITED (Formerly Known as HFCL Infotel Limited)

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT AND FOR THE YEAR ENDED MARCH 31, 2011

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

Schedule 23: Notes Forming Part of The Financial Statements

1. Commitments and contingent liabilities not provided for in respect of:

Sr. No.	Description	As at March 31, 2011	As at March 31, 2010
I.	**Estimated Value of Contracts remaining** To be executed on capital account and not provided for net of capital advances ₹ 2,677,951 (March 31, 2010 – ₹ 1,214,168)	296,671,624	1025,925,638
II.	**Contingent Liabilities and Commitments (The Group)**		
	Financial Bank Guarantees (refer Note (a) below)	74,334,394	185,359,908
	Performance Bank Guarantees (refer Note (a) below)	53,542,500	52,782,810
III.	**Open Letters of Credit** (Margin deposit for above ₹ 1,414,394 (March 31, 2010 – ₹ 361,229)	14,143,944	3,612,292
IV.	**Income-tax matters under Appeal** (refer Note (b) below)	11,837,921	10,997,359
V.	**Claims against the Company not acknowledged as debts** – mainly representing miscellaneous claims filed against the Company, which are subject matter of litigation	5,381,816	6,004,468
VI.	**Others** [refer to Note (c, d, e, f, g and h) below]	852,854,133	856,657,573
	Total	**1,308,766,332**	**2,141,340,048**

(a) Financial bank guarantees as at March 31, 2011 of ₹ 74,334,394 (March 31, 2010 – ₹ 185,359,908) and performance bank guarantees of ₹ 53,542,500 (March 31, 2010 – ₹ 52,782,810) are secured. The details of security created are detailed out in note no. 9 (a) below.

(b) The Company has certain income tax related matters pending with Income Tax Appellate Tribunal for the Assessment Year 2001-02 aggregating to ₹ 11,837,921 (March 31, 2010 – ₹ 10,997,359).

(c) The Wireless Finance Division of Department of Telecommunications has claimed an outstanding of ₹ 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 ₹ 29,472 only and paid the said amount. The Wireless Finance Division of Department of Telecommunications has subsequently claimed ₹ 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 ₹ 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 ₹ 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 ₹ 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. 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.

(d) During the year ended March 31, 2007, Bharat Sanchar Nigam Limited ('BSNL') has raised supplementary bill dated August 10, 2006 for ₹ 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 ₹ 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 ₹ 167,614,241. Subsequently, BSNL issued a disconnection notice on August 26, 2006 which required the payment of ₹ 208,236,569 (including ₹ 167,614,241). The Company has submitted details to BSNL for payments already made for ₹ 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 ₹ 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, 2011.

(e) 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 ₹ 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, 2011.

(f) The Company is in receipt of a demand of ₹ 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, 2011.

(g) The Company is in receipt of demand of ₹ 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, 2011.

(h) The Company is in receipt of a demand of ₹ 4,157,718 from Bharat Sanchar Nigam Limited ('BSNL') on February 2, 2009 on account of port charges for the year 2008-09, passive link charges, duct cost for passive link and active link charges. Out the above ₹ 430,131 pertaining to port charges for the year 2008-09 and active link charges was paid by the Company vide receipt number 189 dated February 18, 2009. The amount of ₹ 3,727,587 towards the duct cost for passive link and passive link charges was not acceptable by the Company as the demand raised by BSNL was unilateral and unjust. The Company filed a petition vide petition No. 41(C) of 2009 with Telecom Dispute Settlement and Appellate Tribunal ('TDSAT') to which the Company was granted a stay order dated March 25, 2009 restraining BSNL from recovering the dues from the Company. The hearing on the matter has been completed on February 11, 2010 and the judgement from Hon'ble TDSAT was delivered December 22, 2010 in favour of BSNL where in the Company was required to make payment amounting to ₹ 5,191,862 to BSNL. The said payment has been made in compliance with the order.

2. Managerial remuneration

Remuneration paid to Manager of the Company is as under:

	For the year ended March 31, 2011	For the year ended March 31, 2010
Salary	416,847	370,000
Employer's contribution to provident fund	50,022	44,400
Perquisites/Allowances	524,643	472,894
Ex-gratia/Performance linked incentive	256,170	-
Total	**1,247,682**	**887,294**

The above managerial remuneration does not include provision of gratuity of ₹ 56,688 (March 31, 2010 ₹ 36,607) and leave encashment of ₹ 129,613 (March 31, 2010 – ₹ 58,488), as these provisions are computed on the basis of an actuarial valuation done for the Company and are provided in the financials (Refer Schedule 13).

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

3. Share Capital

Equity shares

(a) As of date, the entire paid up Equity Share Capital of the Company comprising of 612,260,268 equity shares of ₹ 10 each, stands listed on the Bombay Stock Exchange (BSE) Consequent upon the issuance of 8,67,43,116 equity shares allotted pursuant to the conversion of 75,51,178 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 ₹ 10 each, 8,67,43,116 equity shares of ₹ 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 ₹ 10 each, 326,705,000 equity shares of ₹ 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) till April 3, 2010, were acquired by M/s Quadrant Enterprises Private Limited on April 03, 2010 in compliance with the SEBI Exemption Order in pursuance of the proposal for settlement/ change of management of the Company approved under the Corporate Debt Restructuring Scheme (CDR Scheme) as approved by the by the Corporate Debt Restructuring Cell (CDR Cell) on August 13, 2009.

(c) On March 31, 2004, the Company obtained the approval from the shareholders for de-listing the shares listed in the Calcutta Stock Exchange Association Limited ('CSE') and complied with all the necessary requirements for delisting and submitted its application in CSE. Despite repeated reminders, the Company has not yet received CSE's approval in this regard.

(d) 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 March 15, 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 % 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 and machinery, machinery spares, tools and 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 package, 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 package. The CDR has been made effective from April 1, 2009 and accordingly an amount of ₹ 373,097,077 towards FITL from July 1, 2008 to March 31, 2009 has been considered as term loan. In accordance with the new restructuring package an amount of ₹ 256,829,422 has been considered as Interest for the year ended March 31, 2010, and reversed the provision for interest of ₹ 1,025,846,205, the differential between interest paid and interest accrued on yield basis as per old CDR scheme.

During the year the Company has allotted 15,984,543, 2 % Cumulative Redeemable Preference Shares of ₹ 100 each aggregating to ₹ 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 terms of new CDR Scheme. In compliance with the New CDR Scheme the company has repaid on July 06, 2010 and July 07, 2010 an amount of ₹ 1,598,454,522 being 25% of their outstanding loans as on April 01, 2009 in terms of New CDR Scheme and the Company is required to allot secured Non Convertible Debenture ('NCD') of an amount aggregating to ₹ 3,196,909,043 equivalent to 50% of their outstanding loans as on April 01, 2009, which shall be issued and the terms of the Revised CDR Scheme shall be implemented on the completion of such approvals and conditions precedent.

(b) The above mentioned security has been further extended to the amount of loans, working capital assistance, specific facility and OFCDs 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 ₹ 351,802 (March 31, 2010 – ₹ 1,341,082) are secured by way of exclusive hypothecation charge in favour of bank on the specific assets acquired out of the loan proceeds of the Company. These loans are repayable in monthly installments and shall be repaid by 2012. Vehicle loans repayable within one-year amounts to ₹ 300,060. Interest rates on vehicle loans vary from 9.65% per annum to 12.15% per annum. The average tenure of loan is 36 months.

5. Unsecured Loans

(a) On October 16, 2004, the Company issued 1,667,761 zero % Non-Convertible Debentures ('NCDs') of ₹ 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 revised CDR Scheme effective from April 1, 2005.

(b) On February 8, 2005, the Company has entered into a buyer's credit loan agreement with The Export Import Bank of China to facilitate payment to one of its equipment supplier for a total amount of ₹ 544,131,662 (US$ 12,134,961). As on March 31, 2010, the Company has utilized ₹ 527,470,587 (US$ 12,061,985) of this facility. The facility is secured by Financial Bank guarantee of ₹ 108,825,514 and by a Corporate Guarantee of ₹ 544,131,662 given by Himachal Futuristic Communications Limited erstwhile Holding Company, on pari passu basis with other lenders. During the year the Company on July 21, 2010 has fully repaid the amount outstanding towards the Buyer's Credit Loan.

(c) 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 ₹ 499,499,886 from Infotel Digicomm Private Limited. The convertible loan is repayable on demand; Infotel Digicomm Private Limited shall have 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') has entered into an assignment agreement with Domebell Electronics India Private Limited ('DEIPL'), wherein IDPL has assigned the above convertible loan of ₹ 499,499,886 to DEIPL. All the terms and conditions relating to the convertible loan has 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 ₹ 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, 2011, therefore no provision for such interest has been made by the Company.

(d) 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 ₹ 410,740,832 from Infotel Business Solutions Limited. The loan carries 12% interest and is repayable on demand. Infotel Business Solutions Limited has 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 ₹ 410,700,000 to DEIPL. All the terms and conditions relating to the buyer's credit facility has 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 ₹ 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, 2011, therefore no provision for such interest has been made by the Company.

(e) The Company during the year has received an unsecured loan on July 06, 2010 of ₹ 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, 2011, therefore no provision for said interest has been made by the Company.

6. Fixed Assets and Capital work-in-progress

(a) Capital Work-in-Progress includes Goods in Transit of ₹ 2,299,900 (March 31, 2010 – ₹ 20,106,204).

(b) As on March 31, 2011, telephone instruments aggregating to a net book value of ₹ 121,711,778 (March 31, 2010 – ₹ 155,534,655) and other assets aggregating to net book value of ₹ 1,105736,867 (March 31, 2010 – ₹ 238,604,630) are located at customer premises, other parties and at other operator's sites, respectively.

7. Investments

During the year ended March 31, 2009 the Company has incorporated a Subsidiary Company Infotel Tower Infrastructure Private Limited with an Investment of ₹ 99,800. 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. During the year the Company has acquired beneficial interest in the remaining 20 equity shares which were earlier held by the subscribers to the Memorandum of Association. Consequently, the company now holds 100% of the issued equity share capital in the subsidiary company.

8. License Entry Fees

During the year ended March 31, 2008, the Company has deposited the entry fee of ₹ 1,517,500,000 with The Department of Telecommunication ('DOT') for the use of GSM Technology in addition to CDMA technology being used under the existing Unified Access Services Licence ('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.

9. Inventory

The Group holds inventory of network maintenance consumables, RUIM cards and mobile handsets amounting to ₹ 25,001,439 (March 31, 2010 – ₹ 30,444,670). The quantity and valuation of inventory is taken as verified, valued and certified by the management.

10. 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 ₹ 40,836,098. The value of acquired inventory of handsets is ₹ 9,732,480 and fixed assets is ₹ 350,709 and taken over net current liabilities amounting to ₹ 476,663. The excess of consideration over net value of Assets and Liabilities amounting to ₹ 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.

11. Deferred Taxes

During the year, the Group has incurred losses of ₹ 2,241,282,542 (accumulated losses of ₹ 13,648,029,046) 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 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 ₹ 263,715/- as on March 31, 2011 comprises of the followings:

Particulars	As at March 31, 2011	Charge/ (Credit) during the year	As at March 31, 2010
Deferred Tax Assets/ (Liability)			
Provision for Gratuity	196,261	38,760	157,501
Provision for Leave encashment	417,156	94,477	322,679
Depreciation/ Amortization	(360,902)	(852,541)	491,639
Provision for Doubtful Debts	12,547	12,547	-
Preliminary Expenses	(1,347)	(5,510)	4,163
Net Deferred Tax (Liability)/Asset	**263,715**	**(712,267)**	**975,982**

12. Current Liabilities and Provisions

a) Sundry Creditors include amount payable to Micro and Small Enterprises as at March 31, 2011 of ₹ 103,716 (March 31, 2010 – ₹ 1,980,142). 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, 2011 is as under –

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Principal amount	103,716	1,980,142
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 and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of accounting year.	-	-

b) During the year ended March 31, 2008, the Company had obtained advance of ₹ 1,517,500,000 to fund the entry fee for using GSM Technology under the existing Unified Access Services License (UASL) for Punjab Service Area. The amount of aforesaid advance is adjustable or refundable on such terms and conditions as may be mutually agreed. No interest is payable on the said advance

13. Loss per share

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

	For the year ended March 31, 2011	For the year ended March 31, 2010
Loss for the year (in ₹)	2,241,282,542	212,122,946
Weighted average number of equity shares	612,260,268	588,970,335
Nominal value per equity share (in ₹)	10	10
Loss per share – basic and diluted (in ₹)	3.66*	0.36*

* The impact of dilution on account of advance share capital, OFCD has not been considered as it is anti-dilutive.

14. Operating leases

A. Company as a Lessee

The Company has entered into various cancelable lease agreements for leased premises. Gross rental expenses for the year ended March 31, 2011 is ₹ 60,588,535 (March 31, 2010 – ₹ 58,224,713).

The Company has entered into site sharing agreements with other operators for sharing of their infrastructure sites. During the year, the Company has incurred ₹ 549,466,428 (March 31, 2010 – ₹ 267,620,888) towards infrastructure sharing expenses.

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

Particulars	As at March 31, 2011	As at March 31, 2010
Payable not later than one year	466,350,888	135,517,631
Payable later than one year and not later than five years	1,562,634,242	570,953,292
Payable more than five years	859,438,541	142,973,621
Total	**2,888,423,671**	**849,444,544**

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 ₹ 4,557,384 (March 31, 2010 – ₹ 4,437,292) towards site sharing revenue.

The Company has entered into a non-cancellable lease arrangement to provide approximately 7,814.27 Fibre pair kilometres of dark fibre 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 ₹ 35,810,133 (March 31, 2010 – ₹ 33,956,731) has been recognised in the profit and loss account for the year ended March 31, 2011.

Further lease receipts (under non-cancellable operating leases) will be recognised in the profit and loss account of subsequent years as follows:-

Particulars	As at March 31, 2011	As at March 31, 2010
Receivable not later than one year	35,810,133	33,956,731
Receivable later than one year and not later than five years	143,240,533	135,826,926
Receivable later than five years	178,667,090	206,006,685
Total	**357,717,756**	**375,790,342**

15. Segmental Reporting

A. Primary Segment Information

The reportable segments for the year ended March 31, 2011 has been identified in line with Accounting Standard -17 `Segment Reporting'.

The primary business segments are Telecommunication services (Unified access services, Infrastructure services, Internet services and Interconnection usage charges), Manpower services and Trading of mobile handsets.

Details of business segments are as follows:

Year ended March 31, 2011

Particulars	Telecommunication Services	Manpower Services	Trading of Mobile Handsets	Unallocable	Elimination	Total
Segment Revenue						
Total Revenue	2 ,383,381,337	–	639,174	74,185	–	**2,384,094,696**
Less: Inter Segment Revenue	–	76,775,978	2,795,074	–	(79,571,052)	**–**
Net Revenue	**2,383,381,337**	**76,775,978**	**3,434,248**	**74,185**	**(79,571,052)**	**2 ,384,094,696**
Particulars	**Telecommunication Services**	**Manpower Services**	**Trading of Mobile Handsets**	**Unallocable**	**Elimination**	**Total**
Segmental Results before Finance Expenses and Loss (Gain) on sale/ discard of fixed assets	(1,982,748,604)	3,393,208	(7,322,460)	33,574	–	**(1,986,644,282)**
Less: Finance Expenses	278,671,018			7,253	–	**278,678,271**
Less: Loss/(Gain) on sale and Discarded Fixed Assets	(24,752,278)	–	–	–	–	**(24,752,278)**
Segment Results before taxes	**(2,236,667,344)**	**3,393,208**	**(7,322,460)**	**26,321**	**–**	**(2,240,570,275)**
Provision for Taxation	–	–	–	–	–	**-**
Deferred Tax (Liability)/Assets	–	–	–	(712,267)	–	**(712,267)**
Segment Results after taxes	**(2,236,667,344)**	**3,393,208**	**(7,322,460)**	**(685,946)**	**–**	**(2,241,282,542)**

Year ended March 31, 2010

Particulars	Telecommunication Services	Manpower Services	Trading of Mobile Handsets	Unallocable	Elimination	Total
Segment Revenue						
Total Revenue	1,978,161,068	-	11,826,353	16,112		**1,990,003,533**
Less: Inter Segment Revenue		66,134,108	1,885,032		(68,019,140)	**-**
Net Revenue	**1 ,978,161,068**	**66,134,108**	**13,711,385**	**16,112**	**(68,019,140)**	**1,990,003,533**
Particulars	**Telecommunication Services**	**Manpower Services**	**Trading of Mobile Handsets**	**Unallocable**	**Elimination**	**Total**
Segmental Results before Finance Expenses and Loss (Gain) on sale/discard of fixed assets	**(905,983,710)**	**3,102,099**	**(9,264,674)**	**(35,385)**	**–**	**(912,181,670)**
Less: Finance Expenses	(704,235,671)	–	–	99,947	–	**(704,135,724)**
Less: (Gain) on sale of Fixed Assets	(14,304,527)	–	–	–	–	**(14,304,527)**
Less: Loss on Discarded Fixed Assets	19,003,813	–	–	–	–	**19,003,813**
Segment Results before taxes	**(206,447,324)**	**3,102,099**	**(9,264,674)**	**(135,333)**	**–**	**(212,745,232)**
Provision for Taxation	–	–	–	–	–	**–**
Deferred Tax (Liability)/Assets	–	–	–	622,286	–	**622,286**
Segment Results after taxes	**(206,447,324)**	**3,102,099**	**(9,264,674)**	**486,953**	**–**	**(212,122,946)**

(i) Revenues and expenses, which are directly identifiable to segments, are attributed to the relevant segment. The segment result is the segment revenues less the segment expenses. Certain costs, including depreciation and Finance expenses which are not allocable to segments have been classified as "Unallocable".

(ii) The Group is utilizing the assets which do not generally make a distinction between the business segments. As a result, fixed assets are used interchangeably between segments. In the absence of a meaningful basis to allocate assets and liabilities between segments, no allocation has been made.

B. Secondary Segment Information

The Group provides services only in the State of Punjab (including Chandigarh and Panchkula) and accordingly, no disclosures are required under geographical segments reporting.

16. Related party transactions

Relationship	Holding Company		Companies under key Management Personnel		Key Management Personnel		Total	
Nature of transaction	**For the year ended March 31, 2011**	**For the year ended March 31, 2010**	**For the year ended March 31, 2011**	**For the year ended March 31, 2010**	**For the year ended March 31, 2011**	**For the year ended March 31, 2010**	**For the year ended March 31, 2011**	**For the year ended March 31, 2010**
Assets								
Purchase of Equity Shares	-	-	-	-			-	-
Advance against equity	-	-	-	-			-	-
Purchase of Capital Goods	-	5,642,995	-	-			-	5,642,995
Purchase of Capital Services	-	-	-	-			-	-
Payment against Capital Purchases / Services	-	4,537,254	440,000	-			440,000	4,537,254
Liabilities							--	--
Amount received by Company	-	-	-	-			-	-
Loan Received By Company	-	-	-	-			-	-
Balance - Payable	-	1,154,083					-	1,154,083
Balance - Receivable	-	-	24,400,762	23,960,762	-	10,243	24,400,762	23,971,005
Relationship	**Holding Company**		**Companies Under Key Management Personnel**		**Key Management Personnel**		**To tal**	
Nature of transaction	**For the year ended March 31, 2011**	**For the year ended March 31, 2010**	**For the year ended March 31, 2011**	**For the year ended March 31, 2010**	**For the year ended March 31, 2011**	**For the year ended March 31, 2010**	**For the year ended March 31, 2011**	**For the year ended March 31, 2010**
Income / Receipt								
Services Provided	-	-	-	-	-	-	-	-
Sale of Material/Assets	-	566,609	-	13,933,120	-	-	-	14,499,729
Debit Notes raised by us	-	-	-	17,181,032	-	-	-	17,181,032
Expenses/Payments							-	-
Interest expense on ICD received	-	-	-	21,119,405	-	-	-	21,119,405
Bank Guarantee Commission	-	-	-	-	-	-	-	-
Debit Notes raised on us	-	566,609	-	586,734	-	-	-	1,153,343
Purchase of Consumables Goods/Repair & Maintenances	-	-	-	-	-	-	-	-
Purchase of Services (Expenditure Nature)	-	-	-	4,706,552	4,080,770	26,210,429	4,080,770	30,916,981
Payment received by us	-	-	-	-	-	-	-	-
Assignment of Loan	-	-	-	910,199,886	-	-	-	910,199,886
Payments made by the Company	-	-	-	-	4,080,770	26,210,429	4,080,770	26,210,429
Advances Written Off	-	-	-	-	-	-	-	

List of related parties

- Holding Company : Himachal Futuristic Communications Limited from April 1, 2010 to April 3, 2010, Quadrant Enterprises Pvt. Ltd from April 4, 2010 to March 31, 2011
- 100% Wholly owned Subsidiary : Infotel Tower Infrastructure Private Ltd., India
- Company under Key Managerial Personnel : Infotel Business Solutions Limited, Infotel Digicomm Pvt. Ltd. from April 1, 2010 to April 9, 2010
- Key Managerial Personnel : Mr. Surendra Lunia (CEO) from April 1, 2010 to April 9, 2010, Mr. Kapil Bhalla (Manager under Companies Act 1956) from April 10, 2010 to March 31, 2011

Advances given to Key Managerial Personnel

Chief Executive Officer (from April 1, 2010 to April 9, 2010) — Interest Free Housing loan ₹ Nil (March 31, 2010 – ₹ Nil), Other advances ₹ Nil (March 31, 2010 – ₹ 10,243)

Manager (from April 10, 2010 to March 31, 2011) — Interest Free Housing loan ₹ Nil, Other advances ₹ Nil

17. 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 May 24, 2004, the RBI approved the cancellation of the Company's certificate of NBFC registration and provided certain directives to the Company to be complied with, pending completion of which, the Company would continue to be governed by the relevant provisions of the Reserve Bank of India Act, 1934 and various directions/instructions issued by RBI from time to time. [Refer Schedule 11 & 14 and Schedule 22, Note 1(a))]. 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 Registrar of Companies, Jalandhar, is yet to register the resolution of the shareholders due to delay in filing of the documents, for which the Company has moved an application to Central Government for condo nation of delay. Ministry of Company Affairs vide letter No 17/23/2005-CL.V dated July 07, 2005 has granted a condonation for filing of form 23, which was submitted to Registrar of Companies, Jalandhar vide letter No. HITL/C&L/S-31/05/347 dated July 13, 2005 and the registration certificate is yet to be obtained.

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:

• Unclaimed Deposits From Public	₹	16,397
• Interest accrued and due on public deposits upto September 15, 2003	₹	64,147
• Interest accrued and due on deposits to be transferred to Investor Education and Protection Fund	₹	553,306
• Cheques outstanding beyond 6 months	₹	523,618
• Others (Under reconciliation)	₹	18,961
	₹	1,176,429
Balances with Scheduled banks in Escrow account	₹	1,176,429

18. Debenture redemption reserve

Pursuant to the CDR scheme on October 16, 2004, the Company has issued OFCDs aggregating to ₹ 166,776,100 repayable as on March 31, 2016. 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 ₹ 2,236,667,344. 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.

19. Employee Benefits

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

Defined Contribution Plans

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Employer's Contribution to Provident Fund *	17,970,391	17,991,908
Employer's Contribution to ESI *	3,279,194	1,696,715

* Included in Employer's Contribution to Provident and Other Funds, Refer Schedule 18.

Defined Benefit Plans

The Group's 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 its subsidiary's employee's gratuity fund is non-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	2010-11		2009-10	
	Gratuity #	Leave Encashment #	Gratuity #	Leave Encashment #
Current service cost	3,784,909	4,345,337	3,851,335	3,431,039
Interest cost	1,220,747	1,134,181	1,184,942	942,025
Expected Return on plan assets	(99,830)	-	(52,513)	-
Actuarial (gain)/loss	(1,595,529)	1,060,617	1,267,202	(3,840,443)
Past service cost	-	-	-	-
Curtailment and Settlement cost/(credit)	-	-	-	-
Net cost	**3,310,297**	**6,540,136**	**6,250,966**	**532,622**

Included in the Salaries, Wages and Bonus

The Company expects to contribute ₹ 926,120 towards employers' contribution for funded defined benefit plans in 2010-11.

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

Particulars	2010-11		2009-10	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount Rate	8.00%	8.00%	8.00%	8.00%
Expected Rate of increase in Compensation levels	5.00%	5.00%	5.00%	5.00%
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	7.50%	7.50%	7.50%	7.50%
Expected Average remaining working lives of employees (years) - the Company	22 years	22 years	22 years	22 years
Expected Average remaining working lives of employees (years) - the Subsidiary	8.89 Years	8.89 Years	8.94 Years	8.94 Years

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

Particulars	2010-11		2009-10	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Change in Projected Benefit Obligation (PBO)				
Projected benefit obligation at beginning of year	16,066,992	11,745,460	14,189,819	11,414,910
Current service cost	3,784,909	4,345,337	3,851,335	3,431,039
Interest cost	1,220,747	1,134,181	1,184,942	942,025
Benefits paid	(3,755,897)	(378,129)	(4,460,444)	(202,071)
Past service cost	-	-	-	-
Actuarial (gain)/loss	(1,606,057)	1,060,617	1,301,340	(3,840,443)
Projected benefit obligation at year end	**15,710,694**	**17,907,466**	**16,066,992**	**11,745,460**
Change in plan assets :				
Fair value of plan assets at beginning of year	716,801	-	1,416,216	-
Expected return on plan assets	99,830	-	52,513	-
Actuarial gain/(loss)	(10,528)	-	34,138	-
Employer contribution	-	-	-	-
Contribution by plan participants	4,800,000	-	3,674,378	-
Settlement cost	-	-		-
Benefits paid	(3,755,897)	-	(4,460,444)	-
Fair value of plan assets at year end	**1,850,206**	**-**	**716,801**	**-**
Net funded status of the plan	**(13,860,488)**	**(17,907,466)**	**(15,350,191)**	**(11,745,460)**
Net amount recognized	**(13,860,488)**	**(17,907,466)**	**(15,350,191)**	**(11,745,460)**

Particulars	2010-11		2009-10	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Fair value of plan assets:				
Fair value of plan assets at beginning of year	716,801	-	1,416,216	-
Actual return on plan assets	89,302	-	86,651	-
Employer contribution	-	-	-	-
Contribution by plan participants	4,800,000	-	3,674,378	-
Settlement cost	-	-	-	-
Benefits paid	(3,755,897)	-	(4,460,444)	-
Fair value of plan assets at year end	**1,850,206**	**-**	**716,801**	**-**

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:

	Gratuity			Leave Encashment		
Particulars	**2010-11**	**2009-10**	**2008-09**	**2010-11**	**2009-10**	**2008-09**
Defined benefit obligation	15,710,694	16,066,992	14,189,819	17,907,466	11,745,460	11,414,910
Plan assets	1,850,206	716,801	1,416,216	–	–	–
Surplus/ (deficit)	(13,860,488)	(15,350,191)	(12,773,603)	(17,907,466)	(11,745,460)	(11,414,910)
Experience adjustments on plan liabilities	–	–	–	–	–	–
Experience adjustments on plan assets	–	–	–	–	–	–

20. The Company is primarily engaged in the business of providing telecommunication services. The production and sale of such services is not capable of being expressed in any generic unit. Hence, other information pursuant to the provisions of the paragraph 3, 4C and 4D of Part II Schedule VI of the Companies Act, 1956 are not applicable to the Company.

21. Changeover of Management.

a) Securities Exchange Board of India ('SEBI') has, vide its Order No. WTM/KMA/CFD/233/03/2010 dated March 3, 2010, granted an exemption to M/s. Quadrant Enterprises Private Limited, - ('QEPL'), from the applicability of Regulation 10 & 12 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, for acquiring 32,67,05,000 (Thirty Two Crores Sixty Seven Lac and Five Thousand only) equity shares of the Company ('Shares') amounting to 53.3605% (approximately fifty three per cent) of the issued, subscribed and paid up share capital of the Company, from the Company Himachal Futuristic Communications Limited ('HFCL'). The Order has been passed pursuant to the proposal for change of management sanctioned by the Corporate Debt Restructuring Cell in terms of its letter No. CDJ (JCP) No. 563/2009-10 dated August 13, 2009. The aforesaid shares have been acquired on April 3, 2010.

b) In line with the stipulations of the CDR package as approved by the CDR Cell vide its Letter No. BY. CDR(JCP) No. 563/2009-10 dated August 13, 2009 stipulating a change in the management of the Company, the existing Directors except the nominees of Financial Institutions had resigned from the Board and therefore to complete the process of change in the management of the Company, as per the stipulations of the CDR package, the senior management team comprising of Mr. Surendra Lunia, Chief Executive Officer, Mr. G.D. Singh, Chief Operating Officer, and Mr. Vikash Agarwal, Vice President (Corporate Finance) and Chief Financial Officer have resigned from the Company on April 09, 2010.

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

The Schedules referred to above and the Notes to Financial Statements form an integral part of the Balance Sheet.
As per our report of even date

For Khandelwal Jain & Co. Firm Registration No. 105049W Chartered Accountants	**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 Manager & Company Secretary	**Sunil Jit Singh** Chief Financial Officer
Place : Mohali Date : May 30, 2011		

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

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

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) for the year before Prior Year Expenditure and Tax	(2,234,696,552)	(208,164,530)
Adjustments for:		
Depreciation and Amortisation	1,233,731,148	956,450,414
Foreign exchange Loss/(Gain)	(3,942,811)	(16,668,380)
Loss/ (Gain) on Sold/ Discarded Fixed Assets	(24,752,278)	4,699,286
Bad Debts Written Off	28,041,155	36,249,364
Provision for Doubtful Advances	-	802,642
Provision for Doubtful Debts	4,507,778	16,406,126
Finance Expenses [Refer Note 3 below]	278,678,270	(704,135,724)
Interest Income	(3,258,704)	(6,970,214)
Operating profit before working capital changes	**(721,691,994)**	**78,668,984**
Adjustment for changes in working capital:		
(Increase)/Decrease in debtors	(250,529,038)	8,120,667
(Increase)/Decrease in Loans and advances	(142,895,548)	5,461,992
(Increase)/Decrease in Inventory	5,443,230	(815,214)
Increase/(Decrease) in Current liabilities and provisions	3,977,512,153	381,405,134
Cash generated from operations	**2,867,838,803**	**472,841,563**
Direct Taxes paid (Net)	(15,709,683)	(15,241,327)
Prior Period (Expense)/Income (Net)	(5,873,723)	(4,580,702)
NET CASH GENERATED FROM OPERATING ACTIVITIES (A)	**2,846,255,397**	**453,019,534**
CASH FLOW FROM INVESTING ACTIVITIES		
Adjustment for changes in:		
Purchase of fixed assets	(2,578,975,351)	(157,057,133)
Proceeds from sale of fixed assets	34,594,699	15,548,416
Fixed deposits	40,775,223	4,676,823
Interest Received	16,214,694	1,911,309
NET CASH USED IN INVESTING ACTIVITIES (B)	**(2,487,390,735)**	**(134,920,585)**
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of 2% Cummulative Redeemable Preference Share	1,598,454,300	-
Proceeds from Equity Share Capital	-	(21)
Proceeds from Secured loan	-	450,000
Repayment of Secured Loan	(3,183,959,860)	(13,608,202)
Repayment of Public Deposits	(148,000)	(321,566)
Repayment to Unsecured Loan	1,502,969,057	(190,519,092)
Interest paid	(278,717,467)	(97,577,548)
Dividend paid	-	(441,005)
NET CASH USED IN FINANCING ACTIVITIES (C)	**(361,401,970)**	**(302,017,434)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	**(2,537,308)**	**16,081,515**
Cash and Cash Equivalents at the beginning of the year	68,881,665	52,800,150
Cash and Cash Equivalents at the end of the year	**66,344,357**	**68,881,665**
Cash and Bank Balances		
Cash in Hand	13,814,278	2,341,868
Cheques in Hand	9,209,626	14,493,617
Balances with Scheduled Banks		
In Current Account	42,144,074	50,735,405
In Fixed Deposit [Receipts pledged with Banks as margin money for guarantees and LCs issued ₹ 19,976,890 (March 31, 2010 - ₹ 60,752,113)]	19,976,889	60,752,113
In Escrow Account	1,176,379	1,310,775
	86,321,246	**129,633,778**
Less: Margin Money pledged for Guarantees and LCs issued	19,976,889	60,752,113
Cash and Cash Equivalents	**66,344,357**	**68,881,665**

Notes:

1. 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')
2. Figures in brackets indicate cash outflow.
3. Finance expenses includes interest accrued but not due on secured loan as amounting to ₹ 415,599,368 (March 31, 2010 - ₹ 223,784,616) as per CDR Scheme.
4. 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.
Firm Registration No. 105049W
Chartered Accountants

Akash Shinghal
Partner
Membership No. 103490

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

Yatinder Vir Singh
Director

Babu Mohanlal Panchal
Director

Kapil Bhalla
Manager & Company Secretary

Sunil Jit Singh
Chief Financial Officer

Place : Mohali
Date : May 30, 2011

CONSOLIDATED STATEMENT PURSUANT TO PART - IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956
Balance Sheet Abstract and Company's General Business Profile

I.	**REGISTRATION DETAILS**	
	Registration No.	197474
	State Code	11
	Balance Sheet	March 31, 2011
II.	**CAPITAL RAISED DURING THE YEAR (RUPEES)**	
	Public Issue	NIL
	Bonus Shares	NIL
	Rights Issue	NIL
	Private Placement	NIL
III.	**POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (RUPEES)**	
	Total Liabilities	14,483,991,149
	Total Assets	14,483,991,149
	SOURCE OF FUNDS	
	Shareholders' Funds	8,371,056,980
	Reserves and Surplus	68,566,508
	Secured Loans	3,368,891,675
	Unsecured Loans	2,675,475,986
	APPLICATION OF FUNDS	
	Net Fixed Assets	
	(Including Intangible Asset)	7,454,591,277
	Accumulated Losses	13,648,029,046
	Deferred Tax Assets	263,715
	Net Current Liabilities	(6,618,892,890)
IV.	**PERFORMANCE OF THE COMPANY (RUPEES)**	
	Turnover	2,384,094,696
	Total Expenditure	4,624,664,971
	Profit/(Loss) Before Tax	(2,240,570,275)
	Profit/(Loss) After Tax	(2,241,282,542)
	Earning Per Share	(3.66)
	Dividend	NIL
V.	**GENERIC NAMES OF THREE PRINCIPAL PRODUCTS /SERVICES OF THE COMPANY**	
	Item Code No. (ITC Code)	N.A.
	Product Description	Unified Access Services

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

Yatinder Vir Singh
Director

Babu Mohanlal Panchal
Director

Kapil Bhalla
Manager & Company Secretary

Sunil Jit Singh
Chief Financial Officer

Place : Mohali
Date : May 30, 2011

DIRECTORS REPORT

To the Members of

INFOTEL TOWER INFRASTRUCTURE PRIVATE LIMITED

Your Directors take pleasure in presenting the Third Annual Report of the business and operations together with the Audited Accounts of your Company for the year ended 31st March, 2011.

Summary of Financial Results

The Summarized Financial Results for the year ended 31st March, 2011 are as under:

Particulars	For the year ended March 31, 2011 (₹)	For the year ended March31, 2010 (₹)
Income from operations	80,284,411	79,861,605
Total Income	80,284,411	79,861,605
Expenditure before Depreciation	77,900,816	79,862,100
Operating Profit/(Loss) before Depreciation	23,83,595	(495)
Depreciation	62,86,525	62,85,182
Profit/(Loss) before Tax	(3,902,930)	(62,85,677)
Provision for Taxation	--	--
Deferred Tax (Liability)/ Assets	(7,12,267)	6,22,286
Fringe Benefit Tax	--	--
(Loss)/Profit carried to the Balance sheet	(4,615,197)	(5,663,391)
Loss brought forward from previous year	(6,418,910)	(755,519)
Loss carried to the Balance Sheet	(11,034,107)	(6,418,910)

OPERATIONS AND PERFORMANCE

During the year under review your Company has earned a revenue of ₹ 80,284,411 by providing manpower services and trading/distribution of mobile handsets. Your Company's endeavor is to expand its operations geographically by providing bouquet of services to various Companies.

DIVIDEND

Your Directors do not recommend any dividend for the financial year ended 2010-11.

TRANSFER TO RESERVES

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

MATERIAL CHANGES AND COMMITMENTS OCCURRED BETWEEN THE END OF FINANCIAL YEAR AND DATE OF REPORT

During the period under review the holding company Quadrant Televentures Limited (Formerly known as HFCL Infotel Limited) has acquired 100% (previous year 99.99%) equity stake in the Company by acquiring beneficial interest in the 20 equity shares held by the original subscribers.

Hence the Company has now become the wholly owned subsidiary of Quadrant Televentures Limited (Formerly known as HFCL Infotel Limited).

CONSERVATION OF ENERGY, TECHNOLOGY ABSORBTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company does not carry on any manufacturing activity. Accordingly the provisions pertaining to furnishing of information as per Section 217(1)(e) of the Companies Act, 1956 relating to Conservation of Energy are not applicable.

During the year under report, Company has not spent any amount on Research and Development and Technology Absorption.

During the year, there were no foreign exchange earnings or any foreign exchange outgo.

SHARE CAPITAL

The issued, subscribed and paid up equity share capital of the Company is ₹1,00,000/- (rupees One Lac only) divided into 10,000 (Ten Thousand) equity shares of ₹ 10/- each. The Company has not issued any equity shares during the year.

DIRECTORS

In accordance with the Articles of Association of the Company and the provisions of the Companies Act, 1956, Mr.Kapil Bhalla retires by rotation in the ensuing Annual General Meeting and being eligible offers himself for reappointment. Your Directors recommend his re-appointment as Director.

PARTICULARS OF EMPLOYEES

There was no employee drawing salary in excess of the limits stipulated under the amended section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules,1975 and amendments made there under.

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 March 31, 2011, 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, 2011 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, 2011 on a going concern basis.

SUBSIDIARY

The Company does not have any subsidiary.

HOLDING COMPANY

Your Company was incorporated as a subsidiary by Quadrant Televentures Limited (Formerly known as HFCL Infotel Limited) for the purpose of creating infrastructure for telecom operations, manpower Outsourcing and trading activities related to telecommunication operations. Quadrant Televentures Limited (Formerly known as HFCL Infotel Limited) earlier held 9980 equity shares (99.99%) in the Company.

As of April 09th, 2010, the holding Company has acquired 100% equity stake in the Company by acquiring the beneficial interest in the 20 equity shares which were earlier held by the original subscribers to the Memorandum.

Hence the Company has now become a wholly owned subsidiary of Quadrant Televentures Limited.

FIXED DEPOSITS

The Company has not accepted/renewed any deposits under the provisions of section 58 A of the Companies Act, 1956 and rules made there under.

AUDITORS

M/s Khandelwal Jain & Co., Chartered Accountants, New Delhi, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible , offer themselves for reappointment.

AUDITORS' REPORT

The Statutory Auditors of the Company have submitted Auditors' Report on the accounts of the Company for the accounting period ended 31st March, 2011, which is self explanatory.

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 of the Company's business. The Company encourages its employees to strengthen their entrepreneurial skills in order to enhance the Organization's productivity and creativity.

ACKNOWLEDGEMENTS

Your Directors wish to express their gratitude for the wholehearted support received throughout the year from 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

Babu Mohanlal Panchal	**Yatinder Vir Singh**
Director	Director

Place: Mohali
Date : 28th May, 2011

AUDITORS' REPORT

To,

THE MEMBERS OF

INFOTEL TOWER INFRASTRUCTURE PRIVATE LIMITED

1. We have audited the attached Balance Sheet of INFOTEL TOWER INFRASTRUCTURE PRIVATE LIMITED ('the Company') as at March 31, 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.

4. Without qualifying our opinion we draw attention to Note 14 of Schedule 18 to the financial statements. The Company has incurred a loss of ₹ 4,615,197 during the year (accumulated loss of ₹ 11,034,109) resulting into erosion of its net worth, and has a net current liabilities of ₹ 30,348,447 as at March 31, 2011. 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 and meeting its capital fund requirement. Accordingly, these statements have been prepared on a going concern basis.

5. Further to our comments in the Annexure referred to above paragraph, we report that:

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

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

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

   d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   e) On the basis of written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on above date from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

   f) In our opinion and to the best of our information and according to the explanations given to us, said accounts read together with the significant accounting policies and the notes thereon, give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;

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

      (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

(Akash Shinghal)
Partner
Membership No. 103490

Place: Mohali
Dated: May 28, 2011

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of the Auditors' Report of even date to the Members of **INFOTEL TOWER INFRASTRUCTURE PRIVATE LIMITED** on the accounts for the year ended March 31, 2011;

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situations of 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) During the year, the Company has not disposed off any substantial part of the fixed assets, which affects the going concern status of the Company.

(ii) (a) As per the information furnished, the Inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, having regard to the nature and location of stocks, the frequency of physical verification is reasonable.

(b) In our opinion, and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of Inventory. In our opinion, the discrepancies noticed on physical verification of stocks were not material in relation to the operation of the Company, and the same have been properly dealt with in the books of account.

(iii) (a) As per the information furnished, the Company has not granted any loans, secured or unsecured to companies, firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, Clause 3 (b), (c), & (d) of the Order are not applicable.

(b) As per the information furnished, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, Clause 3 (f) and (g) of the said Order is not applicable.

(iv) In our opinion and according to information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.

(v) Based on the audit procedure applied by us and according to the information and explanations given to us, no transaction have taken place during the year, in respect of contracts or arrangements with the parties referred to in Section 301 of the Companies Act, 1956. Accordingly the Clause 4 (v) (a) & (b) are not applicable.

(vi) The Company has not accepted any deposits during the year from the public within the meaning of the provisions of Sections 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 the size of the Company and nature of its business.

(viii) As informed to us, the Central Government has not prescribed maintenance of the cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of the Company's product.

(ix) (a) According to the information and explanations given to us and records examined by us, the Company is regular in depositing, with the appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax deduced at source, income tax, wealth tax, excise duty, service tax and other statutory dues wherever applicable. According to information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at March 31, 2011 for year of more than six months from the date they become payable.

(b) According to the information and explanations given to us and records examined by us, there are no dues of sales tax, income tax, service tax, excise duty, customs duty and cess or any other statutory dues which have not been deposited on account of any dispute.

(x) The Company was incorporated on August 5, 2008, since the Company is in existence for less than five years, we are of the opinion that no comment is required under Clause (x) of Para 4 of the Order regarding the erosion of 50% or more of net worth and cash loss in the current and immediately preceding financial year.

(xi) Based on our audit procedures and the information and explanations given to us, the Company doesn't have any amount due to any financial institution or bank and it has not issued any debentures.

(xii) Based on our examination of the records and information and explanations given to us, the Company has not granted any 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 cash flow statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short-term basis have, prima facie, not been used during the year 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 not issued any debentures during the year.

(xx) The Company has not raised any money by public issue during the year ended March 31, 2011.

(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.**
Firm Registration No. 105049W
Chartered Accountants

(Akash Shinghal)
Partner
Membership No. 103490

Place: Mohali
Dated: May 28, 2011

BALANCE SHEET AS AT MARCH 31, 2011

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

Particulars	Schedule No.	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Fund			
Share Capital	1	100,000	100,000
		100,000	**100,000**
TOTAL		**100,000**	**100,000**
APPLICATION OF FUNDS			
Fixed Assets	2		
Gross Block		358,919	350,709
Less: Accumulated Depreciation		79,877	39,267
Net Block		279,042	311,442
Capital Work-in-Progress		133,839	-
		412,881	311,442
Net Intangible Assets	3	18,737,744	24,983,658
Deferred Tax Assets		263,715	975,982
Current Assets, Loans and Advances			
Inventory	4	1,913,164	6,379,914
Sundry Debtors	5	-	41,824
Cash and Bank Balances	6	478,533	5,720,159
Other Current Assets	7	30,374	14,483
Loans and Advances	8	3,434,057	2,613,448
		5,856,128	**14,769,828**
Less: Current Liabilities and Provisions	9		
Current Liabilities		34,159,851	45,805,841
Provisions		2,044,724	1,553,979
		36,204,575	**47,359,820**
Net Current Assets/(Liabilities)		**(30,348,447)**	**(32,589,993)**
Profit and Loss Account		11,034,107	6,418,910
TOTAL		**100,000**	**100,000**
Significant Accounting Policies	17		
Notes to Financial Statement	18		

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

As per our report of even date

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

For and on behalf of the Board of Directors

Akash Shinghal
Partner
Membership No. 103490

Yatinder Vir Singh
Director

Babu Mohanlal Panchal
Director

Place : Mohali
Date : May 28, 2011

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

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

Particulars	Schedule No.	For the year ended March 31, 2011	For the year ended March 31, 2010
Income			
Service Revenue	10	76,775,978	66,134,108
Sales	11	3,434,248	13,711,385
Other Income	12	74,185	16,112
		80,284,411	**79,861,605**
Expenditure			
Cost of Goods Sold	13	4,466,750	16,584,172
Personnel Expenditure	14	72,398,144	62,327,941
Administrative and Other Expenditure	15	1,028,669	850,040
		77,893,563	**79,762,153**
Operating Profit/(Loss) before Finance Charges, Depreciation			
Amortization and Loss on Sold/Discarded Fixed Assets		**2,390,848**	**99,452**
Depreciation	2	40,610	39,267
Amortisation	3	6,245,915	6,245,915
Preliminary Expenses		-	-
Finance Charges	16	7,253	99,947
Profit/(Loss) for the period before Prior Period Expenditure and Tax		**(3,902,930)**	**(6,285,677)**
Prior Period Expenditure (Net)		-	-
Profit/(Loss) for the period before Tax		**(3,902,930)**	**(6,285,677)**
Provision for Taxation		-	-
Deferred Tax (Liability)/Assets		(712,267)	622,286
Fringe Benefit Tax		-	-
Profit/(Loss) for the period		**(4,615,197)**	**(5,663,391)**
Profit/(Loss) brought forward from previous year		**(6,418,910)**	**(755,519)**
Profit/(Loss) carried to the Balance Sheet		**(11,034,107)**	**(6,418,910)**
Loss per share (equity shares, par value of ₹ 10 each)			
Basic (in ₹)		(461.52)	(566.34)
Diluted (in ₹)		(461.52)	(566.34)
Weighted average number of shares used in computing earnings per share			
Basic		10,000	10,000
Diluted		10,000	10,000
Significant Accounting Policies	17		
Notes to Financial Statement	18		

The Schedules referred to above and the Notes to Financial Statement form an integral part of the Profit and Loss Account.

As per our report of even date
For Khandelwal Jain & Co.
Firm Registration No. 105049W
Chartered Accountants

For and on behalf of the Board of Directors

Akash Shinghal
Partner
Membership No.: 103490

Yatinder Vir Singh
Director

Babu Mohanlal Panchal
Director

Place : Mohali
Date : May 28, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

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

		March 31, 2011	March 31, 2010
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(Loss) for the year before Taxation, and Extraordinary items		**(3,902,930)**	**(6,285,677)**
Adjustments for:			
Depreciation and Amortisation		6,286,525	6,285,181
Provision for Doubtful Debts		41,824	-
Finance Expenses		7,253	99,947
Interest Income		(74,185)	(16,092)
Operating profit before working capital changes		**2,358,487**	**83,359**
Movement in Working Capital :			
(Increase)/Decrease in Sundry Debtors		-	(41,823)
(Increase)/Decrease in Loans and Advances		328,480	(21,513)
(Increase)/Decrease in Inventory		4,466,750	3,353,866
Increase/(Decrease) in Current Liabilities and Provisions		(11,155,245)	3,726,733
		(6,360,015)	**7,017,263**
Cash generated from operating activities		**(4,001,528)**	**7,100,622**
Direct Taxes paid (Net)		1,149,090	1,560,990
Net cash generated from operating activities	**A**	**(5,150,618)**	**5,539,632**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		(142,894)	-
Sale of Fixed Assets		845	-
Fixed Deposits		-	(200,000)
Interest Received		58,294	1,609
Net Cash used in Investing Activities	**B**	**(83,755)**	**(198,391)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Equity Share Capital		-	-
Interest paid		(7,253)	(99,947)
Net Cash (used in) generated from Financing Activities	**C**	**(7,253)**	**(99,947)**
Net increase/(decrease) in Cash and Cash Equivalents	**(A + B + C)**	**(5,241,626)**	**5,241,294**
Cash and cash equivalents at the beginning of the year		5,520,159	278,865
Cash and cash equivalents at the end of the year		278,533	5,520,159

Notes to the Cash Flow Statements

	March 31, 2011	March 31, 2010
Cash and Cash Equivalents		
Cash in Hand	1,352	1,352
Balances with Scheduled Banks		
- In Current Accounts	277,181	5,518,807
- In Fixed Deposit	200,000	200,000
	478,533	**5,720,159**
Less: Margin Money pledged for Guarantees and LCs issued [Receipts pledged with Banks as margin money for guarantees ₹ 200,000]	200,000	200,000
	278,533	**5,520,159**

This is the Cash Flow referred to in our report of even date
As per our report of even date
For Khandelwal Jain & Co.
Firm Registration No. 105049W
Chartered Accountants

For and on behalf of the Board of Directors

Akash Shinghal
Partner
Membership No. 103490

Yatinder Vir Singh
Director

Babu Mohanlal Panchal
Director

Place : Mohali
Date : May 28, 2011

SCHEDULES TO THE FINANCIAL STATEMENTS

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

Particulars	As at March 31, 2011	As at March 31, 2010
Schedule 1 : Share Capital		
Authorised:		
10,000 (March 31, 2010 - 10,000) equity shares of ₹ 10 each (March 31, 2010 - ₹ 10 each)	100,000	100,000
	100,000	**100,000**
Issued, Subscribed and Paid up		
10,000 (March 31, 2010 - 10,000) equity shares of ₹ 10 each (March 31, 2010 - ₹ 10 each) fully paid up	100,000	100,000
(Out of above 10,000 (100%)Equity shares are held by Holding Company Quadrant Televentures Limited (formerly HFCL Infotel Limited))		
	100,000	**100,000**

Schedule 2 : Fixed Assets

ASSETS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01.04.2010	Additions during the period	Sale/ Adjustment during the period	As at 31.03.2011	As at 01.04.2010	For the period	On Sale/ Adjustment	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
COMPUTER	67,561	-	-	67,561	10,952	10,952	-	21,903	45,658	56,609
FURNITURE & FIXTURE	283,148	-	-	283,148	28,315	28,315	-	56,630	226,518	254,833
VEHICLES	-	9,055	845	8,210	-	1,344		1,344	6,866	-
ROLLOUT (BACKHAUL)	-	-	-	-	-	-	-	-	-	-
TOTAL	**350,709**	**9,055**	**845**	**358,919**	**39,267**	**40,610**	**-**	**79,877**	**279,042**	**311,442**
Previous Year ended March 31, 2010	-	350,709	-	350,709	-	39,267	-	39,267	-	-
Previous Year Capital Work-in progress	-	-	-	-	-	-	-	-	-	-

Schedule 3 : Intangible Assets

	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
ASSETS	As at 01.04.2010	Additions during the period	Sale/ Adjustment during the period	As at 31.03.2011	As at 01.04.2010	For the period	On Sale/ Adjustment	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Goodwill [See Schedule 18, Note 6]	31,229,573	-	-	31,229,573	6,245,915	6,245,915	-	12,491,829	18,737,744	24,983,658
TOTAL	**31,229,573**	**-**	**-**	**31,229,573**	**6,245,915**	**6,245,915**	**-**	**12,491,829**	**18,737,744**	**24,983,658**
Previous Year ended March 31, 2010	31,229,573	-	-	31,229,573	-	6,245,915	-	6,245,915	-	

Particulars	As at March 31, 2011	As at March 31, 2010
Schedule 4 : Inventory		
Inventory - Handsets & Accessories	1,913,164	6,379,914
	1,913,164	**6,379,914**

SCHEDULES TO THE FINANCIAL STATEMENTS
(Unless and otherwise stated, all amounts are in rupees)

Particulars	As at March 31, 2011	As at March 31, 2010
Schedule 5 : Sundry Debtors		
Debts outstanding for a period exceeding six months:		
Secured and Considered Good	-	-
Unsecured and Considered Good	41,824	5,962
Unsecured and Considered Doubtful	-	-
Debts outstanding - Others		
Secured and Considered Good	-	-
Unsecured and Considered Good	-	35,862
Unsecured and Considered Doubtful	-	-
	41,824	41,824
Less: Provision for Doubtful Debts	41,824	-
	-	**41,824**
Schedule 6 : Cash and Bank Balances		
Cash in Hand	1,352	1,352
Balances with Scheduled Banks		-
In Current Account	277,181	5,518,807
In Fixed Deposit [Receipts pledged with Banks as margin money for guarantees and LCs issued ₹ 200,000 (March 31, 2010 - ₹ 200000)]	200,000	200,000
	478,533	**5,720,159**
Schedule 7 : Other Current Assets		
Interest Accrued on Fixed Deposits	30,374	14,483
	30,374	**14,483**
Schedule 8 : Loans and Advances		
(Unsecured, considered good except otherwise stated)		
Advances Recoverable in cash or in kind or for value to be received		
Considered Good	55,683	96,119
Considered Doubtful	-	-
Security Deposits		
Considered Good	72,000	72,000
Considered Doubtful	-	-
Tax deducted at source recoverable	3,256,442	2,107,352
Fringe Benefit Tax Recoverable	-	-
Balance with Customs, Excise and Service Tax	49,932	337,977
	3,434,057	**2,613,448**
Schedule 9 : Current Liabilities and Provisions		
Current Liabilities		
Sundry Creditors		
Due to Micro/Small & Medium Enterprises	-	-
Due to Other	27,965,700	41,098,470
Expenses Payable	5,011,441	3,805,960
Advance to Staff	-	-
Other Liabilities	1,182,710	901,411
	34,159,851	**45,805,842**
Provisions		
Leave Encashment/Availment	1,390,520	1,044,267
Gratuity	654,204	509,712
	2,044,724	**1,553,979**
	36,204,575	**47,359,821**

Notes:

Creditors includes amount due from Quadrant Televentures Limited (formerly HFCL Infotel Limited), Holding Company, amounting to ₹ 24,522,607 (March 31, 2010 - ₹ 32,352,453)

SCHEDULES TO THE FINANCIAL STATEMENTS

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

Particulars	For the year ended March 31, 2011	For the period ended March 31, 2010
Schedule 10 : Service Income		
Revenue from Providing Manpower Services	76,775,978	66,134,108
	76,775,978	**66,134,108**
Schedule 11 : Sales		
Sale of Handsets	3,434,248	13,711,385
	3,434,248	**13,711,385**
Schedule 12 : Other Income		
Interest Income		
[Tax Deducted at Source ₹ 1766 (March 31, 2010 - ₹ 1609)]	74,185	16,092
Miscellaneous Income	-	20
	74,185	**16,112**
Schedule 13 : Cost of Goods Sold		
Opening Stock	6,379,914	9,733,780
Purchases - Handsets and Accessories	-	13,230,306
Less: Closing Stock	1,913,164	6,379,914
Cost of Goods Sold	**4,466,750**	**16,584,172**
Schedule 14 : Personnel Expenditure		
Salaries, Wages and Bonus	64,553,567	56,430,640
Employer's Contribution to Provident and Other Funds	7,762,292	5,877,223
Staff Welfare Expenses	48,285	20,078
Recruitment & Training Expenses	34,000	-
	72,398,144	**62,327,941**
Schedule 15 : Administrative and Other Expenditure		
Legal and Professional Expenses	860,280	657,150
Travelling and Conveyance	14,776	9,000
Insurance	96,863	157,101
Rates and Taxes	815	13,269
Provision for Doubtful Debts	41,824	-
Miscellaneous Expenses	14,111	13,520
	1,028,669	**850,040**
Schedule 16 : Finance Charges		
Interest to Others	-	91,038
Bank Guarantee Commission	3,597	3,448
Other Finance Charges	3,656	5,461
	7,253	**99,947**

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT AND FOR THE YEAR ENDED MARCH 31, 2011

[All amounts in Indian Rupees, unless and otherwise stated]

Schedule 17: Significant Accounting Policies

1. Nature of Operations

i) The Company is engaged in the business of establishing, acquiring, providing Infrastructure facilities and all kinds of value added services for Telecom operations/ services, maintenance and asset management of telecommunication towers, IT services, Business Process Outsourcing services, Staffing services that include Telemarketing, Tele-sales and all other call center services.

ii) The service spectrum will also include hiring/leasing, licensing and/or sharing of infrastructure (including communication sites, wireless and broadcast towers, Telecom & Enterprise Networks and communication equipments of similar nature etc.)

iii) To carry on the business of establishing, acquiring, managing, providing infrastructure facilities, including trading of mobile handsets, to provide and to operate fixed line, Cellular, Wireless Mobility, Internet services and other Telecommunication services etc.

2. Basis of Accounting

i) The Financial Statements are prepared under the historical cost convention using accrual system of accounting in accordance with the generally accepted accounting principles generally accepted in India (Indian GAAP) and the requirements of the Companies Act, 1956, including the mandatory Accounting Standards as prescribed by the Companies (Accounting Standard) Rules, 2006.

ii) Use of Estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Examples of such estimates include provisions for doubtful debts, employee retirement benefit plans, provision for income tax, accounting for contract costs expected to be incurred to complete software development and the useful lives of fixed assets.

3. Revenue Recognition

i) Revenue is recognized on transfer of significant risk and rewards in respect of ownership.

ii) Revenue from services is recognized on completed service contract method.

4. Fixed Assets

i) Fixed Assets are stated at actual cost less accumulated depreciation/amortization and impairment loss, if any. The actual cost is inclusive of freight, installation cost, duties, taxes, financing cost and other incidental expenses but net of VAT whenever input credit is available.

ii) Capital Work-in-Progress is carried at cost, comprising of direct cost, attributable interest and related incidental expenditure. The advances given for acquiring fixed assets are shown under Capital Work-in-Progress.

iii) Intangible Assets

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

5. Depreciation and Impairment

i) Depreciation is provided pro-rata to the period of use, on straight-line method based on the estimated useful life of the assets.

Assets	Useful life(in years)
Computers	6.17
Furniture and Fixtures	10
Goodwill	5

ii) Depreciation rates derived from the above are not less than the rates prescribed under Schedule XIV of the Companies Act, 1956.

iii) At the Balance sheet date, an impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

6. Inventories

Inventories of Stock-in-trade are valued at lower of cost or net realizable value. Cost of inventories comprises all costs of purchases and other costs incurred in bringing the inventories to their present location and condition. Cost for the purchase is worked out on FIFO basis.

7. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when an enterprise has a present obligation as a result of past event where 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 the 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.

Contingent liabilities, if any, are disclosed by way of notes to accounts.

Contingent assets are not recognized in the financial statements.

8. Retirement Benefit

Short-Term Employee Benefits

Short-term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account of year in which the services are rendered.

Long-Term Employee Benefits

a) Defined Contribution plan

(i) 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 recognized and administered by the Government of India.

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

(ii) 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. Vesting occurs on completion of three years of service. The Company provides for the Gratuity Plan based on actuarial valuations in accordance with Accounting Standard 15 (revised), "Employee Benefits". The present value of obligation under gratuity 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.

b) Other long-term benefit

Leave Encashment

The Company provides for the liability as on the balance sheet date on account of unavailed earned leave as per the actuarial valuation as per the Projected Unit Credit Method and gains/losses are recognized immediately in the profit and loss account.

c) Actuarial gains and losses are recognized as and when incurred.

9. Income Tax

i) Income tax comprises of current tax, fringe benefit tax and deferred tax.

ii) Current tax is provided for on the taxable profits of the year at applicable tax rates. Deferred income taxes reflect the impact of 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.

iii) Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

10. Earning Per Share

Basic earning per share is calculated by dividing the net profits/(losses) 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 comprise 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.

11. Business Segment

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.

12. Cash and Cash Equivalents

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

13. Preliminary Expenses

Expenditures incurred for the incorporation of company are considered as Preliminary expenses and are charged to profit and loss account.

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT AND FOR THE YEAR ENDED MARCH 31, 2011

[All amounts in Indian Rupees, unless and otherwise stated]

Schedule 18: Notes to Accounts

1. The Company was incorporated on August 5, 2008 with the main object to carry on the business of Trading of Mobile Handsets and providing Infrastructure & Manpower services

2. **Contingent liabilities not provided for :**

Particulars	For the year ended March 31, 2011	For the Period ended March 31, 2010
Financial Bank Guarantee	2,00,000	2,00,000

3. On the basis of information to the extent available with company, there is no liability towards amount and interest payable to Micro, Small and Medium enterprises as at March 31, 2011. Hence, other disclosures pursuant to the provisions of Micro, Small and Medium Enterprises Development Act, 2006 are not applicable to the Company. Above information has been relied upon by the auditors.

4. **Payment to Auditors (excluding Service Tax):**

Particulars	For the year ended March 31, 2011	For the Period ended March 31, 2010
Audit Fees	100,000	60,000
Tax Audit Fees	25,000	15,000
In Other Manner	50,000	50000
Total	**175,000**	**125,000**

Payment to Auditors is included in the Legal and Professional expenses

5. During the year company have not incurred any expense on account of Managerial Remuneration.

6. **Business acquisition**

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

7. **Fixed Assets**

Vehicles Amounting to ₹ 9055 have been put to use out of which one was sold for ₹ 845 with no loss or gain during the year ended March 31, 2011. Rollout (Backhaul) amounting to ₹ 133, 839 is not yet put to use and disclosed under capital work in progress.

8. **Basic/Diluted Earning (Loss) Per Share:**

Particulars	For the year ended March 31, 2011	For the Period ended March 31, 2010
Profit/(Loss) attributable to Equity shareholders	(4,615,197)	(5,663,392)
Weighted Average No. of ordinary Shares	10,000	10,000
Nominal Value of Share	10	10
Basic and Diluted Earning (Loss) Per Share	(461.52)	(566.34)

9. **Employees Benefits**

The Company, during the year, has adopted Accounting Standard 15 (Revised) "Employees Benefits" issued by the ICAI.

During the year, Company has recognized the following amounts in the financial statements:

Defined Contribution Plan

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Employer's Contribution to Provident Fund *	4,599,511	3,751,366
Employer's Contribution to ESI *	2,672,036	1,594,502

* Included in Employer's Contribution to Provident and Other Funds.

Defined Benefit Plans

The employee's gratuity fund is non-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 recognized in the same manner as gratuity

Actuarial assumptions

Actuarial assumptions	2010-11		2009-10	
Particular	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount Rate (Per Annum)	8.00%	8.00%	8.00%	8.00%
Rate of increase in Compensation levels	5.00%	5.00%	5.00%	5.00%
Rate of Return on plan assets	7.50%	7.50%	7.50%	7.50%
Average remaining working lives of employees (Years)	8.89 Years	8.89 Years	8.94 Years	8.94 Years

Table showing changes in present value of obligations:	2010-11		2009-10	
Particular	**Gratuity**	**Leave Encashment**	**Gratuity**	**Leave Encashment**
Present value of the obligation as at the beginning of the year	509,712	752,187	118,157	643,365
Interest Cost	44,303	64,363	22,369	56,698
Current Service Cost	369,573	331,258	420,629	352,991
Benefits paid	-	(378,129)	-	(202,071)
Actuarial (gain)/ loss on obligations	(269,384)	170,136	(51,443)	(98,796)
Present value of obligation as at the end of the period	654,204	939,815	509,712	752,187

Table showing changes in the fair value of plan assets:	2010-11		2009-10	
Particular	**Gratuity**	**Leave Encashment**	**Gratuity**	**Leave Encashment**
Fair value of plan assets at beginning of the year	Nil	Nil	Nil	Nil
Acquisition adjustments	Nil	Nil	Nil	Nil
Expected return of plan assets	Nil	Nil	Nil	Nil
Employer contribution	Nil	Nil	Nil	Nil
Benefits paid	Nil	Nil	Nil	Nil
Actuarial gain/ (loss) on obligations	Nil	Nil	Nil	Nil
Fair value of plan assets at year end	Nil	Nil	Nil	Nil

Actuarial Gain / loss recognized	2010-11		2009-10	
Particular	**Gratuity**	**Leave Encashment**	**Gratuity**	**Leave Encashment**
Actuarial gain/ (loss) for the year – obligations	269,384	(170,136)	51,443	98,796
Actuarial gains/ (loss) for the year – Plan Assets	Nil	Nil	Nil	Nil
Total gain/(loss) for the year	269,384	(170,136)	51,443	98,796
Actuarial gain/(loss) recognized in the year	269,384	(170,136)	51,443	98,796

Amounts to be recognized in Balance Sheet:	2010-11		2009-10	
Particular	**Gratuity**	**Leave Encashment**	**Gratuity**	**Leave Encashment**
Present value of obligation as at end of the year	654,204	939,815	509,712	752,187
Fair value of plan assets as at end of the year	Nil	Nil	Nil	Nil
Funded Status - Surplus/(deficit)	(654,204)	(939,815)	(509,712)	(752,187)
Unrecognized actuarial (gains)/ losses	Nil	Nil	Nil	Nil
Net asset/(liability) recognised in Balance Sheet	(654,204)	(939,815)	(509,712)	(752,187)

Expenses recognized in statement of Profit and Loss:	2010-11		2009-10	
Particular	**Gratuity #**	**Leave Encashment #**	**Gratuity #**	**Leave Encashment #**
Current service cost	369,573	331,258	420,629	352,991
Past service cost	Nil	Nil	Nil	Nil
Interest Cost	44,303	64,363	22,369	56,698
Expected return on plan assets	Nil	Nil	Nil	Nil
Curtailment and settlement cost / (credit)	Nil	Nil	Nil	Nil
Net Actuarial (gain)/ loss recognized in the period	(269,384)	170136	(51,443)	(98,796)
Expenses recognized in the statement of Profit and Loss	144,492	565,757	391,555	310,893

Included in the Salaries, Wages and Bonus.

10. Related Party Disclosures

List of Related parties:

Name of Company	Relation with Company
Quadrant Televentures Ltd. (formerly HFCL Infotel Limited)	Holding Company

Note: Related party relationship is as identified by the Company and relied upon by the auditors.

Following are the transactions with the related parties:

Particulars	Quadrant Televentures Ltd (formerly HFCL Infotel Ltd.)	
Nature of Transaction	For the Period ended March 31, 2011	For the Period ended March 31, 2010
Assets		
Purchase of Inventory, Fixed Assets, Goodwill and Distributors Balances	9,055	-
Balance- Receivable	-	-
Debit Notes raised on us	-	-
Liabilities		
Issue of Equity Shares	-	-
Balance-Payable	24,522,607	32,352,453
Income /Receipt		
Services Provided	76,775,978	66,134,108
Handset Sale	2,795,074	1,885,032
Payment received by us	80,018,034	73,875,000
Expenses/Payments		
Purchase of Services/Expenses	-	-
Credit Notes raised	225,644	954,482
Debit Notes raised	49,760	1,955,040

11. Deferred Tax Assets

Deferred 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 ₹ 263,715/- as on March 31, 2011 comprises of the followings:-

Particulars	As at March 31, 2011	Charge/(Credit) during the year	As at March 31, 2010
Deferred Tax Assets/ (Liability)			
Provision for Gratuity	196,261	38,760	157,501
Provision for Leave encashment	417,156	94,477	322,679
Depreciation/ Amortization	(360,902)	(852,541)	491,639
Provision for Doubtful Debts	12,547	12,547	-
Preliminary Expenses	(1,347)	(5,510)	4,163
Net Deferred Tax (Liability)/Asset	**263,715**	**(712,267)**	**975,982**

12. Segmental Reporting

a) Primary Segment Information

The Company's operations primarily relates to providing Manpower Services for Telecom operations to its group company Quadrant Televentures Limited (formerly HFCL Infotel Limited) and Trading of Mobile Handsets. Accordingly segments have been identified in line with Accounting Standard on Segment Reporting 'AS-17'. Manpower Services and Hand Set Sale are the primary business segments. Details of business segments are as follows:

Year ended March 31, 2011

Particulars	Manpower Services	Hand Set Trading	Unallocable	Total
Segment Revenue				
Total Revenue	76,775,978	3,434,248	74,185	80,284,411
Less: Inter Segment Revenue	-	-		-
Net Revenue	**76,775,978**	**3,434,248**	**74,185**	**80,284,411**

Particulars	Manpower Services	Hand Set Trading	Unallocable	Total
Segmental Results before Interest and Taxes	**3,393,208**	**(7,322,460)**	**33,575**	**(3,895,677)**
Less: Finance Expenses	-	-	7,253	7,253
Segment Results before taxes	**3,393,208**	**(7,322,460)**	**26,322**	**(3,902,930)**
Provision for Taxation	-	-	-	-
Deferred Tax (Liability)/Assets	-	-	(712,267)	(712,267)
Segment Results after taxes	**3,393,208**	**(7,322,460)**	**(685,945)**	**(4,615,197)**

Year ended March 31, 2010

Particulars	Manpower Services	Hand Set Trading	Unallocable	Total
Segment Revenue				
Total Revenue	66,134,108	13,711,385	16,112	79,861,605
Less: Inter Segment Revenue	-	-	-	-
Net Revenue	**66,134,108**	**13,711,385**	**16,112**	**79,861,605**

Particulars	Manpower Services	Hand Set Trading	Unallocable	Total
Segmental Results before Interest and Taxes	**3,102,099**	**(9,264,674)**	**(23,155)**	**6,185,730)**
Less: Finance Expenses	-	-	99,947	99,947
Segment Results before taxes	**3,102,099**	**(9,264,674)**	**(123,102)**	**(6,285,677)**
Provision for Taxation	-	-	-	-
Deferred Tax (Liability)/Assets	-	-	622,285	622,285
Segment Results after taxes	**3,102,099**	**(9,264,674)**	**499,183**	**(5,663,392)**

(i) Revenues and expenses, which are directly identifiable to segments, are attributed to the relevant segment. Administrative and other expenses are allocated on the basis of revenue. The segment result is the segment revenues less the segment expenses. Certain costs, including depreciation and Finance expenses which are not allocable to segments have been classified as "Unallocable".

(ii) The Company is utilizing the assets which do not generally make a distinction between the business segments. As a result, fixed assets are used interchangeably between segments. In the absence of a meaningful basis to allocate assets and liabilities between segments, no allocation has been made.

b) **Secondary Segment Information**

The Company caters mainly to the needs of Indian market and the export turnover being Nil, there are no reportable geographical segments.

13. Inventory:

Quantitative Information

Particulars in respect of Purchases, Sales and Stocks of Finished goods purchased for resale.

Financial year ended 2010-11

Class of Goods	Unit	Opening Stock		Purchases (Net of Returns)		Sales (Net of Returns)		Closing stock	
		Qty	Value (₹)	Qty	Value (₹)	Qty	Value (₹)	Qty	Value (₹)
CDMA Mobile Handsets (Ping)	Nos.	3,946	5,601,933	-	-	2,586	3,434,248	1,360	1,135,193
Handset Accessories	Nos.	6,005	777,981	-	-	-	-	6,005	777,981
Total		**9,951**	**6,379,614**	**-**	**-**	**2,586**	**3,434,248**	**7,365**	**1,913,164**

Previous year ended 2009-10

Class of Goods	Unit	Opening Stock		Purchases (Net of Returns)		Sales (Net of Returns)		Closing stock	
		Qty	Value (₹)	Qty	Value (₹)	Qty	Value (₹)	Qty	Value (₹)
CDMA Mobile Handsets (Ping)	Nos.	6,262	8,188,166	8,719	13,209,285	11,035	12,943,753	3,946	5,601,933
Handset Accessories	Nos.	12,004	1,545,614			5,999	767,632	6,005	777,981
Total		**18,266**	**9,733,780**	**8,719**	**13,209,285**	**17,034**	**13,711,385**	**9,951**	**6,379,614**

14. During the year, Company has incurred losses of ₹ 4,615,197 resulting into accumulated loss of ₹ 11,034,107 as at March 31, 2011 which has completely eroded its net worth and has a net current liability of ₹ 30,348,447. 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.

15. The Company has adopted Accounting Standard 28, Impairment of Assets ('AS 28'), which has not given rise to any impairment loss to be recognized in the financial Statements for the year ended March 31, 2011.

16. Figures of previous year have been regrouped and recasted wherever necessary to make them comparable with those of current year.

As per our report of even date

For Khandelwal Jain & Co.
Firm Regn. No. 105049W
Chartered Accountants

Akash Shinghal
Partner
Membership No. 103490

Place: Mohali
Date: May 28, 2011

For and on behalf of the Board of Directors

Yatinder Vir Singh
Director

Babu Mohanlal Panchal
Director

INFOTEL TOWER INFRASTRUCTURE PRIVATE LIMITED
STATEMENT PURSUANT TO PART - IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile

I.	**REGISTRATION DETAILS**	
	Registration No.	032171
	State Code	16
	Balance Sheet	March 31, 2011
II.	**CAPITAL RAISED DURING THE YEAR (RUPEES)**	
	Public Issue	NIL
	Bonus Shares	NIL
	Rights Issue	NIL
	Private Placement	NIL
III.	**POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (RUPEES)**	
	Total Liabilities	100,000
	Total Assets	100,000
	SOURCE OF FUNDS	
	Shareholders' Funds	100,000
	Reserves & Surplus	-
	Secured Loans	-
	Unsecured Loans	-
	APPLICATION OF FUNDS	
	Net Fixed Assets (Including Intangible Asset)	19,150,625
	Accumulated Losses	11,034,107
	Deferred Tax Assets	263,715
	Investments	-
	Net Current Assets	(30,348,447)
IV.	**PERFORMANCE OF THE COMPANY (RUPEES)**	
	Turnover	80,284,411
	Total Expenditure	84,187,341
	Profit/(Loss) Before Tax	(3,902,930)
	Profit/(Loss) After Tax	(4,615,197)
	Earning (Loss) Per Share	461.52
	Dividend	NIL
V.	**GENERIC NAMES OF THREE PRINCIPAL PRODUCTS /SERVICES OF THE COMPANY**	
	Item Code No(ITC Code)	N.A.
	Product Description	Providing Services for Telecom Operations & Trading of Mobile Handsets

For and on behalf of the Board of Directors

Place: Mohali
Date: May 28, 2011

Yatinder Vir Singh
Director

Babu Mohanlal Panchal
Director

ATTENDANCE SLIP

QUADRANT TELEVENTURES LIMITED

(Formerly known as HFCL Infotel 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*		Registered Folio No.	
Client Id*			

NAME AND ADDRESS OF SHAREHOLDER ______________________________

____

No. of Share(s) Held: ______________________________

I hereby record my presence at the **64th Annual General Meeting** of the Company held on **Friday, September 30, 2011** at 12.00 noon at the Registered Offce 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

(Formerly known as HFCL Infotel Limited)

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

DP Id*		Registered Folio No.	
Client Id*			

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 **64th Annual General Meeting** of the Company to be held on **Friday, September 30, 2011** 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 2011

Signature ....

No. of Shares held ....

Affix Revenue Stamp of ₹ 1/-

*Applicable for investors holding shares in electronic form

Note:- The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Offce 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
(Formerly Known as HFCL Infotel Limited)
Regd. Office: Autocars Compound, Adalat Road, Aurangabad - 431005, Maharashtra