CONNECT BROADBAND

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August 3, 2016

The Secretary,
Corporate Relationship Department,
BSE Limited,
Phiroze Jee Jee Bhoy Towers,
Dalal Street,
Mumbai - 400001

SUB: SUBMISSION OF ANNUAL REPORT 2015-16 - QUADRANT TELEVENTURES LIMITED (SCRIP CODE 511116)

Dear Sir,

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, please find attached herewith Annual Report of the Company for the Financial Year 2015-16 as approved and adopted by the Shareholders in their Annual General Meeting held on Thursday, July 21, 2016 at the Registered Office of the Company at Autocars Compound, Adalat Road, Aurangabad – 431005.

You are requested to kindly take the same on record.

Thanking you,

Yours faithfully,
For QUADRANT TELEVENTURES LIMITED

QUADRANT TELEVENTURES LTD.

(AMIT VERMA)
COMPANY SECRETARY
Membership No.A27981

Encl.: As above

Quadrant Televentures Limited

69th Annual Report
2015-16

CORPORATE INFORMATION

BOARD OF DIRECTORS
Mr. Rahul Amarnath Sethi
Mr. Babu Mohanlal Panchal
Mrs. Lalita Sharma (Nominee of IDBI Bank)
Ms. Mitu Mehrotra Goel
Mr. Vinay Kumar Monga

COMPANY SECRETARY & MANAGER
Mr. Amit Verma

CHIEF FINANCIAL OFFICER
Mr. Munish Bansal

AUDITORS
M/s Khandelwal Jain & Co.
Chartered Accountants

INTERNAL AUDITORS
M/s Ernst & Young LLP

BANKS AND FINANCIAL INSTITUTIONS
IDBI Bank Ltd.
LIC of India
HDFC Bank Ltd
ICICI Bank Ltd.
Kotak Mahindra Bank
(Erstwhile ING Vyasa 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 : 91-44-28460390-394
Fax : 91-44-28460129
E-mail : investor@cameoindia.com

CONTENTS

GO GREEN APPEAL TO SHAREHOLDERS

Dear Shareholder, if you are still receiving the physical copy of Annual Report, we request you to share your email address, so that Annual Report and other communications may be sent electronically. E-mail address may be communicated at **investor@cameoindia.com** or at **secretarial@infotelconnect.com.**

SAVE TREES SAVE EARTH

NOTICE

NOTICE is hereby given that the Sixty Ninth (69th) Annual General Meeting of Quadrant Televentures Limited (the "Company") will be held on Thursday, 21st July, 2016 at 2.30 P.M. at the Registered Office of the Company at Autocars Compound, Adalat Road, Aurangabad - 431 005, (Maharashtra) to transact the following businesses: -

ORDINARY BUSINESS: -

1. To receive, consider and adopt the standalone and consolidated Audited Statement of Profit and Loss for the financial year ended on March 31, 2016 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.

2. To appoint a Director in place of Ms. Mitu Mehrotra Goel (DIN 05188846), who retires by rotation at the ensuing Annual General Meeting, and being eligible, offers herself for re-appointment.

3. To ratify appointment of Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby ratifies the appointment of M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai (Firm Registration No. 105049W) as Statutory Auditors of the Company to hold office from the conclusion of this Meeting, i.e. 69th Annual General Meeting until the conclusion of the 72nd Annual General Meeting (subject to ratification by the Members at every subsequent Annual General Meeting), on such remuneration as shall be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS: -

4. To consider and approve the related party transactions in terms of the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and in this regard to consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment or modification thereof) and all the applicable provisions of the Companies Act, 2013 read with Rules made there under and as recommended and approved by the Audit Committee at its meeting held on May 27, 2016 and subject to such other approvals, sanctions, permissions as may be required, the consent of the Shareholders be and is hereby accorded to the Board of Directors of the Company to enter into transaction(s) with M/s Quadrant Enterprises Private Limited, Promoter Group entity and Associate Company and related party of the Company within the meaning of Section 2(76) of the Companies Act, 2013, and the Rules made there under and Accounting Standard - 18 (AS-18) issued by the Institute of Chartered Accountants of India, by way of loan/advance in one or more tranches during the period from 1st August, 2016 to 31st July, 2017 for an amount not exceeding Rs. 500 Crore (Rupees Five Hundred Crore Only).

   RESOLVED FURTHER THAT the Board be and is hereby authorized to finalize the terms and conditions of Related Party Transactions with M/s Quadrant Enterprises Private Limited and to do all such acts, deeds and things as may be necessary, usual or expedient for giving effect to this Resolution and also to agree to any amendments thereto from time to time as it may think fit.

   RESOLVED FURTHER THAT the Board be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, if any required, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to this Resolution."

5. To appoint Mr. Amit Verma as Manager of the Company in terms of the provisions of Section 196, 197 and 203 read with Schedule V of Companies Act 2013 and in this regard to consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 203 read with Schedule V of Companies Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such other approval / sanctions as may be required, the approval of shareholders be and is hereby accorded for the appointment of Mr. Amit Verma as 'Manager' of the Company for a period of three years w.e.f. November 7, 2015 to November 6, 2018 on the terms and conditions including remuneration subject to the limit of Rs.20,00,000 (Rupees Twenty Lacs Only) per annum with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration as it may deem fit and subject however that the remuneration shall not exceed the limits specified in Schedule V to the Act or any statutory modification(s) or re-enactment thereof;

   RESOLVED FURTHER THAT the Manager's Remuneration may be reviewed and revised from time to time by the Board of Directors on the recommendation of Nomination & Remuneration Committee, as per Company Policy, within the overall limit of Rs. 20,00,000/- (Rupees Twenty Lacs Only) per annum, including perks and allowances.

   RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matter and things and take such steps as may be necessary, proper or expedient to give effect to this resolution."

6. To consider and ratify the remuneration to be paid to M/s Sanjay Gupta and Associates, Cost Auditors of the Company and in this regard to consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to the provisions of Sections 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. Sanjay Gupta and Associates, Firm Registration No. 000212, Cost Accountant in Whole-Time practice appointed as the Cost Auditor of the Company by the Board of Directors, for conducting the Audit of the Cost Records of the Company for the financial year commencing on 1st April, 2016 at a remuneration of Rs.1,00,000/- (Rupees

One Lac Only) excluding Service Tax, traveling and other out of pocket expenses incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed."

By Order of the Board of Directors of
QUADRANT TELEVENTURES LIMITED

AMIT VERMA
COMPANY SECRETARY
MEMBERSHIP NO. A27981

Place: Mohali
Dated: 27th May, 2016

NOTES: -

1. **IN TERMS OF THE PROVISIONS OF SECTION 105 OF THE COMPANIES ACT, 2013, READ WITH RULE 19 OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("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 INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PERSON CAN BE A PROXY FOR MEMBERS NOT EXCEEDING 50 (FIFTY) AND HOLDING IN AN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS, PROVIDED THAT A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON SHALL NOT ACT AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER. A PROXY FORM FOR THE MEETING IS ENCLOSED.**

2. In terms of the provisions of Section 102 of the Companies Act, 2013, the Statement setting out material facts in respect of all Special Business to be transacted at the meeting is annexed and forms part of the Notice.

3. Copies of Notice of 69th Annual General Meeting together with Annual Report are being sent by electronic mode to all the members whose email addresses are registered with the Company/Depository Participant(s) and for Members who have not registered their email addresses, physical copies of the Annual Report are being sent by the permitted mode, to those members who hold shares in physical form and whose names appear in the Company's Register of Members on Friday, 27th May, 2016 and as regards shares held in the electronic form, to those beneficial owners of the shares as at the close of business hours on Friday, 27th May, 2016 as per the particulars of beneficial owners furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Upon request, printed copy of Annual Report will be supplied to those share holders to whom Annual Report has been sent through Electronic Mode.

4. Corporate Members intending to send authorized 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.

5. Details as per the Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking re-appointment at the ensuing Annual General Meeting is appended to the Notice.

6. For convenience of the Members and proper conduct of meeting, entry to the place of meeting will be regulated by attendance slip, which is annexed to the Annual Report, Members are requested to sign at the place provided on the attendance Slip, and hand it over at the entrance of the venue.

7. Members who hold shares in dematerialized form are requested to write their Client ID and Depository Participant ID and those who hold shares in physical form are requested to write their Folio Number on the Attendance Slip and bring their attendance slip, as enclosed, alongwith their copy of Annual Report to the Meeting.

8. 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.

9. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 11th July, 2016 to Thursday, 21st July, 2016 (both days inclusive) for the purpose of the Meeting.

10. In terms of and in compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015, and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer remote e-voting facility as an alternate to all its Members to enable them to cast their vote electronically instead of casting the vote at the Meeting. The Members who have casted their votes by remote e-voting may participate in the Meeting even after exercising their right to vote through remote e-voting but they shall not be allowed to cast vote again at the Meeting. For this purpose, the Company has entered into an agreement with CDSL for facilitating e-voting to enable the Shareholders to cast their votes electronically. The Company is also providing facility for voting by Ballot at the Annual General Meeting apart from providing remote e-voting facility for all those members who are present at the general meeting but have not casted their votes by availing the remote e-voting facility.

11. The remote e-voting facility shall be opened from Monday, 18th July, 2016 at 9.00 a.m. to Wednesday, 20th July, 2016 till 5.00 p.m., both days inclusive. The remote e-voting facility shall not be allowed beyond 5.00 p.m. on Wednesday, 20th July, 2016. During the period when facility for remote e-voting is provided, the members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date/entitlement date, may opt for remote e-voting. Provided that once the vote on a resolution is casted by the member, he shall not be allowed to change it subsequently or cast the vote again.

    The notice of the meeting is also being placed on the website of the Company viz. www.connectzone.in and on the website of CDSL viz. www.cdslindia.com.

12. The Company has fixed Thursday, 14th July, 2016, as the cutoff date/entitlement date for identifying the Shareholders for determining the eligibility to vote by electronic means or in the

Meeting by Ballot. Instructions for exercising voting rights by remote e-voting are attached herewith and forms part of this Notice. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off/ entitlement date only shall be entitled to avail the facility of remote e-voting as well as voting at the Annual General Meeting.

13. Mrs. Gayathri R. Girish, Practicing Company Secretary (C.P. No. 9255) has been appointed as the Scrutinizer for conducting the voting by ballot at the Meeting and remote e-voting process in fair and transparent manner.

14. The Scrutinizer shall, immediately after the conclusion of voting at the Meeting, first count the votes casted by Ballot at the Meeting, thereafter unblock the votes casted through remote e-voting in the manner provided in the Rules and make, not later than 3 days of conclusion of the Meeting, consolidated Scrutinizer's Report of remote e-voting and voting by Ballot at the Meeting, of the total votes casted in favour or against, if any, to the Chairman of the Meeting and the Chairman or a person as may be authorized by him in writing shall declare the result of the voting forthwith and all the resolutions as mentioned in the Notice of the Meeting shall be deemed to be passed on the date of the Meeting. The results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company at www.connectzone.in and on the website of CDSL at www.cdslindia.com, immediately after the results are declared by the Chairman.

15. Any person who becomes a member of the Company after the date of this Notice of the Meeting and holding shares as on the cut-off date i.e. Thursday, 14th July, 2016, may obtain the User ID and Password by sending an email request to secretarial@infotelconnect.com. Members may also call on +91 172 5090000 or send a request to Mr. Amit Verma, Company Secretary, by writing to him at Quadrant Televentures Limited at B-71, Industrial Area, Phase VII, Mohali – 160055.

16. The Voting Rights will be reckoned on the paid-up value of shares registered in the name of shareholders on Thursday, 14th July, 2016, the cut-off date/entitlement date for identifying the Shareholders for determining the eligibility to vote by electronic means or at the Meeting by Ballot.

17. In case of joint holders attending the Meeting, and who have not exercised their right to vote by remote e-voting facility, only such joint holder who is higher in the order of names shall be entitled to vote.

18. Non-resident Indian Members are requested to inform M/s. Cameo Corporate Services Limited, Registrar and Share Transfer Agent of the Company, immediately whenever there is a change in their residential status on return to India for permanent settlement together with the particulars of their Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank with Pin code number, if not furnished earlier.

19. The relevant 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.

20. Members desiring any information relating to the Financial Statements/ Director's Report 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.

21. Members who hold the shares in physical form under the multiple folio's, in identical names or joint accounts in the same order or names, are requested to send the share certificates to Registrar and Share Transfer Agent of the Company namely M/s. Cameo Corporate Services Ltd., "Subramaniam Building", No.1, Club House Road, Anna Salai, Chennai - 600 002, for consolidation into a single folio.

22. GREEN INITIATIVE:

    Members who have not registered their e-mail address so far are requested to register their E-mail address for receiving all communication including Annual Report, Notices, and Circulars etc. from the Company electronically.

    Shareholders are requested to send any investor complaints at the Email ID for the Investor Grievance / Redressal division at secretarial@infotelconnect.com.

23. The equity shares of the Company are tradable compulsorily in electronic form and your Company has established connectivity with both the Depositories i.e., NSDL and CDSL. Taking into consideration the enormous advantages offered by the Depository Systems, Members are requested to avail the facility of dematerialization of the Company's shares on either of the Depositories, as aforesaid.

    The Annual Report of the Company will be made available on the Company's website at www.connectzone.in and also on the website of BSE Limited at www.bseindia.com

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

INSTRUCTIONS FOR VOTING THROUGH ELECTRONIC MODE

The process and manner for voting by electronic means and the time schedule including the time period during which the votes may be casted is as under:

(i) The voting period begins on Monday, 18th July, 2016 at 9.00 a.m. to Wednesday, 20th July, 2016 till 5.00 p.m., both days inclusive. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date/ entitlement date of Thursday, 14th July, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) The shareholders should log on to the e-voting website www.evotingindia.com

(iv) Click on "Shareholders".

(v) Now Enter your User ID

- **a.** For CDSL: 16 digits beneficiary ID,
- **b.** For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- **c.** Members holding shares in Physical Form should enter Folio Number registered with the Company.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

For Members holding shares in Demat and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number, given in Postal Ballot Form, in the PAN field. • The Sequence number shall be the same for voting through remote e-voting for Postal Ballot resolution and resolutions to be passed at the AGM • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DIVIDEND BANK DETAILS OR DATE OF BIRTH	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. If both the details are not recorded with the depository or Company please enter member id/folio number in the Dividend Bank details field as mentioned in instruction (v).

(ix) After entering details appropriately, click on "SUBMIT" tab.

(x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN for the relevant Quadrant Televentures Limited on which you choose to vote.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xviii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xx) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com. In case the Shareholders have any grievances connected with the voting by Postal Ballot/AGM including electronic means, the Shareholders may also call on +91 172 5090000 or send a request to Mr. Amit Verma, Company Secretary, by writing to him at Quadrant Televentures Limited at B-71, Industrial Area, Phase-VII, Mohali 160055 or send an e-mail at secretarial@infotelconnect.com.

By Order of the Board of Directors of
QUADRANT TELEVENTURES LIMITED

AMIT VERMA
COMPANY SECRETARY
MEMBERSHIP NO. A27981

Place: Mohali
Dated: 27th May, 2016

A STATEMENT SETTING OUT MATERIAL FACTS PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4

Your Company holds Unified Access Services License (UAS License) for providing Telephony Services in the Punjab Telecom Service Area comprising of the State of Punjab, Union Territory of Chandigarh and Panchkula Town of Haryana. Your Company provides various Telecommunication services including Data and Internet Connectivity across wireline technology, Fixed Line and Mobile voice services, Managed Services. The Company provides broadband services through its fiber optic cable laid across Punjab and the Company has also entered into co-location agreements with other operators in order to expand its network.

For smooth operations of the Company, to meet the capital expenditure proposed to be incurred and to meet any shortfall in cash flows and to ensure adequate availability of working capital and additional fund requirement, the Company need to raise funds. Further, the Corporate Debt Restructuring Cell (CDR Cell) had vide its letter no.CDR(JCP)563/2009-10 dated August 13, 2009 approved a Corporate Debt Restructuring Package (CDR Package) for the Company, in order to write off the losses and also to enable the Company to service its debts. In terms of the CDR Package the promoter shall make necessary arrangements of funds as may be required for smooth operations of the Company.

Accordingly, it is proposed to raise funds from M/s. Quadrant Enterprises Private Limited ("QEPL"), the Promoter Group entity and Associate Company and related party of the Company within the meaning of Section 2(76) of the Companies Act, 2013, and the Rules made there under and Accounting Standard - 18 (AS-18) issued by the Institute of Chartered Accountants of India, by way of loan/advance in one or more tranches during the period from 1st August, 2016 to 31st July, 2017 for an amount not exceeding Rs. 500 Crore (Rupees Five Hundred Crore Only).

The Audit Committee of the Company in its meeting held on 27th May, 2016 considered and given its omnibus approval in line with the policy on Related Party Transactions of the Company for availing financial assistance by way of loans/advances from QEPL upto an amount not exceeding Rs.500 Crore during the period from 1st August, 2016 to 31st July, 2017.

In terms of the Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all material related party transactions shall require approval of the shareholders through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.

In view of the above, approval of the Shareholders by way of Ordinary Resolution is being sought in terms of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The relevant necessary documents shall be available for inspection to the Members during the course of voting at the Registered Office of the Company during the office hours.

Additional Disclosure regarding Related Party Transaction:

i. **Name of the Related Party: -** M/s Quadrant Enterprises Private Limited, Promoter Group entity and Associate Company and related party of the Company within the meaning of Section 2(76) of the Companies Act, 2013, and the Rules made there under and Accounting Standard - 18 (AS-18) issued by the Institute of Chartered Accountants of India

ii. **Name of the Director or key managerial personnel who is related, if any:** None of the Directors or Key Managerial Personnel is related with Quadrant Enterprises Private Limited

iii. **Nature of Relationship:** Not Applicable

iv: **Nature, Material terms, monetary value and particulars of the contract or arrangement:**

The Company proposes to avail loan/advance in one or more tranches during the period from 1st August, 2016 to 31st July, 2017 for an amount not exceeding Rs. 500 Crore (Rupees Five Hundred Crore Only). The terms and conditions of loan/ advance shall be fixed by the Board of Directors of the Company on the recommendation of Audit Committee from time to time.

v. **Any other information relevant or important for the members to take a decision on the proposed resolution:**

For smooth operations of the Company, to meet the capital expenditure proposed to be incurred and to meet any shortfall in cash flows and to ensure adequate availability of working capital and additional fund requirements, the Company need to raise funds. Further, the Corporate Debts Restructuring Cell (CDR Cell) had vide its letter no.CDR(JCP)563/2009-10 dated August 13, 2009 approved a Corporate Debt Restructuring Package (CDR Package) for the Company, in order to write off the losses and also to enable the Company to service its debts. In terms of the CDR Package the promoter shall make necessary arrangements of funds, as may be required for smooth operations of the Company. Hence, it is proposed to enter into transaction with M/s Quadrant Enterprises Private Limited, Promoter Group entity and Associate Company and related party of the Company within the meaning of Section 2(76) of the Companies Act, 2013, and the Rules made there under and Accounting Standard - 18 (AS-18) issued by the Institute of Chartered Accountants of India.

Your Directors recommend the proposed resolution as set out at Item No. 4 of the Notice for the approval of the shareholders of the Company by way of an Ordinary Resolution.

None of the Directors and/or Key Managerial Personnel of the Company and/or their relatives is in any way, concerned or interested financially or otherwise, in this resolution.

Item No. 5

In compliance with the provisions of Section 203(1)(i) of the Companies Act, 2013 (Act) read with the Schedule V of the Act and the rules framed there under the Board of Directors of the Company on the recommendation of Nomination & Remuneration Committee, at their meeting held on 7th November, 2015 appointed Mr. Amit Verma as a 'Manager' within the meaning of the provisions of Section 2(53) of the Act for the period of 3 (Three) years from November 7, 2015 to November 6, 2018. Mr. Amit Verma shall perform his duties as Manager under supervision, directions and control of the Board of Directors of the Company, on the remuneration as may be fixed from time to time, within the overall limit as laid down in Schedule V of the Companies Act, 2013.

In terms of Schedule V of the Act, the Company has inadequate profit and negative effective capital, therefore on the recommendation of Nomination & Remuneration Committee, the Board of Directors of the Company proposes to pay overall maximum remuneration of an amount not exceeding Rs.20,00,000 (Rupees Twenty Lacs Only) per annum subject to approval of shareholders at general body meeting

The Notice read with explanatory statement should be considered as written memorandum setting out the terms of remuneration of Mr. Amit Verma, as Manager as required under Section 196 of the Act.

STATEMENT PURSUANT TO THE PROVISIONS OF CLAUSE (B)(iv) OF THE SECTION II OF PART II OF SCHEDULE V TO THE COMPANIES ACT, 2013 WITH RESPECT TO ITEM NO.5

I. GENERAL INFORMATION:

(i) **Nature of Industry :** The Company is in service industry and engaged in the business of providing Telephony Services including GSM Mobile Telephony Services, Landline, DSL (Internet) and CDMA Mobile Telephony Services and Leased Line service under the Unified Access Services License granted by the Department of Telecommunications (DoT), Ministry of Communications & Information Technology, Government of India, New Delhi, for operating in Punjab Telecom Circle comprising of the state of Punjab, Union Territory of Chandigarh and Panchkula Town of Haryana.

(ii) **Date or expected date of commencement of commercial production:** The Company was incorporated on August 02, 1946 under the provisions of Indian Companies Act, 1913. The company has been providing basic telecom services since the Company was granted Basic Telephony Licence for the Punjab Telecom Circle by the Department of Telecommunications (DoT) on September 30, 1997; also the Internet services License was obtained in the year 2000; With effect from November 14, 2003 the Company migrated to the Unified Access Services License (UASL License) as granted by the DoT; the company has been providing the Landline, Internet, Leased Line, CDMA Mobile and GSM Mobile Services on the ground of the respective Telecom Licenses granted by the DoT in Punjab Telecom Circle.

(iii) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not applicable.

(iv) **Financial performance based on given indicators** - as per published audited financial results for the accounting year ended March 31, 2016:

Particulars as on March 31, 2016	Amount (Rs. In Million)
Turnover & Other Income	**5628.31**
Net Profit as per Profit & Loss Account (After Tax)	**(1348.10)**

(v) **Foreign Investments or collaborators, if any:** There are no foreign Investments or collaborations in the Company.

II. INFORMATION ABOUT THE APPOINTEE:

(i) **Background details:**

Mr. Amit Verma is a qualified Company Secretary (ACS) - 2010 Batch - from the Institute of Company Secretaries of India, New Delhi. He has more than eight years of work experience in the corporate sector working in the Core Manufacturing Industry as well as the Services Sector. Mr. Amit Verma has been working with the Company as Company Secretary w.e.f. 1st July, 2015.

(ii) **Past Remuneration drawn:**

Since, it is first appointment of Mr. Amit Verma as Manager of the Company hence the information relating to past remuneration drawn is not provided.

(iii) **Recognition & Awards / Achievements:**

Mr. Amit Verma has more than eight years of work experience in the corporate sector working in the Core Manufacturing Industry as well as the Services Sector.

(iv) **Job Profile and suitability:**

Mr. Amit Verma is responsible for the overall Statutory Compliances of the Company, under the supervision and control of the Board of Directors. He is also responsible to perform such other duties as may, from time to time, be entrusted by the Board of Directors. Taking into consideration his qualification and his experience the Board recommends his appointment as Manager of the Company.

(v) **Remuneration proposed:**

The appointee is proposed to be paid remuneration not exceeding the limit of Rs.20,00,000 (Rupees Twenty Lacs Only) per annum in compliance with the limits set out in the Act .

The above remuneration is proposed to be paid as minimum remuneration in case of inadequate profits during any financial year.

The Board of Directors on the recommendation of Nomination & Remuneration Committee shall have power to vary, alter, the terms and conditions of appointment of Mr. Amit Verma as Manager and to take such steps as would be expedient or desirable, including obtaining approval of the Central Government, if so required.

(vi) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):**

Taking into consideration the size of the Company, the profile of the appointee, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid to the appointee is commensurate with the remuneration packages paid to similar senior level appointees in other telecom companies.

(vii) **Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:**

Besides the remuneration proposed, the appointee does not have any other pecuniary relationship with the Company or the Managerial Personnel.

III. OTHER INFORMATION:

(i) **Reasons for inadequate profits:**

The Company is a core Telecom Sector Company - which is a highly Capital intensive industry and huge Capital outlays are required for roll out of wireline and wireless network. Also the Company has launched the GSM Mobile services in the year 2010, which also entailed heavy investment including Licence Fee of Rs. 151.75 Crore. The heavy Depreciation and Amortization - apart from recurring Network costs - have resulted in the accumulated losses.

(ii) **Steps taken by the Company to improve performance:**

The Company is consolidating its position in the market by increasing its share of new additions in the wireless market (i.e. Fixed, wireless and mobile) and making focused efforts to attract customers in all segments.

(iii) **Expected increase in productivity and profits in measurable terms:**

The above measures are expected to yield positive results in the coming years. Although, it is difficult to predict increase in productivity and profits for the future years in measurable terms.

Your Directors recommend the proposed resolution as set out at Item No. 5 of the Notice for the approval of the shareholders of the Company by way of Special Resolution.

Except Mr. Amit Verma, none of the Directors and Key Managerial Personnel of the Company or their relatives are in any way interested or concerned in the proposed Resolution.

Item No. 6

The Board on the recommendation of Audit Committee has reappointed M/s Sanjay Gupta and Associates, Cost Accountants (Firm Registration No.000212), as Cost Auditors of the Company to conduct the audit of Cost Records of the Company in respect of Telecommunication Services for the financial year commencing from 1st April, 2016 to 31st March, 2017.

The Board of Directors of the Company, on the recommendation of the Audit Committee, has decided to pay a remuneration of Rs. 1,00,000/- (Rupees One Lakh Only) excluding Service Tax and other Taxes and other out of pocket expenses at actual to M/s Sanjay Gupta and Associates, for the financial year commencing from 1st April, 2016 to 31st March, 2017.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration to be paid to the Cost Auditors shall be fixed by the Board of Directors of the Company on the recommendation of the Audit Committee and the same has to be subsequently ratified by the Shareholders of the Company at a general body meeting.

Accordingly, consent of the members is sought by passing an Ordinary Resolution as set out at Item No. 6 of the Notice for ratification of the remuneration payable to the cost Auditors for the financial year commencing from 1st April, 2016 to 31st March, 2017.

Your Directors recommend the proposed resolution as set out at Item No. 6 of the Notice for the approval of the shareholders of the Company by way of Ordinary Resolution.

None of the Directors and/or Key Managerial Personnel of the Company and/or their relatives are in any way, concerned or interested financially or otherwise, in this resolution.

By Order of the Board of Directors of
QUADRANT TELEVENTURES LIMITED

AMIT VERMA
COMPANY SECRETARY
MEMBERSHIP NO. A27981

Place: Mohali
Dated: 27th May, 2016

Annexure -A

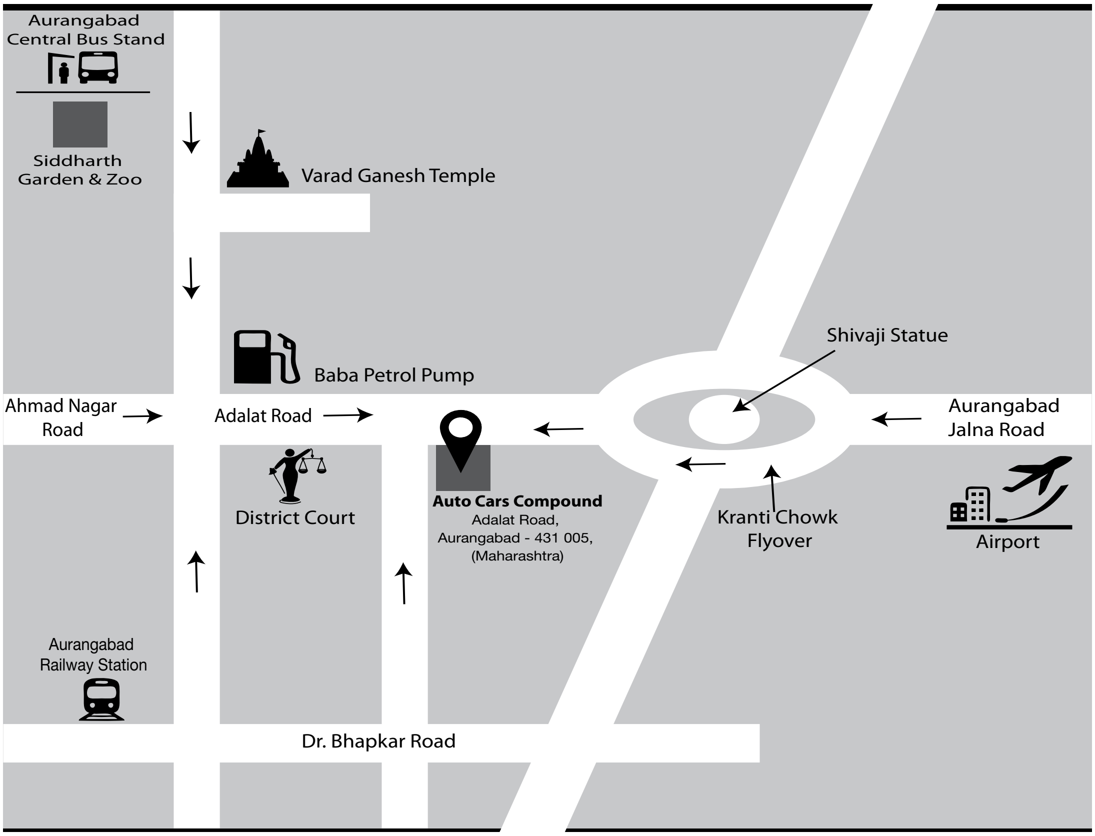
DETAILS OF DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING

(Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Name of Director	Ms. Mitu Mehrotra Goel
Director Identification Number (DIN)	05188846
Date of Birth	03.09.1976
Age	39 Years
Date of Appointment	30.09.2014
Educational Qualification	M. Com., MBA (Finance), LLB
Nature of expertise in specific functional areas	Over 16 years of experience in the field of Taxation, Finance & Accounts
Disclosure of relationship between directors inter-se	NIL
Name of Listed Companies in which holds the directorship and the membership of committees of the board	NIL
No. of Share held by Directors in the Company	NIL

Route Map to the Venue of the AGM

Autocars Compound,
Adalat Road, Aurangabad - 431 005, (Maharashtra)



DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 69th (Sixty Ninth) Annual Report together with the Audited Accounts and Auditors Report for the Financial Year ended on 31st March, 2016.

SUMMARY OF FINANCIAL RESULTS

The Company's financial results for the year ended 31st March, 2016 is summarized below: -

(Rs. In millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
I. Revenue from operations	5583.72	5207.94
II. Other Income	44.58	36.24
III. Total Income(I+II)	5628.31	5244.18
IV. Expenses		
Networks operation Expenditure	3791.32	4442.02
Employee Benefits Expenses	741.61	803.85
Sales & Marketing Expenditure	283.58	368.44
Finance Cost	272.98	268.40
Depreciation and Amortization Expenses	1334.00	1389.96
Other Expenses	552.91	370.44
Total Expenses	6976.40	7643.12
V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)	(1348.10)	(2398.93)
VI. Exceptional Item	-	-
VII. Profit /(Loss) before extraordinary items and tax (V-VI)	(1348.10)	(2398.93)
VIII. Extraordinary items	-	-
IX. Profit/(Loss) before tax (VII-VIII)	(1348.10)	(2398.93)
X. Tax expenses:-		
(1) Current Tax	-	-
(2) Deferred Tax	-	-
XI. Profit/(Loss) for the period from continuing operations (IX-X)	(1348.10)	(2398.93)
XII. Profit/(Loss) from discontinuing operations	-	-
XIII. Tax expenses of discontinuing operations	-	-
XIV. Profit/(Loss) from Discontinuing operations (after tax)(XII-XIII)	-	-
XV. Profit /(Loss) for the period(XI-XIV)	(1348.10)	(2398.93)

FINANCIAL PERFORMANCE REVIEW

The Company registered a growth in revenue by 7.21% from Rs. Rs.5,207.94 million in 2014-15 to Rs.5583.72 million in 2015-16. Consequently, the operating losses decreased from Rs.2,398.93 million during 2014-15 to Rs. 1348.10 million during the year ended 31.03.2016.

However, the total expenses during 2015-16 decreased to Rs. 6976.41 Million as against Rs. 7,643.12 million in the previous year.

In consolidated terms, the Company recorded a consolidated revenue of Rs.5623.94 Million during 2015-16 against the consolidated revenue of Rs. 5,252.94 Million during 2014-15.The Company incurred a loss of Rs.1314.93 Million in 2015-16, against loss of Rs.2,406.62 Million in 2014-15.

BUSINESS OPERATIONS

Your Company holds Unified Access Services License (UAS License) for providing Telephony Services in the Punjab Telecom Service Area comprising of the State of Punjab, Union Territory of Chandigarh and Panchkula Town of Haryana.

Earlier the Company was holding ISP Licence - Category-B (Punjab Circle) which was valid till June, 2015 and the Company had applied for its renewal/issuance of new ISP Licence Category-A. Considering the Company's request, the DoT has granted ISP Licence Category-A (PAN India) to the Company on January 6, 2015.

The Portfolio of services provided by the Company includes Data and Internet Connectivity across wireline technology, Fixed Line and Mobile voice services, Managed Services.

The Company provides broadband services through its fiber optic cable laid across Punjab and the Company has also entered into co-location agreements with other operators in order to expand its network.

As at 31.03.2016, the company had a total subscriber base of 3,861,039 telephony customers, including 3,400,961 GSM mobile customers, 264,963 fixed-line customers, 195,115 Broadband Customers.

During the year under review, there is no change in the nature of business of the Company.

MARKETING INITIATIVES

During the year, various marketing initiatives were taken in order to enhance the brand visibility through various programs such as Young Manch Contest, Connect Super Jodi Contest etc, in order to connect to and reach out to a larger segment of the populace especially the younger segment of society.

CORPORATE DEBT RESTRUCTURING SCHEME (CDR SCHEME)

The Corporate Debt Restructuring Cell (CDR Cell) had vide its letter no.CDR(JCP)563/2009-10 dated August 13, 2009 approved a Corporate Debt Restructuring Package (CDR Package) for the company, in order to write off the losses and also to enable the company to service its debts. As of March 31, 2016, the Company has duly complied with all the terms and conditions as stipulated in the CDR Package.

SHARE CAPITAL AND LISTING OF SHARES

The paid-up Equity share capital of the Company is Rs.61,22,60,268/- comprising of 61,22,60,268 equity shares of Re.1/- each. The Company's shares are listed on BSE Limited and are actively traded.

MATERIAL CHANGES

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year of the Company i.e. 31 March 2016 and the date of Directors' Report i.e. 27th May, 2016.

Further, there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

DIVIDEND

As on 31.03.2016, the Company had accumulated losses. Your Directors, therefore, have not recommended any dividend for the financial year 2015-16.

TRANSFER TO RESERVES

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

FIXED DEPOSITS

Your Company has not accepted / renewed any deposits within the meaning of Section 73 of the Companies Act, 2013 and as such, no amount of principal or interest was outstanding as on the Balance Sheet date.

HUMAN RESOURCE DEVELOPMENT

Human Resource Development is considered to be vital in any organisation for the effective implementation of its business plans. Constant endeavors' are being made by the Company through various HR policies and processes aimed for professional growth and opportunities and recognitions of the employees in order to effectively motivate the employees at all levels in the drive for growth and expansion of the business. Regular innovative programs for learning and development are also drawn up constantly in order to create an encouraging and conducive work environment for empowering the employees at all levels and maintaining a 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.

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

The Company, being in the telecommunications sector is not involved in carrying on any manufacturing activity; accordingly, the information required under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 with respect to Conservation of Energy, Technology Absorption and Foreign Exchange earnings/outgo are not applicable.

However, the following information would give adequate idea of the continuous efforts made by the Company in this regard:

(i) **Energy Conservation:**

(a) Electricity is used for the working of the Company's telephone exchanges and other network infrastructure equipment. The Company regularly reviews power consumption patterns across its network and implements requisite changes in the network or processes in order to optimize power consumption and thereby achieve cost savings.

(b) Reduction in the running of the Diesel Generator (DG) Sets during power cuts in various tower sites.

(ii) **Technology Absorption:** The Company has not imported any technology. The Company has not yet established separate Research & Development facilities.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year, there were no foreign exchange earnings; the total foreign exchange outgo was to the tune of Rs. 373.91 millions, which was on account of Import of Capital Equipment (other than telephone instruments), finance charges and travel expenses.

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is appended as Annexure-5 to the Board's Report.

The Company does not have any employee whose particulars are required to be furnished under Section 197 of the Companies Act, 2013, read with Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The remuneration paid to all Key Managerial Personnel is in accordance with remuneration policy adopted by the company.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The details in respect of internal financial control and their adequacy are included in the Management Discussion & Analysis, which forms part of this report.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has formulated and published a Whistle Blower Policy to provide Vigil Mechanism for employees including Directors of the Company to report genuine concerns. The provisions of this policy are in line with the provisions of Section 177(9) of the Act and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (URL: http://www.connectzone.in/corporate_governance.php)

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92 of the Act and Rule 12 of The Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form MGT-9, is provided in Annexure-1 which forms part of this report.

RELATED PARTY TRANSACTIONS

In line with the requirements of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Policy on Related Party Transactions and the same is posted on the Company's URL: http://www.connectzone.in/corporate_governance.php

Information on transaction with related parties pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Annexure-3 in Form AOC-2 and the same forms part of this report.

CORPORATE SOCIAL RESPONSIBILITY

In terms of the provisions of Section 135 read with Schedule VII and the Rule made thereunder, every Company having net-worth of Rs. 500 Crore or Turnover of Rs. 1,000 Crore or Net Profit of Rs. 5 Crore is required to constitute Corporate Social Responsibility Committee. The Company does not meet any of the above criteria. As such the Company is not required to constitute Corporate Social Responsibility Committee and comply with the requirements of Section 135 read with Schedule VII and the Rules made thereunder.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantees and investments pursuant to Section 186 of the Companies Act, 2013 are provided in Notes no. 3, 11 and 25 respectively to the financial statements.

BOARD EVALUATION

The board of directors has carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc. The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In a separate meeting of independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent Directors, at which the performance of the Board, its committees and individual directors was also discussed.

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company proactively keeps its Directors informed of the activities of the Company, its management and operations and provides an overall industry perspective as well as issues being faced by the industry. The familiarization programme adopted by the Company is posted on the website of the Company's URL: http://www.connectzone.in/corporate_governance.php

REMUNERATION POLICY FOR THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

In terms of the provisions of Section 178(3) of the Act and under Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Nomination & Remuneration Committee (NRC) is responsible for formulating the criteria for determining qualification, positive attributes and independence of a Director. The NRC is also responsible for recommending to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.

In line with this requirement, the Board has adopted the Policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees and the same has been disclosed in the Corporate Governance Report, which forms part of the Directors' Report. The same is also available on the Company's website URL: http://www.connectzone.in/corporate_governance.php

NUMBER OF MEETING OF THE BOARD

Seven Meetings of the Board were held during the year. For details of the meetings of the Board, please refer to the Corporate Governance Report, which forms part of this report.

THE DETAILS OF DIRECTORS WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR

During the year under review, Mr. Vinay Kumar Monga was appointed as Independent Directors pursuant to the provisions of Section 149 of the Companies Act, 2013, at the previous Annual General Meeting held on 28th September, 2015, to hold office of Director upto a term of five consecutive years w.e.f. October 17, 2014. Further, Ms. Mitu Mehrotra Goel was appointed as Director liable to retire by rotation at the Annual General Meeting of the Company held on September 28, 2015.

In terms of the provisions of Section 152 (6) of the Companies Act, 2013 and the Rules made there under, Ms. Mitu Mehrotra Goel, Director retires by rotation and being eligible, has offered, herself for re-appointment. The Board recommends her re-appointment at the ensuing Annual General Meeting.

A brief profile of Director seeking reappointment, nature of expertise in specific functional area, name of other companies in which she holds Directorship(s) and Membership(s)/Chairmanship(s) of the Committees of the Board of Directors and the particulars of the shareholding as stipulated under Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Notice.

IDBI Bank Limited has with effect from December 28, 2015 nominated Ms. Lalita Sharma as its Nominee Director on the Board in place of Mr. Rajeev Kumar. The Board takes this opportunity and place on record its sincere appreciation for the valuable guidance and support of Mr. Rajeev Kumar during his tenure as Director of the Company.

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company.

THE DETAILS OF KEY MANAGERIAL PERSONNEL WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR

a. **Changes in Key Managerial Personnel during the period 1st April, 2015 to 31st March, 2016**

- Mr. Ashu Ratan Khare, Chief Financial Officer of the Company had resigned and ceased to be Chief Financial Officer of the Company w.e.f. 15th April, 2015.
- Mr. Munish Bansal was appointed as Chief Financial Officer of the Company in place of Mr. Ashu Ratan Khare w.e.f. 30th April, 2015.
- Mr. Amit Verma was appointed as Company Secretary of the Company in place of Mr. Kapil Bhalla w.e.f. 1st July, 2015.
- Pursuant to the provisions of Section 196, 197 and 203 read with Schedule V of the Companies Act, 2013, Mr. Amit Verma was also appointed as Manager of the Company in place of Mr. Kapil Bhalla for a period of three years w.e.f. November 7, 2015 to November 6, 2018 on such terms and conditions and subject to the approval of Shareholders of the Company at the ensuing Annual General Meeting of the Company.

No changes took place in Key Managerial Personnel for the period 1st April, 2016 till the date of signing of Board Report.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from all Independent Directors of the Company confirming that they meet with the criteria of independence, as prescribed under section 149 of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Independent Directors have also confirmed that they have complied with the Company's Code of Conduct.

AUDITORS

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder, the Company had, on 30th September, 2014, appointed M/s Khandelwal Jain & Co., Chartered Accountants (Firm Registration No.105049W), as Statutory Auditors of the Company for a period of 5 years from the conclusion of the Sixty Seventh (67th) Annual General Meeting of the Company upto the conclusion of Seventy Second (72nd) Annual General Meeting of the Company.

As per the provisions of Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014, such appointment made by the company shall be subject to ratification in every Annual General Meeting upto the end of the tenure of appointment of the auditors.

M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai have confirmed their eligibility in terms of the provisions of Section 141 of the Companies Act, 2013 and Rule 4 of Companies (Audit and Auditors) Rules, 2014.

The Board recommends the ratification of the appointment of M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai from the conclusion of this meeting i.e. 69th Annual General Meeting until the conclusion of 72nd Annual General Meeting (subject to ratification by the Members at every subsequent meeting) on such remuneration as shall be fixed by the Board of Directors of the Company.

COST AUDITOR

The Central Government had directed vide its order no.52/26/CAB-2010 dated 6th November, 2012 to conduct a Cost Audit in respect of the specified products viz., Telecommunication Industry.

The Board of Directors of the Company has accorded its approval for the appointment of M/s Sanjay Gupta & Associates, Cost Accountants, New Delhi as Cost Auditors for the Financial Year 2016-17, as the Cost Auditor of the Company, to conduct audit of the Cost Accounting Records maintained by the Company for the financial year commencing on 1st April, 2016 and ending on 31st March, 2017, subject to the approval of the Central Government.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be ratified by the members of the Company. Accordingly, consent of the Members is sought by way of an Ordinary Resolution for ratification of the remuneration amounting to Rs. 1,00,000/- (Rupees One Lac Only) plus applicable service tax and out of pocket expenses payable to the Cost Auditors for financial year commencing on 1st April, 2016.

In compliance with the provisions of the Companies (Cost Audit Report) Rules, 2011 and General Circular No. 15/2011 issued by Government of India, Ministry of Corporate Affairs, Cost Audit Branch, we hereby submit that, the Company has filed the Cost Audit Report for the financial year ended on 31st March, 2015 within the prescribed timeline. As regards, to the financial year ended on 31st March, 2016, the due date for filing the Cost Audit Report is 27th September, 2016 and the Company shall file the same on or before due date.

In terms of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, the Company has appointed M/s Sanjay Gupta & Associates, Cost Accountants, New Delhi as Cost Auditors for the Financial Year 2016-17.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Dinesh Bhandari (CP No.:10300, FCS: 5887), Practicing Company Secretary to undertake the secretarial audit of the company. The Practicing Company Secretary has submitted the Report on the Secretarial Audit conducted by him which is annexed to this Board Report as Annexure-4.

The Report does not contain any qualification, reservation or adverse remark.

INTERNAL AUDITORS

M/s Ernst and Young performs the duties of internal auditors of the Company and their report is reviewed by the Audit Committee from time to time.

CASH FLOW STATEMENT

As per the requirements of the Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Cash Flow Statement as prepared in accordance with the Accounting Standard on Cash Flow Statement (AS 3) issued by the Institute of Chartered Accountants of India, is given along with the Balance Sheet and Statement of Profit and Loss.

AUDIT COMMITTEE

In compliance with the provisions of Section 177 of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company has constituted an Audit Committee. The composition, scope and powers of the Audit Committee together with details of meetings held during the year under review, forms part of the Corporate Governance Report.

The recommendations of the Audit Committee are accepted by the Board.

RISK MANAGEMENT POLICY

The Company has a robust Risk Management policy to identify, evaluate business risks and opportunities. This policy seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The policy defines the risk management approach across the organization at various levels including documentation and reporting. The Company has identified various risks and also has mitigation plans for each risk identified.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

As of March 31, 2016, there was no Unclaimed Dividend due for transfer to the Investor Education and Protection Fund (IEPF) of the Central Government, after the expiry of seven years.

HOLDING/SUBSIDIARY COMPANIES

As on 31st March, 2016, Quadrant Enterprises Private Limited was holding company of the Company (holding 53.36%). After Balance Sheet date, there is change among the shareholding of Promoter Group Entities whereby Quadrant Enterprises Private Limited transferred 3.76% of shares to Nippon Investment & Finance Company Private Limited, other Promoter Group Entity. Consequently, Quadrant Enterprises Private Limited ceased to be holding company of the Company w.e.f. 13th April, 2016.

As on March 31, 2016, the Company has one wholly owned subsidiary, namely, Quadrant Telenet Services Private Limited which was incorporated as Subsidiary of the Company on March 30, 2015 to undertake the business of Telecommunications, Internet Services, Telecom Infrastructures and other related telecom services.

As on May 30, 2015, the Company had disinvested its stake in its wholly owned subsidiary, namely, Videocon Integrated Solutions Private Limited (Formerly Infotel Tower Infrastructure Private Limited). Accordingly, M/s Videocon Integrated Solutions Private Limited ceased to be a subsidiary company of the Company w.e.f. May 30, 2015, consequently, M/s Videocon Mobile & Infra Private Limited, subsidiary of M/s Videocon Integrated Solutions Private Limited also ceased to be a step down subsidiary company of the Company.

As on the date of signing of this Report, the Company is having only one subsidiary, namely, Quadrant Telenet Services Private Limited.

Pursuant to the provision of Section 129(3) of the Companies Act, 2013, a statement containing salient features of the financial statements of the Company's subsidiary in Form AOC-1 is attached as Annexure-2 to the financial statement of the Company.

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the financial statements of the Company, Consolidated financial statements alongwith relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of the Company.

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

JOINT VENTURES/ASSOCIATE COMPANIES

As of March 31, 2016, there are no Joint Ventures / Associate Companies of the Company.

CONSOLIDATED FINANCIAL STATEMENTS

In compliance with Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the consolidated financial statement prepared in accordance with the Accounting Standard AS-21 read with Accounting Standard AS-23 on Accounting for Investments in Associates, your Directors have pleasure in presenting the Consolidated Financial Statements together with Auditors Report thereon forms part of the Annual Report.

AUDITORS' REPORT

The Statutory Auditors of the Company, M/s Khandelwal Jain & Co., Chartered Accountants, have submitted the Auditors' Report which has observation on Standalone and Consolidated Financial Statements for the period ended March 31, 2016.

MANAGEMENT'S EXPLANATION TO THE AUDITORS' OBSERVATIONS: -

A) *Auditors' Observation in the Standalone Auditor's Report & Annexure to the Auditor's Report*

Point No.5 of the Auditor's Report which summarises the basis of Emphasis of Matter *"We draw attention to Note No.28* *to the Financial Statements, the Company has incurred a net loss of Rs.1,348,104,827/- during the year, the accumulated losses as at March 31, 2016 amounted to Rs.17,638,407,752/- resulting in erosion of its net worth and has net current liabilities of Rs.12,713,562,129/- as at March 31, 2016. These factors raise a doubt that the Company will not be able to continue as a going concern. The management is confident of generating cash flows from business operations through increasing subscribers base and with the support of significant shareholders to fund its operating and capital fund requirements. Accordingly, these statements have been prepared on a going concern basis. Our opinion is not qualified in respect of this matter."*

Management's Explanations to the Auditor's Observations in the Standalone Balance Sheet

The accumulated losses of the Company as at March 31, 2016 are more than fifty percent of its net worth as at that date. The losses are due to declining market of the fixed line business and high operating costs. The management is confident of generating cash flows from business operations through increasing subscribers' base and other value added services and reducing losses gradually. Further with the support of significant shareholders to fund its operating and capital expenditure. Management is confident of meeting its funds requirement.

B) Auditors' Observation in the Consolidated Auditor's Report & Annexure to the Auditor's Report

Point No.5 of the Auditor's Report which summarises the basis of Emphasis of Matter *"In case of Holding Company we draw attention to Note No.29 to the financial statements, the Company has incurred a net loss of Rs. 1,348,104,827/- during the year, the accumulated losses as at March 31, 2016 amounted to Rs.17,638,407,752/- resulting in, the erosion of its net worth and has net current liabilities of Rs.12,713,562,129/- as at March 31, 2016. These factors raise a doubt that the Company will not be able to continue as a going concern. The management is confident of generating cash flows from business operations through increasing subscribers' base and with the support of significant shareholders to fund its operating and capital fund requirements. Accordingly, these statements have been prepared on a going concern basis. Our opinion is not qualified in respect of this matter."*

Management's Explanations to the Auditor's Observations in the Consolidated Balance Sheet

In consolidated terms, the Company has incurred Net loss of Rs.1,314,928,758/- during the year and the accumulated losses as at March 31, 2016, amounted to Rs.17,638,463,308/- resulting in, erosion of its net worth and has net current liabilities of Rs. 12,713,517,684/- as at March 31, 2016.

The accumulated losses of the company as at March 31, 2016, in consolidated terms are more than its fifty percent of its Net worth as at that date. The losses are due to declining market of the fixed line business and high operating costs. The management is confident of generating cash flows from business operations through increasing subscribers' base and other value added services and reducing losses gradually. Further with the support of significant shareholders to fund its operating and capital expenditure, management is confident of meeting funds requirement.

PREVENTION OF SEXUAL HARASSMENT POLICY

The Company has in place a Prevention of Sexual Harassment policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

POLICY ON PREVENTION OF INSIDER TRADING

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has framed a) Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders and b) Code of Fair Disclosure. The Company's Code, inter alia, prohibits purchase and/or sale of shares of the Company by an insider, while in possession of unpublished price sensitive information in relation to the Company and also during certain prohibited periods.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standards of Corporate Governance. The detail report on Corporate Governance, Management Discussion and Analysis Report as well as Corporate Governance Compliance Certificate are attached pursuant to the requirements of Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and form part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Act, the Directors state that:

(a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) The Directors has selected such accounting policies and applied consistently and have made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and loss of the Company for that period;

(c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) The Directors had prepared the annual accounts on a going concern basis;

(e) The Directors had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively;

(f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENTS

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

The Directors also extend their appreciation to the employees for their continuing support and unstinting efforts in ensuring an excellent all round operational performance.

For and on behalf of the Board of Directors

	Mitu Mehrotra Goel	**Vinay Kumar Monga**
Place: Mohali	**Director**	**Director**
Date: May 27, 2016	**(DIN: 05188846)**	**(DIN: 03029345)**

Annexure -1

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014

I. REGISTRATION AND OTHER DETAILS:

i) CIN:L00000MH1946PLC197474

ii) Registration Date: 02/08/1946

iii) Name of the Company: QUADRANT TELEVENTURES LIMITED

iv) Category/Sub Category of the Company: COMPANY LIMITED BY SHARES/INDIAN NON GOVERNMENT COMPANY

v) Address of the registered office and contact details: AUTOCARS COMPOUND, ADALAT ROAD, AURANGABAD-431005
Ph: 0240-2320754
E-mail Address : secretarial@infotelconnect.com

vi) Whether listed company (Yes/No): YES

vii) Name, Address and Contact Details of Registrar and Transfer Agent, if any:

Cameo Corporate Services Limited

'Subramaniam Building No.1, Club House Road, Anna Salai, Chennai-600002

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

SI. No.	Name and Description of main products/services	NIC Code of the Product/Service*	% to total turnover of the company
1.	Basic Telephone Services	611	13%
2.	Internet and Broadband Services	611	41%
3.	Cellular Mobile Telephone Services	612	46%

*Note: - As per National Industrial Classification 2008 – Ministry of Statistics and Programme Implementation.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S.No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Quadrant Enterprises Private Limited 171-C, Floor-17, Plot-224, C Wing, Mittal Court, Jamnalal Bajaj Marg, Nariman Point, Mumbai - 400 021	U32109MH2009PTC191649	Holding Company	53.3604%	2(46)
2.	Quadrant Telenet Services Private Limited, B-71, Industrial Area, Phase-VII, Mohali, Punjab - 160 055	U64200PB2015PTC039352	Subsidiary	100%	2(87)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2015)				No. of Shares held at the end of the year (As on 31-03-2016)				% change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters									
(I) Indian									
a) Individual/HUF	0	0	0	0.0000	0	0	0	0.0000	0.00
b) Central Govt	0	0	0	0.0000	0	0	0	0.0000	0.00
c) State Govt(s)	0	0	0	0.0000	0	0	0	0.0000	0.00
d) Bodies Corp	326,705,000	0	326,705,000	53.3604	326,705,000	0	326,705,000	53.3604	0.00
e) Banks/FI	0	0	0	0.0000	0	0	0	0.0000	0.00
f) Any other…	**326,705,000**	**0**	**326,705,000**	**53.3604**	**32,670,5000**	**0**	**326,705,000**	**53.3604**	**0.00**
Sub-total(A)(1):-									
(2) Foreign									
a) NRIs- Individuals	0	0	0	0.0000	0	0	0	0.0000	0.00
b) Other- Individuals	0	0	0	0.0000	0	0	0	0.0000	0.00
c) Bodies Corp.	0	0	0	0.0000	0	0	0	0.0000	0.00
d) Banks/FI	0	0	0	0.0000	0	0	0	0.0000	0.00
e) Any other…	0	0	0	0.0000	0	0	0	0.0000	0.00
Sub-Total(A)(2):-									
Total shareholding of Promoter (A)=(A)	**0**	**0**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0.00**
(1)+(A)(2)	**32,670,5000**	**0**	**326,705,000**	**53.3604**	**32,670,5000**	**0**	**326,705,000**	**53.3604**	**0.00**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0.0000	0	0	0	0.0000	0
b) Banks/FI	171,657,031	0	171,657,031	28.0366	168,692,236	0	168,692,236	27.55	-0.49
C) Central Govt	0	0	0	0.0000	0	0	0	0.0000	0
d) State Govt(s)	0	0	0	0.0000	0	0	0	0.0000	0
e) Venture Capital Funds	0	0	0	0.0000	0	0	0	0.0000	0
f) Insurance Companies	10,772,205	0	10,772,205	1.7594	10,772,205	0	10,772,205	1.7594	0
g) FIIs	125,000	0	125,000	0.0204	125,000	0	125,000	0.0204	0
h) Foreign Venture Capital Funds	0	0	0	0.0000	0	0	0	0.0000	0
i) Others(Specify)									
Sub-total(B)(1):-	**182,554,236**	0	**182,554,236**	**29.8164**	**179,589,441**	0	**179,589,441**	**29.3383**	**-0.49**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	75,073,228	516,309	75,589,537	12.3459	77,735,603	516,309	78,251,912	12.7808	0.4349
ii) Overseas	0	2,775	2,775	0.0004	0	2,775	2,775	0.0004	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	18,351,681	625,769	18,977,450	3.0995	19,543,659	623,219	20,166,878	3.2938	0.1942
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	5,529,536	0	5,529,536	0.9031	5,204,339	0	5,204,339	0.8500	-0.0531
iii) Others(specify)									
Clearing members	3,987	0	3,987	0.0006	56,524	0	56,524	0.0092	0.0086
Hindu divided families	2,415,041	0	2,415,041	0.3944	1,959,616	0	1,959,616	0.0032	-0.3912
Non resident indians	478,877	2,490	481,367	0.0786	316,954	2,490	319,444	0.0521	-0.0265
Trusts	1,339	0	1,339	0.0002	4,339	0	4,339	0.0007	0.0005
Sub-total (B)(2):-	**101,853,689**	**1,147,343**	**103,001,032**	**16.8227**	**104,821,034**	**1,144,793**	**105,965,827**	**17.3073**	**0.4846**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**284,407,925**	**1,147,343**	**285,555,268**	**46.6391**	**284,410,475**	**1,144,793**	**285,555,268**	**46.6446**	**0.005**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0	0
Grand Total (A+B+C)	**611,112,925**	**1,147,343**	**612,260,268**	**100.0000**	**611,115,475**	**1,144,793**	**612,260,268**	**100**	**0**

(ii) Shareholding of Promoters

SI No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of Shares	% of total shares of the company	% of shares Pledged/ encumbered to total shares	No of Shares	% of total shares of the company	% of shares Pledged/ encumbered to total shares	
1	Quadrant Enterprises Private limited	32,670,5000	53.3604	35.7209	326,705,000	53.3604	35.7209	--------
	Total	**32,670,5000**	**53.3604**	**35.7209**	**326,705,000**	**53.3604**	**35.7209**	**--------**

(iii) Change in Promoter's Shareholding (please specify, if there is no change) :

SI. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	THERE WAS NO CHANGE IN THE PROMOTER'S SHAREHOLDING DURING THE YEAR 2015-2016			
2.	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g allotment/transfer/bonus/sweat equity etc):				
3.	At the End of the year				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

SI.No	Top 10 Shareholders *	Shareholding at the beginning of the year 01-04-2015		Cumulative Shareholding at the end of the year 31-03-2016	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	IDBI Bank Limited	118,271,641	19.3172	118,271,641	19.3172
2	Oriental Bank of Commerce	22,977,832	3.7529	22,977,832	3.7529
	Oriental Bank of Commerce	15,115,489	2.4688	12,245,494	2.0000
3	Mantu Housing Projects Ltd	21,000,000	3.4299	21,000,000	3.4299
4	Masitia Capital Services Ltd.	13,015,565	2.1258	13,015,565	2.1258
5	Kotak Mahindra Bank Ltd	11,871,038	1.9388	11,776,238	1.9234
6	Life Insurance Corporation of India	10,772,205	1.7594	10,772,205	1.7594
7	Moolsons Holding Private Ltd.	7,305,179	1.1931	7,085,179	1.1572
8	Madanlal Ltd.	5,082,251	0.8300	5,082,251	0.8300
9	Indsec Sec & Fin Ltd.	4,840,000	0.7905	4,840,000	0.7905
10	MKJ Enterprises Limited	4,547,488	0.7427	4,547,488	0.7427

*The shares of the Company are traded on a daily basis and hence the date wise increase/decrease in shareholding is not indicated. Shareholding is consolidated based on permanent account number (PAN) of the shareholder.

(v) Shareholding of Directors and Key Managerial Personnel

For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	NO SHARES ARE HELD BY DIRECTORS AND KMP DURING THE YEAR 2015-16			
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g allotment/transfer/bonus/sweat equity etc).				
At the End of the year				

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment *(Amount in Rs.)*

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal amount	3,302,749,802	2,675,475,986	------	5,978,225,788
ii) Interest due but not paid	-----	------	------	------
iii) Interest accrued but not due	-----	------	------	------
TOTAL (i+ii+iii)	3,302,749,802	2,675,475,986	------	5,978,225,788
Change in indebtedness during the financial year				
• Addition	60,209,374	------	------	60,209,374
• Reduction	-----	------	------	------
NET CHANGE	60,209,374	------	------	60,209,374
Indebtedness at the end of the financial year				
i) Principal amount	3,362,959,176	2,675,475,986	------	6,038,435,162
ii) Interest due but not paid	-----	-----	------	------
iii) Interest accrued but not due	-----	-----	------	------
TOTAL (i+ii+iii)	3,362,959,176	2,675,475,986	------	6,038,435,162

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.)

SI. NO	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		*Mr. Kapil Bhalla	**Mr. Amit Verma	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	668,862	499,754	1,168,616
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	----	----	----
	(c) Profits in lieu of salary under section 17(3) Income-tax Act,1961	----	----	----
2.	Stock option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission - as % of profit - others, specify…	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL
	Total (A)	668,862	499,754	1,168,616
	Ceiling as per the Act	Remuneration paid is within the ceiling prescribed under the Companies Act 2013.		

*Mr. Kapil Bhalla ceased to be the Manager and Company Secretary of the company w.e.f. June 23, 2015

**Mr. Amit Verma was appointed as the Company Secretary of the company w.e.f. July 01, 2015 and as Manager 2(53) w.e.f. November 07, 2015.

B. Remuneration to other directors:

(Amount in Rs.)

SI. No.	Particulars of Remuneration	Name of Directors			Total Amount
1.	Independent Directors	Mr.Rahul Amarnath Sethi	Mr.Babu Mohanlal Panchal	Mr.Vinay Kumar Monga	
	• Fee for attending board/committee meetings	40,000	70,000	95,000	
	• Commission	----	----	----	
	• Others, please specify	----	----	----	
	Total (1)	40,000	70,000	95,000	205,000
2.	Other Non-Executive Directors	Ms. Mitu Mehrotra Goel	Mr. Rajeev Kumar *(Nominee of IDBI Bank)	Mrs. Lalita Sharma **(Nominee of IDBI Bank)	
	• Fee for attending board/committee meetings	65,000	10,000	10,000	
	• Commission	----	----	----	
	• Others, please specify	----	----	----	
	Total (2)	65,000	10,000	10,000	85,000
	Total (B)=(1+2)	105,000	80,000	105,000	290,000
	Total Managerial Remuneration				
	Overall Ceiling as per the Act	The sitting fee has been paid within the limit prescribed by Companies Act, 2013.			

* The Nomination of Mr. Rajeev Kumar had been withdrawn from the Board of the Company by IDBI Bank Limited w.e.f. December 28, 2015.

**Mrs. Lalita Sharma was nominated as Nominee Director on the Board of the Company by IDBI Bank Limited w.e.f. December 28, 2015.

Sitting Fee was paid to the IDBI Bank Ltd.

C. *REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD*

(Amount in Rs.)

SI. No	Particulars of Remuneration	Key Managerial Personnel					
		CEO	Company Secretary & Manager u/s 2(53)		CFO		Total
		—	Mr. Kapil Bhalla*	Mr. Amit Verma**	Mr. Ashu Ratan Khare#	Mr. Munish Bansal##	
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961		668,862	499,754	84,644	1,242,839	2,496,099
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		----	----	----	----	----
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961		----	----	----	----	----
2.	Stock Option	NIL	NIL	NIL	NIL	NIL	Nil
3.	Sweat Equity	NIL	NIL	NIL	NIL	NIL	Nil
4.	Commission - As % of profit - Others, specify…	NIL	NIL	NIL	NIL	NIL	Nil
5.	Others, Please Specify	NIL	NIL	NIL	NIL	NIL	Nil
	Total		**668,862**	**499,754**	**84,644**	**1,242,839**	2,496,099

***Mr. Kapil Bhalla had resigned and ceased to be Company secretary & Manager u/s 2(53) of Companies Act 2013 w.e.f 23rd June, 2015**

****Mr. Amit Verma was appointed as Company secretary & Manager u/s 2(53) of Companies Act 2013 w.e.f. 1st July, 2015 and 7th November, 2015 respectively in place of Mr. Kapil Bhalla.**

#Mr. Ashu Ratan Khare had resigned and ceased to be Chief Financial Officer w.e.f. April 15, 2015

##Mr. Munish Bansal was appointed as Chief Financial Officer of the Company w.e.f. 30th April, 2015 in place of Mr. Ashu Ratan Khare

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of penalty/ punishment/ compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (GIVE DETAILS)
A. COMPANY					
Penalty	---------	---------	---------	---------	---------
Punishment	---------	---------	---------	---------	---------
Compounding	Section-136 of the Companies Act, 1956	The Books of Account of the Company were inspected by an Officer of the Central Government under Section 209A of the Companies Act, 1956 and during the course of inspection it was noticed that no instrument creating the charge was available at the Registered Office of the Company and hence there is a violation of Section 136 of the Companies Act, 1956. In view of the above facts, pointed out by the Inspecting Officer, the learned Registrar of Companies – Maharashtra, Mumbai vide his letter No. ROC/STA(PD)/Insp/209A/197474/4434 dated 26th September, 2014 served on the Company and its present and former Directors and Company Secretary and Manager under Section 269 of the Companies Act, 1956, directed to give explanation for alleged violation of the provisions of Section 136 of the Companies Act, 1956. The Company has made *Suo-moto* Joint and Composite Application under Section 621A for compounding of the offence committed u/s 136 of the Companies Act, 1956 with ROC, Maharashtra. The application is under process with Company Law Board.	NIL	NIL	

Type	Section of the Companies Act	Brief Description	Details of penalty/ punishment/ compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (GIVE DETAILS)
	Section-138 of the Companies Act, 1956	The Books of Account of the Company were inspected by an Officer of the Central Government under Section 209A of the Companies Act, 1956 and during the course of inspection it was noticed that the Company has issued a debentures in lieu of outstanding loans to the charge holders and has filed Form No. 10. However, no charge has been satisfied by filing Form no. 17 with the Registrar of Companies in this regard with respect to original charge registered in favour of charge holder. In view of the above facts, pointed out by the Inspecting Officer, the learned Registrar of Companies – Maharashtra, Mumbai vide his letter No. ROC/STA(PD)/Insp/209A/197474/4429 dated 26th September, 2014 served on the Company and its present and former Directors and Company Secretary and Manager under Section 269 of the Companies Act, 1956, directed to give explanation for alleged violation of the provisions of Section 138(1) of the Companies Act, 1956. The Company has made *Suo-moto* Joint and Composite Application under Section 621A for compounding of the offence committed u/s 138 of the Companies Act, 1956 with ROC, Maharashtra. The application is under process with Company Law Board.	**NIL**	**NIL**	
	Section-163 of the Companies Act, 1956	The Books of Account of the Company were inspected by an Officer of the Central Government under Section 209A of the Companies Act, 1956 and during the course of inspection it was noticed that the Register of Members, Index of Members and copies of Annual Return are kept at the Corporate Office at B-71, Industrial Focal Point, Phase-VII, Mohali Punjab 160055 instead of keeping it at its Registered Office. The Company has not passed and filed any special resolution with the Registrar for keeping Register of Members, copies of Annual Return etc at its Corporate Office in terms of requirement of Section 163(1) of the Companies Act, 1956, hence there is a violation of Section 163(1) of the Companies Act, 1956. In view of the above facts, pointed out by the Inspecting Officer, the learned Registrar of Companies – Maharashtra, Mumbai vide his letter No. ROC/STA(PD)/Insp/209A/197474/4440 dated 26th September, 2014 served on the Company and its present and former Directors and Company Secretary and Manager under Section 269 of the Companies Act, 1956, directed to give explanation for alleged violation of the provisions of Section 163(1) of the Companies Act, 1956. The Company has made *Suo-moto* Joint and Composite Application under Section 621A for compounding of the offence committed u/s 163 of the Companies Act, 1956 with ROC, Maharashtra. The application is under process with Company Law Board.	**NIL**	**NIL**	
	Section-193 of the Companies Act, 1956	The Books of Account of the Company were inspected by an Officer of the Central Government under Section 209A of the Companies Act, 1956 and during the course of inspection it was noticed that the minutes of Board Meeting and General Meetings were in loose and put in the binder. The pages of the minutes books were not consecutively numbered and also not dated as required under the provisions of Section 193(1) of the Companies Act, 1956 hence there is a violation of Section 193(6) of the Companies Act, 1956. In view of the above facts, pointed out by the Inspecting Officer, the learned Registrar of Companies – Maharashtra, Mumbai vide his letter No. ROC/STA(PD)/Insp/209A/197474/4451 dated 26th September, 2014 served on the Company and its present and former Directors and Company's Company Secretary and Manager under Section 269 of the Companies Act, 1956 directed to give explanation for alleged violation of the provisions of Section 193 of the Companies Act, 1956. The Company has made Suo-moto Joint and Composite Application under Section 621A for compounding of the offence committed u/s 193 of Companies Act, 1956 with ROC, Maharashtra. The application is under process with Company Law Board.	**NIL**	**NIL**	
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL

Type	Section of the Companies Act	Brief Description	Details of penalty/ punishment/ compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (GIVE DETAILS)
Compounding	Section-136 of the Companies Act, 1956	The Books of Account of the Company were inspected by an Officer of the Central Government under Section 209A of the Companies Act, 1956 and during the course of inspection it was noticed that no instrument creating the charge was available at the Registered Office of the Company and hence there is a violation of Section 136 of the Companies Act, 1956. In view of the above facts, pointed out by the Inspecting Officer, the learned Registrar of Companies – Maharashtra, Mumbai vide his letter No. ROC/STA(PD)/Insp/209A/197474/4434 dated 26th September, 2014 served on the Company and its present and former Directors and Company Secretary and Manager under Section 269 of the Companies Act, 1956, directed to give explanation for alleged violation of the provisions of Section 136 of the Companies Act, 1956. The present and former Directors, Manager under Section 269 of Companies Act, 1956 and Company Secretary, who are Officers in default, have made *Suo-moto* Joint and composite Application under Section 621A for compounding of the offence committed u/s 136 of the Companies Act, 1956 with ROC, Maharashtra. The application is under process with Company Law Board.			
	Section-138 of the Companies Act, 1956	The Books of Account of the Company were inspected by an Officer of the Central Government under Section 209A of the Companies Act, 1956 and during the course of inspection it was noticed that the Company has issued a debentures in lieu of outstanding loans to the charge holders and has filed Form No. 10. However, no charge has been satisfied by filing Form no. 17 with the Registrar of Companies in this regard with respect to original charge registered in favour of charge holder. In view of the above facts, pointed out by the Inspecting Officer, the learned Registrar of Companies – Maharashtra, Mumbai vide his letter No. ROC/STA(PD)/Insp/209A/197474/4429 dated 26th September, 2014 served on the Company and its present and former Directors and Company Secretary and Manager under Section 269 of the Companies Act, 1956, directed to give explanation for alleged violation of the provisions of Section 138(1) of the Companies Act, 1956. The present and former Directors, Manager under Section 269 of Companies Act, 1956 and Company Secretary, who are Officers in default, have made Suo-moto Joint and Composite Application under Section 621A for compounding of the offence committed u/s 138 of the Companies Act, 1956 with ROC, Maharashtra. The application is under process with ROC.			
	Section-163 of the Companies Act, 1956	The Books of Account of the Company were inspected by an Officer of the Central Government under Section 209A of the Companies Act, 1956 and during the course of inspection it was noticed that the Register of Members, index of Members and copies of Annual Return are kept at the Corporate office at B-71, Industrial Focal Point, Phase-VII, Mohali Punjab 160055 instead of keeping it at its Registered Office. The Company has not passed and filed any special resolution with the Registrar for keeping Register of Members, copies of Annual Return etc at its Corporate Office in terms of requirement of Section 163(1) of the Companies Act, 1956, hence there is a violation of Section 163(1) of the Companies Act, 1956. In view of the above facts, pointed out by the Inspecting Officer, the learned Registrar of Companies – Maharashtra, Mumbai vide his letterNo. ROC/STA(PD)/Insp/209A/197474/4440 dated 26th September, 2014 served on the Company and its present and former Directors and Company Secretary and Manager under Section 269 of the Companies Act, 1956, directed to give explanation for alleged violation of the provisions of Section 163(1) of the Companies Act, 1956. The present and former Directors, Manager under Section 269 of Companies Act, 1956 and Company Secretary, who are Officers in default, have made Suo-moto Joint and Composite Application under Section 621A for compounding of the offence committed u/s 163 of the Companies Act, 1956 with ROC, Maharashtra. The application is under process with ROC.			

Type	Section of the Companies Act	Brief Description	Details of penalty/ punishment/ compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (GIVE DETAILS)
	Section-193 of the Companies Act, 1956	The Books of Account of the Company were inspected by an Officer of the Central Government under Section 209A of the Companies Act, 1956 and during the course of inspection it was noticed that the minutes of Board Meeting and General Meetings were in loose and put in the binder. The pages of the minutes books were not consecutively numbered and also not dated as required under the provisions of Section 193(1) of the Companies Act, 1956 hence there is a violation of Section 193(6) of the Companies Act, 1956. In view of the above facts, pointed out by the Inspecting Officer, the learned Registrar of Companies – Maharashtra, Mumbai vide his letter No. ROC/STA(PD)/Insp/209A/197474/4451 dated 26th September, 2014 served on the Company and its present and former Directors and Company's Company Secretary and Manager under Section 269 of the Companies Act, 1956 directed to give explanation for alleged violation of the provisions of Section 193 of the Companies Act, 1956. The present and former Directors, Manager under Section 269 of Companies Act, 1956 and Company Secretary, who are Officers in default, have made Suo-moto Joint and Composite Application under Section 621A for compounding of the offence committed u/s 193 of Companies Act, 1956 with ROC, Maharashtra. The application is under process with ROC.			
	Section-217 of the Companies Act, 1956	The Books of Account of the Company were inspected by an Officer of the Central Government under Section 209A of the Companies Act, 1956 and during the course of inspection it was noticed that in the Auditors Report for the financial year ended March 31, 2011, auditors made the observation that "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 Rs. 2,236,667,344/- during the year (accumulated loss of Rs. 13,636,994,938/-) resulting into erosion of its net worth, and has a net current liabilities of Rs. 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." Accordingly, the Board of Directors had not given fullest information in its report on every reservation, qualification or adverse remark contained in Auditors Report. Though the Auditor has not qualified the above matter but it will certainly fall under 'reservation' or 'adverse remarks' hence there is a violation of Section 217(3) of the Companies Act, 1956. In view of the above facts, pointed out by the Inspecting Officer, the learned Registrar of Companies – Maharashtra, Mumbai vide his letter No. ROC/STA(PD)/Insp/209A/197474/4446 dated 26th September, 2014 served on the Company's present and former Directors and Company Secretary and Manger under Section 269 of the Companies Act, 1956 directed to give explanation for alleged violation of the provisions of Section 217(3) of the Companies Act, 1956. The present and former Directors, Manager under Section 269 of Companies Act, 1956 and Company Secretary, who are Officers in default, have made Suo-moto Joint and Composite Application under Section 621A for compounding of the offence committed u/s 217 of Companies Act, 1956 with ROC, Maharashtra. The application is under process with ROC.	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board of Directors

Place: Mohali Date: May 27, 2016	**Mitu Mehrotra Goel** **Director** **(DIN: 05188846)**	**Vinay Kumar Monga** **Director** **(DIN: 03029345)**

Annexure 2

Form No. AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Account) Rules, 2014)

Financial Summary of the Subsidiary Company

(Rs. in Lacs)

Name of Subsidiary	**Quadrant Telenet Services Private Limited**	
Particulars	**As on March 31**	
	2016	**2015**
Share Capital	1.00	1.00
Reserve & Surplus	-	-
Total Assets	1.06	1.43
Total Liabilities	0.06	0.43
Details of Investments	-	-
Turnover	-	-
Profit/(Loss) before taxation	-	-
Provision for taxation	-	-
(1) Current tax	-	-
(2) Deferred tax	-	-
Profit/(Loss) after taxation	-	-
Proposed Dividend	-	-
% of share holding	100%	100%

Note:

1) No financial disclosure as at 31st March, 2016 has been provided for Videocon Integrated Solutions Private Limited and Videocon Mobile & Infra Private Limited as both the companies ceased to be wholly owned subsidiary and step down subsidiary of the Company w.e.f. May 30, 2015
2) The detailed financials of the Subsidiary Companies shall be made available to any Shareholder seeking such information.
3) The Company does not have any associate companies and joint ventures.

For and on behalf of the Board of Directors

Mitu Mehrotra Goel
Director
(DIN:05188846)

Vinay Kumar Monga
Director
(DIN:03029345)

Place : Mohali
Date: May 27, 2016

Annexure 3

Form No. AOC-2

(Pursuant to *clause (h) of sub-section (3) of section 134 of the Act and* Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in Sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis:** Quadrant Televentures Limited (QTL) has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2015-16

2. **Details of material contracts or arrangement or transactions at arm's length basis (Covering period of two months i.e. April 1, 2015 to May 30, 2015 as VISPL ceased to be subsidiary of the Company w.e.f. 30th May, 2015): -**

   (a) Name(s) of the related party and nature of relationship: Videocon Integrated Solutions Private Limited (VISPL) (formerly Infotel Tower Infrastructure Private Limited), wholly owned subsidiary of the company.

   (b) Nature of contracts/arrangements/transactions: Manpower outsourcing services

   (c) Duration of the contracts/arrangements/transactions: Period of three years effective from January 01, 2015.

   (d) Salient terms of the contracts or arrangements or transactions including the value, if any:

   - Pay actual charges incurred by the Videocon Integrated Solutions Private Limited i.e charges for providing manpower at the actual salary paid to its employee as well as statutory contributions as may be enforced from time to time viz. contribution to PF, ESI and other incidental expenses along with the incentives, if any, payable to such personnel.
   - Pay charges @ Rs. 60/- (Rupees Sixty only) per head count per month or proportionate in case of less than a month, by way of service charges.
   - Renewal period of contract w.e.f. January 1, 2015 with power to the Board to extend the contract by such period and on such terms as it may deem fit.

   (e) Date(s) of approval by the Board, if any: August 09, 2014

   (f) Amount paid as advances, if any: Nil

For and on behalf of the Board of Directors

Mitu Mehrotra Goel
Director
(DIN:05188846)

Vinay Kumar Monga
Director
(DIN:03029345)

Place : Mohali
Date: May 27, 2016

Annexure 4

Secretarial Audit Report for the Financial Year Ended March 31, 2016

To

The Members of Quadrant Televentures Limited (CIN: L00000MH1946PLC197474)

Aurangabad, Maharashtra.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Quadrant Televentures Limited,** Maharashtra (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of :

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder to the extent of Regulation 55A;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   d) The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014;

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ;

   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

(vi) The other laws, as informed and certified by the management of the Company which are specifically applicable to the Company based on their sectors/ industry are:

   (a) The Indian Telegraph Act, 1885

   (b) The Telecom Regulatory Authority of India Act, 1997 and Rules and Regulations made thereunder

   (c) The Indian Wireless Telegraphy Act, 1933

   We have also examined compliance with the applicable clauses of the following :

   (i) Secretarial Standards issued by The Institute of Company Secretaries of India applicable w.e.f. 01.07.2015.

   (ii) The Listing Agreements entered into by the Company with BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, etc. mentioned above in this report.

We further report that compliance by the Company of applicable Financial Laws like direct and indirect tax laws and maintenance of financial record and books of accounts has not been reviewed in this Audit, since the same has been subject to review by Statutory financial Audit and other designated professionals.

We further report that :

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period no specific events / actions took place that having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards.

CS. Dinesh Bhandari
Practising Company Secretary
Membership No. FCS No.: 5887
Certificate of Practice No.: 10300

Place: Mohali
Date: May 27, 2016

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure -A

The Members

Quadrant Televentures Limited
Autocars Compound
Adalat Road, Aurangabad -431005
Maharashtra.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on the random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

CS. Dinesh Bhandari
Practising Company Secretary
Membership No. FCS No.: 5887
Certificate of Practice No.: 10300

Place: Mohali
Date: May 27, 2016

Annexure 5

REMUNERATION RELATED DISCLOSURES, PURSUANT TO PROVISIONS OF SECTION 134 OF THE COMPANIES ACT, 2013 AND RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

<table>
<tr><td>Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year</td><td>All the Directors of the Company are Non-Executive and they are entitled for payment of sitting fee only on account of Board Meetings / Committee Meetings attended by them from time to time.
Since, the Company is not paying any remuneration to its Directors therefore the ratio of remuneration of each director to the median remuneration of the employee can not be derived.</td></tr>
<tr><td>Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;</td><td>The Company has the appraisal cycle of April to March. The increments generally released are effective from 1st April every year.
The detail of remuneration paid to Key Managerial Personnel of the Company is as under: -
<table>
<tr><th>Name</th><th>Designation</th><th>Remuneration paid FY 2015-16 (In Rs. Lacs)</th><th>Remuneration Paid in FY 2014-15 (In Rs. Lacs)</th><th>% Increase/ (Decrease) in Remuneration from previous year</th></tr>
<tr><td>Mr. Amit Verma*</td><td>Company Secretary and Manager u/s 2(53)</td><td>5.00</td><td>NIL</td><td>NA#</td></tr>
<tr><td>Mr. Kapil Bhalla**</td><td>Company Secretary and Manager u/s 2(53)</td><td>6.69</td><td>15.93</td><td>NA#</td></tr>
<tr><td>Mr. Munish Bansal***</td><td>Chief Financial Officer</td><td>12.43</td><td>NIL</td><td>NA#</td></tr>
<tr><td>Mr. Ashu Ratan Khare****</td><td>Chief Financial Officer</td><td>0.85</td><td>5.52</td><td>NA#</td></tr>
<tr><td>Mr. Sunil Jit Singh##</td><td>Chief Financial Officer</td><td>--</td><td>20.90</td><td>NA#</td></tr>
</table>
*Appointed as Company Secretary and Manager u/s 2(53) of Companies Act 2013 of the Company w.e.f. 1st July, 2015 and 7th November, 2015 respectively
**Resigned as Company Secretary and Manager u/s 2(53) of Companies Act 2013 of the Company w.e.f. 23rd June, 2015
***Appointed as Chief Financial Officer of the Company w.e.f. 30th April, 2015
****Resigned as Chief Financial Officer of the Company w.e.f. 15th April, 2015
#Appointed/Resigned during the Financial Year 2015-16
##Resigned as Chief Financial Officer of the Company w.e.f. 14th Nov., 2014</td></tr>
<tr><td>Percentage increase in the median remuneration of employees in the financial year;</td><td>The Median remuneration of the employees of the Company during the financial year 2015-16 was Rs.4,86,996/- and Rs. 4,75,250/- for the financial year 2014-15.
In the financial year, there was an increase of 2.47 % in the median remuneration of employees.</td></tr>
<tr><td>Number of permanent employees on the rolls of company;</td><td>719 (as on 31st March, 2016).</td></tr>
<tr><td>Explanation on the relationship between average increase in remuneration and company performance;</td><td>The revenue growth during the financial year 2015-16 was 7.21% whereas the increase in median remuneration of employees was 2.47%. As such, the average increase in the median remuneration was in line with the growth of the Company.</td></tr>
<tr><td>Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company;</td><td>Factors including Individual's performance, Company's performance, Competitive compensation market scenario and Inflation rate are considered while recommending increase in the fixed remuneration of employees.
The total remuneration of Key Managerial Personnel decreased by Rs.17.38 Lacs from Rs.42.35 lacs in 2014-15 to Rs. 24.97 lacs in 2015-16. During the year, the Turnover of the Company increased by 7.21% and the operating losses reduced by 43.80 % during the Financial Year 2015-16.</td></tr>
<tr><td>Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;</td><td>The Market capitalisation of the Company as on 31st March, 2016 was Rs.164.08 Crores and as on 31st March, 2015 was Rs.204.49 Crores. Price earnings ratio of the period cannot be calculated as the earning per share is negative.
The Company's Stock Price as at March 31, 2016 was Rs.2.68 per equity share of Re.1/- each. The Company has not made any public offer in the recent past and accordingly, comparison of Public Offer price and the current market price of the Company's shares will not be relevant.</td></tr>
</table>

Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Average percentile increase made in the salaries of the employees other than managerial personnel in the financial year 2015-16 was approximately 11% whereas percentile decrease in the managerial remuneration was approximately 41 % for the same financial year.
Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;	The total remuneration of Key Managerial Personnel decreased by Rs.17.38 Lacs from Rs.42.35 lacs in 2014-15 to Rs. 24.97 lacs in 2015-16. During the year, the Turnover of the Company increased by 7.21% and the operating losses reduced by 43.80 % during the Financial Year 2015-16.
Key parameters for any variable component of remuneration availed by the directors;	There is no variable component of remuneration which is availed by the Directors during the financial year 2015-16.
Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; and	Not applicable
Affirmation that the remuneration is as per the remuneration policy of the Company.	It is affirmed that the remuneration is as per the Remuneration Policy of the Company.

For and on behalf of the Board of Directors

Mitu Mehrotra Goel
Director
(DIN:05188846)

Vinay Kumar Monga
Director
(DIN:03029345)

Place : Mohali
Date: May 27, 2016

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2015-16

(As required under Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Corporate Governance assumes increasing importance in establishing credibility and trust for long term sustainability of a business enterprise. It encompasses the effective management of relationships among constituents of the ecosystem - shareholders, management, staff members, customers, vendors, Governments regulatory authorities and community at large. These relationships can be strengthened through corporate fairness, transparency, empowerment and compliance with the law in letter and spirit. The Company takes proactive approach and revisits its governance practices from time to time so as to meet business and regulatory needs.

1. Company's Philosophy and Principles on Corporate Governance

Philosophy

The Company's philosophy on Corporate Governance comprises of Transparency, Accountability, Integrity, Fairness, Purposefulness, Trust, Communication and Quality with ultimate aim of value creation for all Stakeholders are the focus of Company's growth strategy.

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 Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, laid stress on complete transparency, business ethics and social obligations of the Company. The Company's philosophy on Corporate Governance is based on the following two core basic principles:

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

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

a) Strategic supervision by the Board of Directors.

b) Monitoring by various Committees of the Board of Directors.

c) Periodical Reporting and Disclosures.

2. Board of Directors

(A) Composition of the Board

As on March 31, 2016, the Board of Directors of the Company consists of Five Directors, including Three Independent Directors and a Nominee Director as per the details mentioned in the table given below. The Board Members possess requisite management skills and adequate experience and expertise. The Board directs and reviews the overall business operations of the Company; the day-to-day affairs are being managed by the Business Heads.

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

Board of Directors as at 31.03.2016

Name of the Director	Category	No. of other Director-ships #	No. of other Committee Member-ships *	No. of other Committee Chairman-ships *
Mr. Rahul Amarnath Sethi	Independent Director	NIL	NIL	NIL
Mr. Babu Mohanlal Panchal	Independent Director	NIL	NIL	NIL
Mr. Vinay Kumar Monga	Independent Director	NIL	NIL	NIL
Ms. Mitu Mehrotra Goel	Non-Executive Director	NIL	NIL	NIL
*Mrs. Lalita Sharma Nominee of IDBI Bank Limited	Non-Executive Director	NIL	NIL	NIL
**Mr. Rajeev Kumar - Nominee of IDBI Bank Limited	Non-Executive Director	NIL	NIL	NIL

Excludes Directorship(s) held in private limited companies and foreign companies.

**Mrs. Lalita Sharma was nominated as Nominee Director on the Board of the Company by the IDBI Bank Limited w.e.f. December 28, 2015.*

*** The Nomination of Mr. Rajeev Kumar had been withdrawn from the Board of the Company by IDBI Bank Limited w.e.f. December 28, 2015.*

Note:

**Only Includes Membership / Chairmanship in other Public Limited Companies and excludes Private Companies and foreign Companies.*

Committees considered are Audit Committee and Stakeholders Relationship Committee.

No Director is related to any other Director on the Board in terms of the definition of relative given under the Companies Act, 2013

(B) Information Placed before the Board

During the year 2015-16, information as mentioned in Part-A of Schedule II under Regulation 17(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were placed before the Board which includes the following matters: -

- Minutes of all Committee Meetings;
- Annual & Quarterly, Audited & Un-audited Financial Results of the Company;
- Annual Operating Plans, Budgets and updates thereon;
- 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;
- Show cause notices, demand notices, prosecution notices, penalty notices etc. which are materially important, have significant financial implications.
- 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;

- Non-compliance of any regulatory and statutory requirements or listing requirements and shareholders' service;
- Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if material.
- Legal Compliance reports and Certificates.
- Accounts of the subsidiary Companies.
- Minutes of unlisted Subsidiary Companies

(C) Code of Conduct

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

A copy of the Code has been put on the Company's website, (URL: http://*www.connectzone.in/corporate governance.php)*

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 as defined u/s 2(53) of the Companies Act, 2013 to this effect forms part of this report.

(D) Number of Board Meetings held, dates and attendance; including attendance at the last Annual General Meeting:

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

Additional board meetings are held whenever required. During the financial year ended 31.03.2016, 7 (Seven) Board Meetings were held and the gap between two meetings did not exceed one hundred twenty days. The dates on which the said meetings were held are as follows: -

30th April, 2015, 30th May, 2015, 1st July, 2015, 13th August, 2015, 16th September, 2015, 7th November, 2015 and 12th February, 2016 .

The 68th Annual General Meeting (AGM) of the shareholders was held on September 28, 2015.

ATTENDANCE AT BOARD MEETINGS/ AGM IN THE FINANCIAL YEAR-2015-2016			
Name of the Director	**No. of Board Meetings Held/Attended**		**Last AGM attended (Yes/No)**
	Held	**Attended**	
Mr. Rahul Amarnath Sethi	7	4	No
Mr. Babu Mohanlal Panchal*	7	5	Yes
Ms. Mitu Mehrotra Goel	7	7	No
Mr. Vinay Kumar Monga	7	7	Yes
Mrs. Lalita Sharma** (Nominee of IDBI Bank Ltd)	7	1	N.A.
Mr. Rajeev Kumar*** (Nominee of IDBI Bank Ltd)	7	1	No

**Chairman of the Audit Committee*

**Mrs. Lalita Sharma was nominated as Nominee Director on the Board of the Company by IDBI Bank Limited w.e.f. December 28, 2015.

*** The Nomination of Mr. Rajeev Kumar had been withdrawn from the Board of the Company by IDBI Bank Limited w.e.f. December 28, 2015.

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

The brief profile of director seeking appointment is appended to the Notice convening the Sixty Ninth Annual General Meeting.

(F) Familiarization Programme for Independent Directors

In terms of the Regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has laid down a familiarisation programme for the independent directors. The Familiarisation Programme aims at helping the independent directors to understand the Company, its management, roles & responsibilities in the company, operations of the Company etc. Accordingly, the Company has been following the practice which has helped its independent directors to equip themselves with the Company.

The details relating to the Familiarization Programme have been uploaded on the website of the Company viz. (URL:http://*www.connectzone.in/corporate governance.php)*

3. Committees of the Board of Directors

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

(A) AUDIT COMMITTEE:

As on 31.03.2016, the Audit Committee comprised of the following members:

Name	Designation	Category
Mr. Babu Mohanlal Panchal	Chairman	Independent
Mr. Vinay Kumar Monga	Member	Independent
Mrs. Lalita Sharma	Member	Nominee Director of IDBI Bank Limited

The constitution of the Audit Committee is in line with Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013. Mr. Babu Mohanlal Panchal - a Qualified Chartered Accountant is the Chairman of the Audit Committee. The Committee meets regularly and the Statutory Auditors, the Internal Auditors, and other senior officers including the Chief Financial Officer (CFO) are permanent invitees to the Committee Meetings. The quorum for the Audit Committee is two independent members. The Company Secretary is the *de-facto* Secretary of the Committee. The Chairman of the Audit Committee was present at the Annual General Meeting held on September 28, 2015.

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

30th April, 2015, 30th May 2015, 13th August 2015, 7th November 2015 and 12th February, 2016

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

Name of the Members	No. of Meetings held during the tenure	No. of Meetings Attended
Mr. Babu Mohanlal Panchal	5	5
Mr. Vinay Kumar Monga	5	5
Mrs. Lalita Sharma* (Nominee of IDBI Bank)	5	1
Mr. Rajeev Kumar** (Nominee of IDBI Bank)	5	1

*Mrs. Lalita Sharma was nominated as Nominee Director on the Board of the Company by IDBI Bank Limited w.e.f. December 28, 2015.

** The Nomination of Mr. Rajeev Kumar had been withdrawn from the Board of the Company by IDBI Bank Limited w.e.f. December 28, 2015.

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

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees and payment for any other service.
- Approval of appointment of the Cost Auditor & Internal Auditor.
- Reviewing, with the management, the annual financial plans and financial statements alongwith the Auditors Report before submission to the Board for approval, with particular reference to:
  - **a.** Matters which are required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
  - **b.** Changes, if any, in accounting policies and practices and reasons for the same
  - **c.** Major accounting entries involving estimates based on the exercise of judgment by management
  - **d.** Significant adjustments made in the financial statements arising out of audit findings.
  - **e.** Compliance with listing and other legal requirements relating to financial statements.
  - **f.** Disclosure of any related party transactions.
  - **g.** Qualifications, if any, in the draft Audit Report.

Reviewing, with the management, among others, the following matters:

- Quarterly financial statements before submission to the Board for approval.
- Statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue, etc.) the statement of funds utilized for purposes other than those stated in the offer documents/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public issue or right issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company wherever it is necessary Evaluation of internal financial controls and risk management systems.
- Performance of Statutory Auditors, including Cost Auditor and Internal Auditors adequacy of the internal control systems.
- Adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with Statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- To review the functioning of the Whistle blower mechanism.
- Approval of appointment of CFO (i.e. the whole time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background etc. of the candidate.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- Reviewing financial statements, in particular the investments made by the Company's unlisted subsidiaries.

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

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions, submitted by the management.
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses.
- The appointment, removal and terms of remuneration of internal auditors / chief internal Auditor.
- Statement of deviations;
- Quarterly statement including report of monitoring agency, if applicable, submitted to Stock exchange in terms of Regulation 32(1)

- Annual statement of funds utilized for the purpose other than those stated in the offer documents/prospectus/ notice in terms of Regulation 32(7)

Whistle Blower Policy/Vigil Mechanism

The Board has adopted a Whistle Blower Policy to promote reporting of any unethical or improper practice or violation of the Company's Code of Conduct or complaints regarding its accounting, auditing, internal controls or disclosure practices. It gives a platform to the whistle blower to report any unethical or improper practice (not necessarily violation of law) and to define processes for receiving and investigating complaints. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice. More details are available on website (URL: http://*www.connectzone.in/corporate governance.php)*

(B) NOMINATION AND REMUNERATION COMMITTEE

As on 31.03.2016, the Nomination and Remuneration Committee comprised of the following members: -

Name	Designation	Category
Mr. Rahul Amarnath Sethi	Chairman	Independent Non-Executive
Mr. Babu Mohanlal Panchal	Member	Independent Non-Executive
Mr. Vinay Kumar Monga	Member	Independent Non-Executive
Ms. Mitu Mehrotra Goel	Member	Non-Executive

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

During the year under review, five Nomination and Remuneration Committee meetings were held on 30th April 2015, 30th May 2015, 1st July 2015, 13th August, 2015 and 7th November 2015

The Attendance of the members at the Nomination and Remuneration Committee Meetings was as under: -

Name of the Members	No. of Meetings held during the tenure	No. of Meetings Attended
Mr. Rahul Amarnath Sethi	5	3
Mr. Babu Mohanlal Panchal	5	4
Mr. Vinay Kumar Monga	5	5
Ms. Mitu Mehrotra Goel	5	5

The terms and reference of Nomination and Remuneration Committee as per the Companies Act 2013 is as follows: -

1. The Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
2. The Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees (senior management).
3. Review, recommend and/ or approve the modification in the remuneration of the independent/non-executive directors, key managerial personnel, senior management of the Company;
4. The Committee shall, while formulating the policy ensure that:-
    - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
    - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
    - remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Remuneration Policy:

The Company has formulated the remuneration policy. The details of this policy are available on the Company's website viz. (URL: http://*www.connectzone.in/corporate governance.php)*

Performance evaluation criteria:

Board has already put in place a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including the Chairman of the Board/Key Management Personnel/Senior Management. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & Committees, experience & competencies, performance of specific duties & obligations, governance issues etc. The evaluation of the performance was on the basis of the contributions and suggestions made to the Board/Management with respect to financial strategy, business operations etc.

Directors Remuneration:

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

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

   The details of sitting fees paid to Directors during the financial year 2015-16 was as under: -

Sr. No.	Name of the Director	Sitting Fee
1	Mr. Rahul Amarnath Sethi	40,000
2	Mr. Babu Mohanlal Panchal	70,000
4	Ms. Mitu Mehrotra Goel	65,000
5	Mr. Vinay Kumar Monga	95,000
6	Mrs. Lalita Sharma* (Nominee Director)	10,000
7	Mr. Rajeev Kumar** (Nominee Director)	10,000

*Mrs. Lalita Sharma was nominated as Nominee Director on the Board of the Company by IDBI Bank Limited w.e.f. December 28, 2015.

*** The Nomination of Mr. Rajeev Kumar had been withdrawn from the Board of the Company by IDBI Bank Limited w.e.f. December 28, 2015.*

Nominee Director's Sitting Fee was paid to the IDBI Bank Ltd

Stock Option:

The Company has not issued any Stock Options

(C) STAKEHOLDERS RELATIONSHIP COMMITTEE

The **Stakeholders Relationship Committee** – which is a Board level Committee, approves the transfer/transmission/ transposition in excess of 5,000 shares pertaining to any single shareholder;

As on 31.03.2016, the Stakeholders Relationship Committee comprised of the following members: -

Name	Designation	Category
Mr. Rahul Amarnath Sethi	Chairman	Independent Non-Executive
Mr. Babu Mohanlal Panchal	Member	Independent Non-Executive
Mr. Vinay Kumar Monga	Member	Independent Non-Executive
Ms. Mitu Mehrotra Goel	Member	Non-executive

During the year under review, one Stakeholders Relationship Committee Meeting was held on 9th November 2015.

The Attendance of the members at the Stakeholders Relationship Committee Meetings was as under: -

Name of the Members	No. of Meetings held during the tenure	No. of Meetings Attended
Mr. Rahul Amarnath Sethi	1	NIL
Mr. Babu Mohanlal Panchal	1	NIL
Mr. Vinay Kumar Monga	1	1
Ms. Mitu Mehrotra Goel	1	1

Terms of reference and Scope of the Committee:

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

Compliance Officer

Mr. Amit Verma, Company Secretary is the Compliance Officer of the Company.

Details of Complaints received and redressed during the year ended March 31, 2016

Particulars	Received	Redressed	Pending as on 31.03.2016
Investors Complaint	NIL	NIL	NIL

This Committee meets on need basis to approve the share transfers / transmission in excess of 5,000 shares pertaining to any single shareholder as well as the issue of duplicate share certificates. In respect of requests received for "Loss of shares", only the SRC Committee is empowered to issue the duplicate share certificates.

Share Transfer Details:

The number of Shares transferred during the period under review:

S. No.	Particulars	Equity
a)	Number of Transfers	1
b)	Average no. of Transfers per month	0.08
c)	Number of Shares transferred	20

Share Transmission Details:

The number of Shares transmissions during the period under review:

S. No.	Particulars	Equity
a)	Number of Transmissions	1
b)	Number of Shares Transmitted	580

Demat/Remat of Shares:

S. No.	Particulars	Equity
a)	Number of Demat requests approved	NIL
b)	Number of Sub-committee Meetings held	NIL
c)	Number of Shares Dematerialized	NIL
d)	Percentage of Shares Dematerialized	NIL
e)	Number of Rematerialization request approved	NIL
f)	Number of Shares Rematerialized	NIL

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

Besides the Stakeholders Relationship Committee which consists of Board Members, there is another in-house Committee known as the Share Transfer In-House Committee (STIC), which meets for the approval of transfer/transmission/ transposition/split of physical shares for quantities up to 5,000 shares pertaining to any single shareholder, in each individual transaction, and to take on record / note the remat / demat of shares done by the Registrar and Share Transfer Agent (RTA) in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to expedite the process for transfer/transmission of shares, apart from the redressal of shareholders' complaints.

As of March 31, 2016, the STIC consisted of the following members: -

Name	Designation	Category
Ms. Mitu Mehrotra Goel	Chairman	Non-executive
Mr. Babu Mohanlal Panchal	Member	Independent
Mr. Vinay Kumar Monga	Member	Independent
Mr. Munish Bansal	Member	Chief Financial Officer
Mr. Amit Verma	Member	Company Secretary & Manager u/s 2(53) of Companies Act 2013

However, 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.

(E) RISK MANAGEMENT COMMITTEE: -

The Company had voluntarily constituted the Risk Management Committee under the Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to monitor and review the risk management plan.

The Company has adopted the Risk Management policy. The Company has in place a comprehensive framework for risk management for assessment of risk and minimize their adverse impact on the activities of the Company. The details of this policy are available on the Company's website viz. (URL: http://*www.connectzone.in/corporate governance.php)*

Composition of the Committee: -

The composition of the Committee as on 31st March, 2016 was as under: -

Name	Designation	Category
Ms. Mitu Mehrotra Goel	Chairman	Non-Executive Director
Mr. Vinay Kumar Monga	Member	Independent
Mr. Babu Mohanlal Panchal	Member	Independent

The Company Secretary is the de-facto Secretary of the Committee.

No meeting held during the period under review.

(F) FINANCE AND GENERAL AFFAIRS COMMITTEE: -

The Board of Directors of the Company had constituted "Finance and General Affairs Committee" to consider and approve the general matters in the day-to-day ordinary course of business.

The composition of the Committee is as under: -

Name	Designation	Category
Ms. Mitu Mehrotra Goel	Chairman	Non-Executive Director
Mr. Vinay Kumar Monga	Member	Independent
Mr. Babu Mohanlal Panchal	Member	Independent

The Company Secretary is the de-facto Secretary of the Committee.

Terms of Reference and Scope of the Committee: -

The Committee is entrusted with various powers relating Opening & Closing of Bank Accounts / Corporate Debt Restructuring / Legal Matters / Authorisations to deal with various Statutory Authorities/ Departments, and matters of general natures in the ordinary course of business.

No meeting held during the period under review.

4. General Body Meetings

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

AGM	Date	Location	Time	Special Resolution Passed
66th	27.09.2013	Autocars Compound, Adalat Road, Aurangabad, 431005, Maharashtra	12:00 Noon	1
67th	30.09.2014	Autocars Compound, Adalat Road, Aurangabad, 431005, Maharashtra	12:00 Noon	3
68th	28.09.2015	Autocars Compound, Adalat Road, Aurangabad, 431005, Maharashtra	2:30 PM	NIL

- **Postal Ballot**

No voting through Postal Ballot was done during the financial year 2015-16.

Resolution Proposed to be passed through Postal Ballot

The Company is in the process of getting approval of Shareholders through Special Resolution by way of Postal Ballot for Shifting of Registered Office of the Company from Autocars Compound, Adalat Road, Aurangabad - 431005, State of Maharashtra to B-71, Industrial Area, Phase-VII, Mohali, State of Punjab i.e. from the jurisdiction of Registrar of Companies – Maharashtra to the jurisdiction of Registrar of Companies – Punjab and Chandigarh.

Procedure for conducting Postal Ballot

The Postal Ballot is being conducted in accordance with the provision of Section 110 and other applicable provisions of the Companies Act, 2013, read together with Rule 22 of the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) to seek Shareholders approval for shifting of Registered Office of the Company. The result of the Postal Ballot Shareholders would be declared on Thursday, 21st July, 2016, at 2.30 P.M. at the 69th Annual General Meeting of the Company and will be displayed on the website of the Company and also on the website of CDSL and will be intimated to Stock exchange. The results will also be published in the leading English and Vernacular language newspapers.

The board has appointed Ms. Gayathri R. Girish, Practicing Company Secretary as the scrutinizer for conducting the process of voting through Postal Ballot in a fair and transparent manner. The resolution passed by way of Postal Ballot shall be deemed to be passed at the Annual General Meeting, for the purpose of compliance, in terms of the provisions of the Companies Act, 2013.

5. Disclosures

(a)	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.	There are no transactions which may have potential conflicts with the interest of the company at large. Transactions with the related parties are disclosed in Note no.39 of the Notes forming part of the financial statement in the Annual Report. A Policy on Related party transactions is posted on the Company's website – (URL: *http://www.connectzone.in/corporate governance.php)*
(b)	Non compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets during the last three years.	NIL
(c)	Whistle Blower Policy and affirmation that no personnel have been denied access to the Audit Committee	The Company has implemented Whistle Blower Policy and it is hereby affirmed that no personnel have been denied access to the Audit Committee. A policy on Vigil Mechanism is posted on the Company's website – (URL: http://*www.connectzone.in/corporate governance.php)*

(d)	Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause:	The Company has complied with all the mandatory requirements and adopted the following non mandatory requirements like: - i) The Company has constituted Internal Complaints Committee to redress complaints pertaining to sexual harassment of women at work place. ii) The Company has constituted sub-committee of Stakeholders Relationship Committee under the nomenclature of Share Transfer In-house Committee (STIC) iii) Constitution of Sub-committee of the Board under nomenclature of Finance and General Affairs Committee to consider and approve the general matters in the day-to-day ordinary course of business. iv) The Company has voluntarily constituted Risk Management Committee to monitor and review the risk management plan.

6. Means of Communication

The Quarterly, Half Yearly and Annual results are published in "The Financial Express" - English daily and "Loksatta" - Marathi language paper and forwarded to Stock Exchange immediately.

A. The Company's official website *www.connectzone.in* contains a separate dedicated section 'Investor Relations' where shareholders information is available. The Annual Report of the Company is also available on the website in a user-friendly and downloadable form.

B. All material information about the Company is promptly submitted to the BSE Limited (BSE), where the shares of the Company are listed.

C. 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.

D. Annual Report, Quarterly Financial Results, Shareholding Pattern, etc. of the Company as on March 31, 2016 were also posted on the website of the Company: *www.connectzone.in*.

7. Management Discussion and Analysis Report

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

8. General Shareholder Information

a. 69th Annual General Meeting

The 69th Annual General Meeting of the Company is proposed to be held as per the following schedule:

Day	Thursday
Date	21st July, 2016
Time	2:30 P.M.
Venue	Autocars Compound, Adalat Road, Aurangabad – 431005, Maharashtra

b. Financial Year and Financial Calendar

Financial Year : 1st April to 31st March

c. Financial Calendar of the Company (Tentative)

Results for the First Quarter	On or before 14th August, 2016
Results for the Second Quarter	On or before 14th November, 2016
Results for the Third Quarter	On or before 14th February, 2017
Results for the Fourth Quarter	On or before 30th May, 2017
Annual General Meeting for the financial year ending March 31, 2017	On or before 30th September, 2017

d. Dates of Book Closure

Company's Register of Members and Share Transfer Books will remain closed from Monday, 11th July, 2016 to Thursday, 21st July, 2016 (both days inclusive) for the purpose of Annual General Meeting.

e. Dividend payment date:

The Board has not recommended any dividend for the financial year ended March 31, 2016.

f. Listing of Equity Shares on Stock Exchanges

Company's shares are listed on **BSE Limited (BSE)**

As at March 31, 2016, the issued, subscribed and paid up equity share capital of the Company consists of 612,260,268 equity shares of Rs. 1/- each. The Company has paid the requisite Listing Fee to BSE Limited up to 31.03.2017.

g. Scrip Code

BSE : 511116

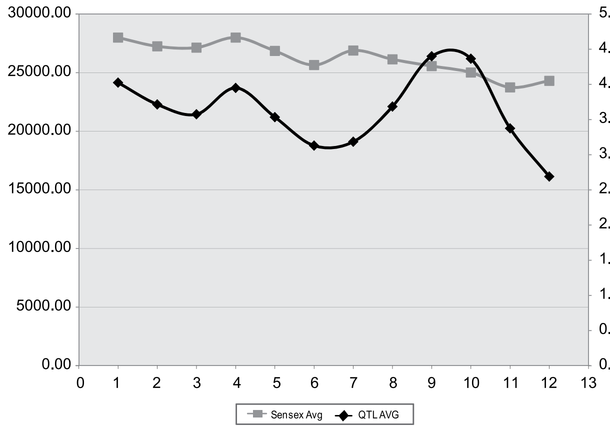
h. Stock Price Data

The reported high and low closing prices of the Company's shares traded during the fiscal 2015-2016 on the Bombay Stock Exchange are given below:

Month	High	Low
Apr 15	4.75	3.30
May 15	4.33	3.10
Jun 15	4.15	3.00
Jul 15	4.50	3.40
Aug 15	4.45	2.62
Sep 15	3.75	2.51
Oct 15	3.65	2.72
Nov 15	4.67	2.70
Dec 15	5.20	3.60
Jan 16	5.08	3.65
Feb 16	4.05	2.70
Mar 16	3.20	2.18

Performance in comparison to BSE Sensex

QTL Share Price and BSE Sensex movement



i. Registrar & Share Transfer Agents

M/s. Cameo Corporate Services Ltd. Subramaniam Building, No.1, Club House Road, Anna Salai, Chennai-600 002 who provide services relating to shares.

j. Share Transfer System

Applications for transfer of shares held in physical form are received at the office of the Registrar & Share Transfer Agents of the Company. All valid transfers are processed within 15 days from the date of receipt. The Company has pursuant to the Regulation 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, submitted within stipulated time, certificate of half yearly basis confirming due compliance of share transfer formalities by the Company from practicing Company Secretary .

k. Distribution of Shareholding as on 31st March, 2016

Shareholding of Nominal Value	Shareholders		Shareholding	
Rs.	Number	% of total	Rs.	% of total
1 - 5000	13983	93.8393	8926170	1.4579
5001 - 10000	434	2.9125	3440480	0.5619
10001 - 20000	220	1.4764	3273929	0.5347
20001 - 30000	76	0.5100	1941686	0.3171
30001 - 40000	43	0.2885	1505417	0.2458
40001 - 50000	35	0.2348	1651043	0.2696
50001 - 100000	48	0.3221	3672894	0.5998
100001 & Above	62	0.4160	587848649	96.0128
Total :	**14901**	**100.0000**	**612260268**	**100.0000**

Shareholding Pattern as on 31st March, 2016

Category Code	Category of shareholders	No. of Share-holders	Total no. of shares	As a percentage of (A+B+C)
A	**Shareholding of Promoter and Promoter Group**			
1	Indian Bodies Corporate	1	32,67,05,000	53.3605
2	Foreign	0	0	0
	Sub Total (A)	1	**32,67,05,000**	**53.3605**
B	**Public Shareholding**			
1	Institutions	8	17,95,89,441	29.33
2	Non-Institutions:			
	-Bodies Corporate	310	7,82,54,687	12.7812
	- Individuals	14,137	2,53,71,217	4.1438
	-Others	445	23,39,923	0.3821
	Sub – Total (B)	**14,900**	**28,55,55,268**	**46.6395**
	TOTAL (A)+(B)	**14,901**	**61,22,60,268**	**100.00**
C	**Shares held by Custodians and against which Depository Receipts have been issued**	0	0	N.A.
	GRAND TOTAL (A)+(B)+(C)	**14,901**	**61,22,60,268**	**100.00**

l. Dematerialization of Shares

As on 31st March, 2016, 99.81% of the issued Equity Share Capital of the Company is held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

m. 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

n. Corporate Office

Company's corporate Office is located at:
B-71, Phase VII,
Industrial Focal Point
Mohali - 160 055 (Punjab)

o. Registered Office Address

Autocars Compound, Adalat Road,
Aurangabad – 431005, Maharashtra

p. Address for Correspondence

QUADRANT TELEVENTURES LIMITED
B-71, Phase-VII, Industrial Focal Point,
Mohali - 160055 (Punjab)
E-mail Address: secretarial@infotelconnect.com

DECLARATION

The Board of Directors laid down a code of conduct for all the Board Members and senior management which is posted on the website of the Company. Board members and senior management have affirmed compliance with the code of conduct.

For QUADRANT TELEVENTURES LIMITED

Amit Verma
Company Secretary & Manager
u/s 2(53) of the Companies Act, 2013

Place: Mohali
Date: May 27, 2016

CERTIFICATION

To,

The Board of Directors

Quadrant Televentures Limited.

We, Amit Verma, Company Secretary & Manager as defined u/s 2(53) of the Companies Act 2013 and, Munish Bansal, Chief Financial Officer (CFO) certify to the Board that:

(a) We have reviewed the financial statements and the cash flow statement for the financial year ended March 31, 2016 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; and

   (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) To best of our knowledge and belief, no transactions entered are fraudulent, illegal or violate of the Company's code of conduct.

(c) We accept the responsibility for establishing and maintaining internal controls for financial reporting evaluate the effectiveness, disclosing the deficiencies in the design or operation of internal controls, if any, to the Auditors and the Audit Committee and take steps to rectify these deficiencies.

(d) We have indicated wherever applicable to the Auditors and the Audit Committee:

   (i) Significant changes in internal control over financial reporting during the year.

   (ii) Significant changes in accounting policies, the same have been disclosed in the notes to the financial statements; and

   (iii) Instances of significant frauds, which we became aware,

For Quadrant Televentures Limited

(MUNISH BANSAL)
Chief Financial Officer

(AMIT VERMA)
Company Secretary & Manager
u/s 2(53)

Place: Mohali
Date: May 27, 2016

CERTIFICATE BY PRACTICING COMPANY SECRETARY

On Compliance with the conditions of Corporate Governance under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,

The Members of

Quadrant Televentures Limited

Aurangabad, Maharashtra

We have examined the compliance of conditions of Corporate Governance by Quadrant Televentures Limited (the company) for the year ended on 31st March 2016 as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchange for the period 1st April, 2015 to 30th November, 2015 and as per relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1st December, 2015 to 31st March, 2016.

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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement/Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as applicable.

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 Dinesh Bhandari
Practicing Company Secretary

(DINESH BHANDARI)
M.No.5887
C.P.No.10300

Place: Mohali
Date: May 27, 2016

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion and Analysis Report comprises of:

- Industry Overview
- Opportunities and Threats
- Segment-wise and Product-wise performance
- Outlook
- Risks and concerns
- Internal control system and their adequacy
- Discussion on financial performance with respect to operational performance
- Material development in Human Resources/Industrial Relations front, including number of people employed

BUSINESS OVERVIEW

Quadrant Televentures Limited is a Unified Access Services Licensee and an Internet Service Provider in the Punjab Telecom Circle comprising of the State of Punjab, the Union Territory of Chandigarh and the Panchkula town of Haryana. The Company started its operations as a fixed line service provider under the brand name "CONNECT" in the year 2000. Subsequently, the Company was granted the 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 Punjab Telecom Circle. Apart from the UASL License, the Company also holds the ISP (Internet Service Provider) License Category –A (Pan India) and the IP-1 (Infrastructure Provider-Category -1) License for providing services in the Punjab Telecom Circle.

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

As at 31.03.2016, the company had a total subscriber base of 3,861,039 telephony customers, including 3,400,961 GSM mobile customers, 264,963 fixed-line customers, 195,115 Broadband customers.

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

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

Key Business and Financial highlights for the financial year ended 31.03.2016 are as under:

- GSM Mobile Subscriber base increased by 24.28% to 3,370,202 (previous year 2,711,867)
- Broadband customer base increased by 16.80% to 195,115 (previous year 167,048)
- Fixed Voice/ Landline Subscriber base increased by 16.36% to 264,963 (previous year 227,707)
- During the financial year 2015-16, the gross revenue was Rs.5628.31 million, which was higher by 7.21% as compared to previous year.

ECONOMY AND INDUSTRY OVERVIEW

Macro Economic Situation

According to the Economic Survey 2015-16 of Government of India, the gross domestic product (GDP) is expected to grow at 7 to 7.75 percent. India has the second fastest growing services sector with compound annual growth rate (CAGR) of 21 percent.

India is currently the world's second-largest telecommunications market and has registered exceptional growth in the past few years. The reasons for growth of the telecom sector in India are proactive measures undertaken by the Government of India, active participation of the private sector, and wireless technology.

The key factors which are likely to fuel growth are a growing subscriber base, mobile applications and technologically advanced end-user orient devices as well as launch of 3G and 4G/LTE services by Operators.

- Development of broadband networks and access to high speed internet services to customers through laying optical fiber either underground or on network of power utilities.
- Achieving 'Digital India' objectives and targets by building telecom infrastructure and increasing internet connectivity across rural areas.

The National Telecom Policy-2012 has targeted 100 per cent tele-density and 600 million broadband connections by 2020. It has visualized doubling the current telecom capacity and increasing its reach to 95 per cent of India while providing broadband level of internet capability.

Department of Telecommunications (DoT) is promoting a vision of 'green telecom' by which it plans to convert 50 per cent of urban and 30 per cent of rural towers to renewable energy.

Hon'ble Prime Minister, Shri Narendra Modi, has laid emphasis on National e-governance plan and has given its approval for Digital India. Digital India is an ambitious pet programme of Government of India projected at Rs.1,13,000 crores.

Full Mobile Number Portability and work towards One Nation Free Roaming.

- Recognize telecom as Infrastructure Sector to realize its true potential of ICT for development & continued adoption of green policy & the use of renewable sources for sustainability.
- Provide affordable and reliable broadband-on-demand by the year 2015 and to achieve 175 million broadband connections by the year 2017 and 600 million by the year 2020 at minimum 2 Mbps download speed and making available higher speeds of at least 100 Mbps on demand.
- Increase rural tele-density from the current level of around 39 to 70 by the year 2017 and 100 by the year 2020.
- To ensure simplified Merger & Acquisition regime in telecom service sector while safeguarding adequate competition.
- Ensure adequate availability of spectrum and its allocation in a transparent manner through market related processes. Make available additional 300 MHz spectrum for IMT services by the year 2017 and another 200 MHz by 2020. DoT is also doing harmonization of existing bands in order to facilitate/ consolidation of available bands.
- Enhanced and continued adoption of green policy in telecom and incentivize use of renewable energy sources for sustainability.

- Protect consumer interest by promoting informed consent, transparency and accountability in quality of service, tariff, usage etc.

KEY INDUSTRY DEVELOPMENTS

Growth & Market Trends

Indian Telecom market had 1,043.29 million connections as on January, 2016 (as against 996.49 million telecom subscribers as at March 31, 2015. With 1017.97 million wireless connections there is a growth rate of 4.13% which puts the telecom sector on strong footing.

The share of private sector in total telephony is 89.98%. Overall tele-density has reached 82.30%. Urban Tele-density is about 153.02%, whereas rural tele-density is at 50.33% which is also steadily increasing. Broadband connections have also crossed 140.10 million connections. However the number of Landline users has decreased mainly due to the increasing use of mobile handsets due to convenience of use and accessibility and features like telephony directory and SMS coupled with cheaper or more affordable tariffs.

Data is the driving factor of growth in telecommunications. There is significant growth opportunity for the data segment, especially in the rural areas where 3G and BWA are yet to make significant inroads. Overall mobile data traffic grew by 50% in 2015, with 3G traffic outpacing 2G across all circles for the first time. There was 85% year-on-year 3G traffic growth in 2015 following 3G expansion and device availability, According to an MBit Index study by Nokia Siemens Networks (NSN).

Broadband

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

Insights

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

REGULATORY DEVELOPMENTS / CHANGES

Telecom Regulatory Authority of India (TRAI) and Department of Telecommunications (DoT) had declared certain policy measures in the previous year which included key regulatory changes and developments undertaken by the TRAI and DoT. A number of recommendations on various telecom issues were made by TRAI during 2015-16 which, inter-alia include

- 4th September 2015 TRAI issued consultation paper Compensation to the consumer in the event of Call Drops.
- 17th November 2015 TRAI issued consultation paper on implementation of Model of Bharatnet.
- 26th November 2015 TRAI issued consultation paper on Valuation and Reserve price of spectrum in 700, 800, 900, 1800, 2100, 2300 and 2500 Mhz.
- 09th December 2015 TRAI issued consultation paper on Differential pricing for Data service.
- TRAI issued Recommendation on Introducing Virtual Network operator in Telecom Sector on 1st May 2015
- TRAI issued Response to DoT reference take on recommendation on working guide lines for Spectrum trading on 21st May 2015.
- TRAI Recommendation on valuation of reserve price of Spectrum 700, 800, 900, 1800, 2100 and 2300 Mhz on 27th January 2016
- TRAI Recommendation on implementation strategy of Bharatnet on 1st Febuary 2016.

Differential pricing Data service: The differential pricing strategy means certain customers pay less for the same product than others pay. The discounted prices may come in the form of a temporary discount or a permanent lower price for a particular group of people. In other situations, the price may start high for everyone and gradually lower when longer the product is on the market.

Regulation imposing net neutrality would limit new business ideas and concepts and could be considered against free market rules.

Sponsored content and "pay-to-play" schemes may go against the net neutrality spirit, but they can help companies improve the overall service they offer. Heavier internet users may be charged more. With that extra money ISPs could increase the bandwidth for all internet users.

Thanks to sponsorships some mobile telecom operators may offer free internet access to some contents. This may enable those who don't have data contracts on their smart phones to surf some areas in the internet for free. Similarly, it would reduce the consumption of other users' data allotments.

Regulation for net neutrality may limit the tools of governments and ISPs to fight against online "piracy". Material infringing copyright laws will be easily shared using P2P software. ISPs or governments won't be able to block or filter these contents, if net neutrality is fully respected. Similarly net neutrality rules make more difficult to monitor and control controversial adult content.

Some defenders of net neutrality question government intervention. For them it should emerge organically or naturally but not imposed through laws.

Regulatory Levies (USO fund, SUC, License fees, Service Tax)

Regulatory costs or fees are an essential aspect of the efficiency and quality of regulations. The regulatory framework plays a critical role in the orderly growth of the telecommunication industry, with Government of India and TRAI balancing the interests of both the consumers and the service providers.

Main Focus

- Simplify the licensing framework and liberalization of spectrum to further extend converged high quality services across the nation.
- To rationalize taxes, duties and levies affecting the sector and work towards providing a stable fiscal regime to stimulate investments and making services more affordable.
- To identify areas where existing regulations may impose unnecessary burden and take consequential remedial steps in

line with international best practices for propelling nation to emerge as a global leader.

Bharatnet: As India gears up to reap the benefits of rapid technological change and digitization, there is renewed and urgent focus on universal Internet provision. The expansion of Internet access has the potential to revolutionize lives by substantially reducing the cost of accessing information, enhancing productivity and reducing transaction costs, the Government of India, in its flagship initiative "Digital India", explicitly targets universal broadband access in both rural and urban areas. Internet is "network effects", its value increases as more people are connected.

Telecom as essential services

The Essential Services Maintenance (ESMA) is a central law which was established to ensure the delivery of certain services, which if obstructed would affect the normal life of the people. This include services like public transport and health services. The discretion on the execution of ESMA mostly lies with the State governments and hence a state ESMA exist with slight variations from the central law in its provisions.

Main Focus

- Industry bodies representing mobile service providers and tower companies want an 'essential services' status to be given to telecom infrastructure companies. The associations have demanded that the telecom sector be treated at par with other infrastructure providers such as energy and power and be given tax benefits for a 20-year period.

  Virtual Network Operator:- Virtual Network Operators (VNOs) are service delivery operators, who do not own the underlying core network(s) but rely on the network and support of the infrastructure providers for providing telecom services end to end users / customers. VNOs can provide any or all telecom services which are being provided by the existing telecom service providers. Telecom commission approved the policy.

  Spectrum Sharing: As license and spectrum are considered as two different assets as per the DoT, and so these two cannot be dealt with in the same M&A deal. There exist a different guidelines for spectrum sharing for effective use of existing airwaves and also reduce call drops and cost of operations of telecom operators besides improving quality of calls. The Department of Telecommunications (DoT) on 24th September 2015 notified the spectrum sharing rules that were approved by the Cabinet and has allowed the sharing of all liberalized spectrum.

Key Highlights of Spectrum sharing guidelines:

The spectrum sharing is allowed only among two telecom operators in the same frequency band within the same telecom circle and can be shared only between two spectrum holders.

The spectrum sharing can be done on liberalized spectrum only. In the case of telecom companies, operators holding administratively allocated spectrum want to share their spectrum, then they will need to pay one-time spectrum charge demanded by DoT.

Permission for spectrum sharing will be available for up to balance period of the license or up to the period of right to use spectrum, whichever is earlier.

Total quantum of spectrum, shall not exceed the limit prescribed in case of mergers of licenses. The spectrum cap shall be applicable for both the licensees individually.

Spectrum obtained through auction, spectrum sharing will be permitted only if the auction conditions provide for the same.

Parties sharing the spectrum will be deemed to be sharing their entire spectrum for the purpose of charging.

Spectrum usage charges will be levied on both the operators individually but on the total spectrum held by both the operators together.

Leasing of spectrum is not permitted. The right to share the spectrum shall be subject to the fulfillment of the relevant license conditions and any other conditions that may be specified by the licensor/ Government from time to time.

Spectrum Trading:

The DoT has also allowed the telecom operators to trade spectrum. Till now, only government was allowed to allocate spectrum to telecom firms through auctions. Spectrum trading will enable telecom companies, who have a lower subscriber base or un-utilized spectrum, to trade or share it. This move will ultimately benefit the end consumer through better services.

Key Highlights of Spectrum trading guidelines:

- Spectrum trading allowed only between two access service providers holding CMTS license, UASL and UL with authorization of Access service in license service area.
- All access spectrum brand earmarked for access service by the licensor will be treated as tradable spectrum bands.
- Only outright transfer of right to use the spectrum the seller to the buyer shall be permitted. Leasing of spectrum is not permitted.
- Spectrum trading shall be permitted only in the 800, 900, 1800, 2100, 2300 and 2500 MHz.
- Spectrum trading will not alter original validity of spectrum assignment applicable to the traded block spectrum.
- Licensee trading the spectrum shall jointly give prior intimation for trading the right to use of spectrum at least 45 days.

Merger and Acquisition: Mergers and Acquisitions (M&A) are strategic move made by the top management of the company in order to attain efficiency and grow inorganically. M&A ideally results in economies of scale and increased market share.

TRAI Recommendations: Telecom Regulatory Authority of India (TRAI) is of the view that while on one hand mergers encourage efficiencies of scope and scale and hence are desirable, care has to be taken that monopolies do not emerge as a consequence.

DoT Guidelines: The Ministry of Communications and Information Technology, Department of Telecommunications ("DoT") has issued the guidelines on mergers and transfers of telecom companies on 21st February 2014. Key aspects of these guidelines are:

- Merger of licenses shall be restricted to the same service area.
- Merger and Acquisitions or restructuring allowed holding CMTS/Basic service License/UASL/Basic service License with UASL/Cellular Service License with UASL.
- Different amount of entry fee if any as per the guidelines for migration to UASL dated 11.11.2013.
- Merger of license will be permitted subject to the condition that there are three operators in that service area.
- Prior approval of the DoT will be necessary for merger of the license will be given period of four weeks from date of submission of application.
- Merger and acquisition or restructuring for monopoly market in the given service area shall not be permitted.

- After Merger the total amount of Spectrum held by operator shall not exceed 15 MHZ per operator per service area.
- Spectrum utilization charges beyond 10+10 MHz for GSM and 5+5 MHz for CDMA/ETDMA based system.
- All dues will have to clear by either of the two parties before Merging.
- Operator having market share greater or equal to 30% of the relevant market as one having "Significant Market Power" (SMP)its reference inter connect offer (RIO). The merged entity becomes an SMP post merger then extent rules and regulations applicable to SMPs would also apply to merged entity.
- Any Dispute resolution shall lie with TDSAT constituted by TRAI (Amendment) Act 2000.

No Prohibition on 'Number of Service Providers' in the Market.

The M&A Guidelines lay down that the resultant entity cannot hold more than 25 % of the total spectrum assigned for access services and 50 % of spectrum assigned in a given band in every circle. The merged entity will be allowed to have up to 50 % market share in any circle calculated on the basis of the subscriber base and Adjusted Gross Revenue.Acquirer to pay difference between the market price of spectrum and the entry fee paid by the target for the non-liberalized spectrum.

Threats

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

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

Key Regulatory Challenges:

- Significant costs inclusive of inconsistent fees structure involved in grant of Right of way (RoW) across all Indian states due to absence of national policy on establishment of telecom infrastructure.
- Delayed approvals from regulatory authorities affecting telecom infrastructure build activities and network rollout obligations due to absence of streamlined time bound procedures for granting RoW.
- Stringent electromagnetic radiation emission norms, which require companies to limit the radiation to one-tenth of the International norms (ICNIRP), resulting in shutdown of sites or lowering of signal strength/power levels of radio base station impacting quality of services and customer inconvenience.
- Difficulties in setting up of mobile towers due to lack of single window clearance system for all new and pending applications with subsequent increase in penalty from INR 5 lacs to INR 10 lacs for violation of EMF radiation norms, per BTS per Service Provider.
- Possible coercive action on cell sites without prior notice and consent of State TERM cells due to absence of streamlined DoT's tower guidelines and procedures in all Indian states.
- Huge capital investment and operational challenges to meet 'Go Green' – 2020 targets by building an ecosystem of telecom grade reliable renewable energy technologies such as solar power solutions in consideration with or without power grid facilities/electricity connection and reducing diesel consumption.
- Ambiguity while entering into transactions such as mergers and acquisitions (M&As), spectrum trading and sharing due to different or multiple Spectrum Usage Charge (SUC) rates applicable for spectrum assigned at different points of time.
- Significant percentage of Adjusted Gross Revenue (AGR) – 5% out of total license fee (i.e. 8%) is being paid as Spectrum Usage Charge across spectrum holdings (except BWA) by Telecom Service Providers (TSP) which is presently non-uniform in nature. A weighted average mechanism is used to calculate the SUC for companies who have some spectrum bought through auctions and some which were allotted without auctions
- Presently, the TSP pay 8 per cent of their AGR as license fee to the government, of which significant percentage (i.e. 5 %) go towards Universal Service Obligation Fund (USO Fund) and the rest 3% to the government. Reduction of the percentage in USO Fund to 3% as fees has been recommended and the same is awaited for approval.
- In spite of present high regulatory fee structure, the Spectrum Usage Charges (SUC) rates of each TSP post-sharing will increase by 0.5 percent of the aggregate gross revenue of the TSP.
- As per the draft guidelines on spectrum trading, license fee and SUC is suggested to be imposed on the amount received from trading amounts, apparently resulting in double taxation as the levies are being charged in addition to levies paid on the usage of spectrum
- Ambiguity in the definition of the AGR has been a contentious issue since 2003, where the license agreement has been argued as very broad covering non-core revenue including income received from non-telecom operations and other investments.
- Non-availability of tax incentives and re-introduction of tax holiday benefits (i.e. under section 80IA) with the intention to promote "Make in India" to TSPs, and extending the same to infrastructure provider and telecom equipment vendors.

Key wish list of Telecom Industry: -

A. Spectrum Cost and Allocation

- Clear spectrum roadmap (quantum, auction of other bands, trading guidelines etc.)
- Resolution of legal issues related to spectrum pending in various courts of law.
- Single window approval for Right of Way norms for fibre network connectivity.
- Expedite spectrum harmonization, adopt uniform rules for towers and Row
- Expedite spectrum harmonization, liberalization and allocation of the same with even bands to address service quality issues
- Relaxation in spectrum sharing cap to handle connectivity issues for ICR and roaming services.
- Clarity on Indirect Tax on spectrum trading transactions.

B. Need relaxation and clarity on Taxes

- Reversal of the 2012 retrospective amendment to the income tax laws and

- Rationalization and simplification of the tax structure.
- Tax incentives to boost manufacturing in line with the Make-in-India initiative.
- Clarity on Sales Tax on sales of SIM card and Recharge vouchers.

C. Focus on ease of business

- Relaxation in royalty on payments towards provision of bandwidth, leased line, INTEC, roaming charges
- Solution to contradictions between EMF guidelines and refund to subscribers on call drops.
- Credit of duties paid for tower/shelter components under CENVAT Credit Rules.
- Implementation of 'Unified' access service licensing.
- Timely clearance on towers for network expansion

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

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

Threats

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

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

Outlook

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

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

RISKS & CONCERNS

As is the case with any infrastructure project, the Company is also exposed to 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 and the deployment of additional telecommunication services infrastructure entails significant capital expenditure.

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

2. **Market and Competition Risk**

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

3. **Regulatory Risks**

   Telecom Policies in the areas of allocation of spectrum, EMF radiation, rollout obligation, Green technology issues, security guidelines and the decision to charge One Time Spectrum Charges within the contracted amount of spectrum etc. have all led to an increase in the costs as well as widespread litigation which is pending before various courts.

   The Company's licenses are for fixed periods and are subject to renewal of License for additional terms as well as availability of the bandwidth – both of which come at higher costs determined at the discretion of the Government – as well as the dynamic demand-supply forces in the market.

   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.

   The Company obtains such approvals and would continue to apply for these approvals in future also delays in such approvals may result in time delays and cost overrun which could have an adverse effect on the business and operations of the Company. Stringent regulatory norms also add to the financial burden on the service providers by way of heavy penalties which are imposed by the Regulators as well as continuous technological up-gradation costs which the operators are required to continuously incur for providing additional facilities to the Subscribers.

4. **Risk of Rapid Technological Changes**

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

5. **Dependence on Key Personnel**

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

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

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

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

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

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

ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

The revenue from telecom service has increased by 7.21% from Rs. Rs.5,207.94 million in 2014-15 to Rs.5583.72 million during the current year. The total expenses have decreased to Rs. 6976.40 Million as against Rs. 7,643.12 million in 2014-15. Consequently, the Losses from Telecom Services decreased from Rs.2,398.93 million in the year 2014-15 to Rs. 1348.10 million in 2015-16.

Revenue at a glance is as follows:

(Rs. in millions)

Parameter	FY 2015-16	FY 2014-15
Unified Access Services	2758.47	2866.66
Internet Services	2281.49	1748.29
Interconnect Usage Charges	433.31	511.02
Infrastructure Services	110.46	81.98
Other Income	44.58	36.24
Total	**5628.31**	**5244.19**

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

Key Financial Indicators

Telecom Business

(Rs. in millions)

Parameter	FY 2015-16	FY 2014-15
Revenue from Telephony Service	5583.726	5207.945

On Gross Basis

(Rs. in millions)

Parameter	FY 2015-16	FY 2014-15
Gross Income	5628.31	5244.19
Loss for the year	1348.10	2398.93

Major Expenses at a glance are as follows:

(Rs. in millions)

Parameter	FY 2015-16	FY 2014-15
Network Operations Expenditure	3791.32	4442.02
Employee Benefit Expenditure	741.61	803.85
Sales & Marketing Expenditure	283.59	368.44
Administration & Other Expenditure	552.91	370.44
Finance Cost	272.99	268.40
Total	**5642.42**	**6253.15**

Share Capital

The Authorised Share Capital of the company is Rs.15000 million. Against this, the Paid up Share Capital is Rs.2860.71 million comprising of Rs.612.26 million by way of Equity Shares and Rs.2248.45 million by way of Cumulative Redeemable Preference Shares (CRPS).

Secured Loans/ Non Convertible Debentures

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

MATERIAL DEVELOPMENTS IN HUMAN RESOURCE

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

The Company has current manpower strength of 719 as against 662 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 76% are professionals drawn from various fields including Engineers, MBA's, C.As / C.S.s etc. By adopting new and dynamic Human Resource Practices, it has always been our endeavor to become 'Employer of Choice' by adding value to our organization through: -

1. Effectively managing and utilizing the human resource.
2. Employing dynamic 'Performance appraisal' techniques and 'compensation Policies' to judge and reward competencies.
3. Developing competencies to enhance individual and organizational performance.
4. Managing the implementation and integration of technology

through improved staffing, training and communication with employees.

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

CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

	Mitu Mehrotra Goel	**Vinay Kumar Monga**
Place: Mohali	**Director**	**Director**
Date: May 27, 2016	**(DIN: 05188846)**	**(DIN: 03029345)**

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF,

QUADRANT TELEVENTURES LIMITED

1 Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Quadrant Televentures Limited** ("the Company"), which comprise the standalone Balance Sheet as at March 31, 2016, the Standalone Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of the significant accounting policies and other explanatory information.

2 Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3 Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

4 Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its loss and its cash flows for the year ended on that date.

5 Emphasis of Matters

We draw attention to Note No. 28 to the financial statements, the Company has incurred a net loss of Rs. 1,348,104,827/- during the year, the accumulated losses as at March 31, 2016 amounted to Rs. 17,638,407,752/- resulting in, the erosion of its net worth and has net current liabilities of Rs. 12,713,562,129/- as at March 31, 2016. These factors raise a doubt that the Company will not be able to continue as a going concern. The management is confident of generating cash flows from business operations through increasing subscribers' base and with the support of significant shareholders to fund its operating and capital fund requirements. Accordingly, these statements have been prepared on a going concern basis. Our opinion is not qualified in respect of this matter.

6 Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013, we give in the Annexure "A" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2) As required by Section 143 (3) of the Act, we report that:

   (a) we have sought and 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 it appears from our examination of those books;

(c) the Standalone Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) on the basis of the written representations received from the directors as on 31st March, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of sub-section (2) of Section 164 of the Companies Act, 2013;

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a. The Company's pending litigations comprise of claims against the Company and proceedings pending with Tax Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the impact of pending litigations on its financial position in its financial statements as referred to in Note No. 25 and 27 of the financial statements;

b. The Company periodically reviews all its long term contracts to assess for any material foreseeable losses. Based on such review, the Company has made adequate provisions for material foreseeable losses, if any on long term contracts in the books of account as required under any applicable law / Accounting Standard and as at March 31, 2016, the Company did not have any outstanding long term derivative contracts as referred to in Note No. 27 of the financial statements;

c. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the company.

For KHANDELWAL JAIN & Co
Chartered Accountants
Firm's Registration No. 105049W

Naveen Jain
(Partner)
Membership No. 511596

Place: Mohali
Date: May 27, 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

Annexure referred to in paragraph 6(1) of the Independent Auditors' Report of even date to the Members of **Quadrant Televentures Limited** on the standalone financial statements for the year ended 31st March, 2016, we report that:

I. (a) The Company has maintained proper records showing full particulars including quantitative details and situations of its Fixed Assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets and as informed, no material discrepancies were noticed on such verification.

(c) According to information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of the immovable properties are held in the name of the company.

II. As per the information furnished, the Inventories have been physically verified by the management at reasonable intervals during the period. In our opinion, having regard to the nature and location of stocks, the frequency of physical verification is reasonable. 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. According to information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, paragraph 3(iii) (a) and (b) of the Order are not applicable.

IV. In our opinion and according to the information and explanations given to us, the company has, in respect of loans, investments, guarantees, and security, complied with the provisions of section 185 and 186 of the Companies Act, 2013.

V. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits within the meaning of the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder.

VI. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under sub section (1) of section 148 of the Companies Act, 2013 and we are of the opinion that prima-facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

VII. (a) According to the information and explanations given to us and records examined by us, the Company has generally been regular in depositing undisputed statutory dues with the appropriate authorities in respect of provident fund, employees' state insurance, income-tax, VAT, service tax, excise duty and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues at the year end, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, the dues of Income Tax, which have not been deposited on account of disputes and the forum where the dispute is pending as under:

SL. No.	Name of the Statute	Nature of Dues	Year	Amounts	Forum where dispute is pending
1	The Income Tax Act, 1961	Income Tax	2000-01	70,04,687	Income Tax Appellate Tribunal

VIII. According to the information and explanations given to us and records examined by us, as at the Balance Sheet date the Company has not defaulted in repayment of dues to government or financial institution or banks or debenture holders.

IX. As per information given to us, no money was raised by way of initial public offer or further public offer (including debt instruments) and no term loan has been taken during the year by the company.

X. 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.

XI. According to the information and explanation given to us and the books of accounts verified by us, the Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with the Schedule V to the Companies Act.

XII. The Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the order is not applicable.

XIII. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act 2013 where applicable and details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.

XIV. According to information and explanations given to us, the Company during the year has not made any preferential allotment as private placement of shares or fully or partly convertible debentures. Accordingly, paragraph 3(xiv) is not applicable.

XV. According to the information and explanation given to us and certified by the management the company has not entered into any non-cash transaction with directors or persons connected with him.

XVI. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For KHANDELWAL JAIN & Co
Chartered Accountants
Firm's Registration No. 105049W

Naveen Jain
(Partner)
Membership No. 511596

Place: Mohali
Date: May 27, 2016

ANNEXURE "B" TO THE AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

TO THE MEMBERS OF

QUADRANT TELEVENTURES LIMITED

We have audited the internal financial controls over financial reporting of **QUADRANT TELEVENTURES LIMITED** ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the guidance note on Audit of Internal financial control over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on audit of Internal financial controls over financial reporting (the "Guidance Note") and the standards on auditing as specified under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by Institute of Chartered Accountants of India. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31,2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For KHANDELWAL JAIN & Co
Chartered Accountants
Firm's Registration No. 105049W

Naveen Jain
(Partner)
Membership No. 511596

Place: Mohali
Date: May 27, 2016

BALANCE SHEET AS AT MARCH 31, 2016

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

	Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
I.	**EQUITY AND LIABILITIES**			
(1)	**Shareholders' funds**			
	(a) Share capital	**1**	2,860,714,568	2,860,714,568
	(b) Reserves and surplus	**2**	(17,569,841,244)	(16,221,736,417)
			(14,709,126,676)	**(13,361,021,849)**
(2)	**Non-current liabilities**			
	(a) Long-term borrowings	**3**	5,872,384,786	5,872,384,786
	(b) Other Long term liabilities	**4**	1,115,604,522	1,191,541,126
	(c) Long-term provisions	**5**	57,051,083	53,391,876
			7,045,040,391	**7,117,317,788**
(3)	**Current liabilities**			
	(a) Short-term borrowings	**6**	166,050,376	105,841,002
	(b) Trade payables	**7**	755,286,139	1,130,603,762
	(c) Other current liabilities	**8**	12,833,188,051	11,238,969,861
	(d) Short-term provisions	**9**	6,588,337	26,651,057
			13,761,112,903	**12,502,065,682**
	TOTAL		**6,097,026,618**	**6,258,361,621**
II.	**ASSETS**			
(1)	**Non-current assets**			
	(a) Fixed assets			
	(i) Tangible assets	**10**	3,904,030,969	3,613,726,798
	(ii) Intangible assets	**10**	580,235,925	927,396,854
	(iii) Capital work-in-progress	**10**	421,301,893	380,804,580
	(b) Non-current investments	**11**	100,000	200,000
	(c) Long-term loans and advances	**12**	143,807,057	159,582,735
			5,049,475,844	**5,081,710,967**
(2)	**Current assets**			
	(a) Inventories	**13**	29,951,854	22,174,669
	(b) Trade receivables	**14**	501,187,651	519,252,788
	(c) Cash and Bank Balance	**15**	247,548,731	186,624,430
	(d) Short-term loans and advances	**16**	266,949,197	447,827,408
	(e) Other current assets	**17**	1,913,341	771,359
			1,047,550,774	**1,176,650,654**
	TOTAL		**6,097,026,618**	**6,258,361,621**
	See accompanying notes to the financial statement	**1-47**		

As per our report of even date

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

Naveen Jain
Partner
Membership No. 511596

Place : Mohali
Date : May 27, 2016

For and on behalf of the Board

Mitu Mehrotra Goel
Director
(DIN No. 05188846)

Babu Mohanlal Panchal
Director
(DIN No. 01806193)

Amit Verma
Company Secretary & Manager

Munish Bansal
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

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

	Particulars	Note No.	For the year ended 31.03.2016	For the year ended 31.03.2015
I.	Revenue from operations	18	5,583,726,890	5,207,942,270
II.	Other income	19	44,582,169	36,242,827
III.	**Total Revenue (I + II)**		**5,628,309,059**	**5,244,185,097**
IV.	**Expenses:**			
	Network Operation Expenditure	20	3,791,321,128	4,442,020,758
	Employee Benefits Expenses	21	741,613,343	803,850,303
	Sales & Marketing Expenditure	22	283,587,321	368,444,109
	Finance Cost	23	272,985,738	268,398,724
	Depreciation and Amortization Expenses	10	1,334,000,148	1,389,958,995
	Other Expenses	24	552,906,208	370,442,706
	Total expenses		**6,976,413,886**	**7,643,115,595**
V.	Profit before tax (III- IV)		**(1,348,104,827)**	**(2,398,930,498)**
VI.	Tax expense:			
	(1) Current tax		-	-
	(2) Deferred tax		-	-
VII.	**Profit / (Loss) for the year (V- VI)**		**(1,348,104,827)**	**(2,398,930,498)**
VIII.	Earnings per equity share: (Nominal Value of Rs 1/- each)			
	(1) Basic	36	(2.20)	(3.92)
	(2) Diluted	36	(2.20)	(3.92)
	See accompanying notes to the financial statement	1-47		

As per our report of even date

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

Naveen Jain
Partner
Membership No. 511596

Place : Mohali
Date : May 27, 2016

For and on behalf of the Board

Mitu Mehrotra Goel
Director
(DIN No. 05188846)

Babu Mohanlal Panchal
Director
(DIN No. 01806193)

Amit Verma
Company Secretary & Manager

Munish Bansal
Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

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

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) for the year before Tax	(1,348,104,827)	(2,398,930,498)
Adjustments for:	-	-
Depreciation and Amortisation	1,334,000,148	1,389,958,995
Foreign exchange Loss/ (Gain)	2,104,968	-
Loss/ (Gain) on Sold / Discarded Fixed Assets/CWIP	57,611,534	1,513,456
Bad Debts Written Off	41,020,103	3,463,445
Provision for Doubtful Debts	53,890,350	6,322,733
Finance Expenses	272,985,738	268,398,725
Interest Income	(26,537,052)	(12,799,727)
Operating profit before working capital changes	**386,970,962**	**(742,072,871)**
Adjustment for changes in working capital:		
(Increase) / Decrease in Trade Receivables	(76,845,316)	(68,410,302)
(Increase) / Decrease in Other Current Assets	109,821,097	(33,662,925)
(Increase)/ Decrease in Inventory	(7,777,185)	(442,800)
Increase / (Decrease) in Trade and other current liabilities	1,156,512,119	2,306,660,184
Cash generated from operations	**1,568,681,676**	**1,462,071,286**
Direct Taxes paid (Net)	86,832,793	(13,110,254)
NET CASH GENERATED FROM OPERATING ACTIVITIES (A)	**1,655,514,469**	**1,448,961,032**
CASH FLOW FROM INVESTING ACTIVITIES		
Adjustment for changes in:		
Purchase of fixed assets & CWIP	(1,375,785,860)	(1,175,921,896)
Proceeds from sale of fixed assets & CWIP	533,623	(1,513,459)
Sale of Investment	100,000	(100,000)
Fixed deposits	(11,278,418)	(74,883,812)
Interest Received	25,395,070	15,164,394
NET CASH USED IN INVESTING ACTIVITIES (B)	**(1,361,035,585)**	**(1,237,254,773)**
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Redemable Non Convertible Debentures ('NCDs')	-	-
Increase (Repayment) of Borrowings	60,209,374	5,223,537
Repayment of Public Deposits	-	-
Interest paid	(305,042,375)	(204,460,516)
NET CASH USED IN FINANCING ACTIVITIES (C)	**(244,833,001)**	**(199,236,979)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**49,645,883**	**12,469,280**
Cash and Cash Equivalents at the beginning of the year	**84,631,026**	**72,161,746**
Cash and Cash Equivalents at the end of the year	**134,276,909**	**84,631,026**
Cash & Cash Equivalents		
Cash in Hand	16,388,571	14,510,449
Cheques in Hand	9,300,738	7,036,369
In Current Accounts	108,587,600	63,084,208
In Escrow Accounts	-	-
Fixed Deposit Less Than 3 Months	-	-
Cash & Cash Equivalents	**134,276,909**	**84,631,026**

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. 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 and on behalf of the Board

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

Naveen Jain
Partner
Membership No. 511596

Mitu Mehrotra Goel
Director
(DIN No. 05188846)

Babu Mohanlal Panchal
Director
(DIN No. 01806193)

Amit Verma
Company Secretary & Manager

Munish Bansal
Chief Financial Officer

Place : Mohali
Date : May 27, 2016

NOTES FORMING PARTS OF THE ACCOUNTS

NOTE 1 - SHARE CAPITAL	As at 31.03.2016	As at 31.03.2015
Authorised:		
12,000,000,000 (March 31, 2015 - 12,000,000,000 equity share of Rs.1/- each) equity shares of Rs 1/- each.	12,000,000,000	12,000,000,000
30,000,000 (March 31, 2015 - 30,000,000) preference shares of Rs 100/- each.	3,000,000,000	3,000,000,000
	15,000,000,000	**15,000,000,000**
Issued, Subscribed and Paid up :		
612,260,268 (March 31, 2015 - 612,260,268 equity share of Rs. 1/- each) equity shares of Rs 1/- each fully paid.	612,260,268	612,260,268
6,500,000 (March 31, 2015 - 6,500,000) 2% cumulative redeemable preference shares ('CRPS') of Rs 100/- each fully paid.	650,000,000	650,000,000
15,984,543 (March 31, 2015 - 15,984,543) 2% cumulative redeemable preference shares ('CRPS') of Rs 100/- each fully paid.	1,598,454,300	1,598,454,300
	2,860,714,568	**2,860,714,568**

(a) Of the above

(i) 83,070,088 equity shares of Rs 10 each were allotted on October 16, 2004, pursuant to the Corporate Debt Restructuring (‘CDR’) Scheme.

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

(ii) 8,67,43,116 equity shares of Rs.10/- each were issued on July 08, 2009, consequent to the conversion of Optionally Fully Convertible Debentures (OFCDs) pursuant to the Corporate Debt Restructuring (CDR) Cell.

(b) Of the above

(i) 6,500,000, 7.5 per cent CRPS were allotted on October 16, 2004, pursuant to the CDR Scheme, where under the specified part of the amount due to CRPS Holder by the Company was converted into 7.5 per cent CRPS redeemable after the repayment of Rupee Term Loan (in Financial Year 2016-17). As per the CDR Scheme, prior approval of the lenders would be required to declare dividend on 7.5 per cent CRPS and all the voting rights attached to the CRPS to be assigned in favour of the term lenders. On June 24, 2005 as per revised CDR Scheme, the dividend percentage was reduced to 2 per cent from 7.5 per cent with effect from date of issuance of CRPS. The CDR dated August 13, 2009 does not stipulate any reference to aforesaid CRPS. Accordingly the CRPS shall be redeemable after the full settlement of dues to term lenders i.e. in Financial Year 2024-25 as against earlier stipulated repayment in Financial Year 2016-17. (with reference to CDR dated June 24, 2005).

(ii) 15,984,543, 2% Cumulative Redeemable Preference Shares of Rs. 100/- fully paid up, aggregating up to Rs. 1,598,454,300 were allotted on November 9, 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 (yearly) over a period of four years commencing from March 31, 2021 at a premium of 34% p.a.

(iii) Due to accumulated losses incurred by the Company, the provision for dividend on CRPS of Rs. 650,000,000 and Rs.1,598,454,300 and Premium on redemption of CRPS of Rs 1,598,454,300 is not required and hence not provided for in the financials.

(c) In terms of CDR Package dated August 13, 2009 stipulating the reduction of paid up capital and pursuant to the Order of the Hon’ble Bombay High Court dated July 4, 2014 under Section 100 to 105 of Companies Act, 1956, which was duly registered by the Registrar of Companies, Mumbai on Sept 3, 2014, the paid up value of the 61,22,60,268 equity shares stood reduced from Rs. 10/- per share to Rs. 1/- per share w.e.f. Sept 3, 2014; Consequently, paid up equity share capital also stood reduced from Rs. 612.26 Crore to Rs. 61.22 Crore and the Accumulated Losses were written-off to the extent of Rs. 551.03 Crore on Sept 3, 2014. The trading of Equity Shares with reduced face value of Rs.1/- per share has commenced on December 29, 2014 at BSE Ltd.

NOTES FORMING PARTS OF THE ACCOUNTS

d) The details of Shareholders holding more than 5 percent shares as at 31.03.2016 are as under: -

Name of Share Holder	No. of Shares as at 31.03.2016	% held as at 31.03.2016	No. of Shares as at 31.03.2015	% held as at 31.03.2015
Equity Shares				
Quadrant Enterprises Pvt. Ltd.	326,705,000	53.36	326,705,000	53.36
IDBI Bank Ltd.	118,271,641	19.32	118,271,641	19.32
Oriental Bank of Commerce	35,223,326	5.75	38,093,321	6.22
Preference Shares				
IDBI Bank Ltd.	10,569,187	47.01	10,569,187	47.01
Shree Dhoot Trading & Agencies Ltd.	6,500,000	28.91	6,500,000	28.91
Oriental Bank of Commerce	1,981,254	8.81	1,981,254	8.81
Life Insurance Corporation of India	1,981,165	8.81	1,981,165	8.81

e) The reconciliation of the number of Shares outstanding as at 31.03.2016 is set out below:

Particulars	Figures As At 31.03.2016	Figures As At 31.03.2015
Number of Equity shares at the beginning	612,260,268	612,260,268
Add: Shares issued during the year	-	-
Number of shares at the end	612,260,268	612,260,268
Number of Preference shares at the beginning	22,484,543	22,484,543
Add: Shares issued during the year	-	-
Number of shares at the end	**22,484,543**	**22,484,543**

NOTE 2 - RESERVES AND SURPLUS	**As at 31.03.2016**	**As at 31.03.2015**
Capital Reserve:		
Balance at the beginning and end of the year	34,032,776	34,032,776
Securities Premium		
Balance at the beginning and end of the year	22,633,732	22,633,732
Statutory Reserve		
Balance at the beginning and end of the year	11,900,000	11,900,000
Profit & Loss A/c:		
Opening Balance	(16,290,302,925)	(19,397,027,202)
Add: Carrying amount of the Assets with the remaining useful life is Nil as per Schedule II of Companies Act 2013	-	(4,687,636)
Less: Reduction in Share Capital	-	5,510,342,411
Add: Transfer from Statement of Profit & Loss	(1,348,104,827)	(2,398,930,498)
Closing Balance	(17,638,407,752)	(16,290,302,925)
Total	**(17,569,841,244)**	**(16,221,736,417)**

NOTE 3 - LONG TERM BORROWINGS	**As at 31.03.2016**	**As at 31.03.2015**
Secured		
Redeemable Secured Non Convertible Debentures (NCDs) (Pursuant to revised CDR)	3,196,908,800	3,196,908,800
Unsecured		
Zero per cent Non Convertible Debentures ('NCDs') (erstwhile OFCDs)	166,776,100	166,776,100
Loans from Body Corporate [Refer Note 33]	2,508,699,886	2,508,699,886
Total	**5,872,384,786**	**5,872,384,786**

NOTES FORMING PARTS OF THE ACCOUNTS

a. Yield of Interest and Premium on redemption of Secured Non-Convertible Debentures is 8% p.a.

b. Redeemable Secured Non-Convertible Debentures as per CDR is secured by first pari passu charge on movable and immovable fixed assets and first pari passu charge on Current Assets, assignment of license / contracts and fully detailed in Note 32.

c. Redemption Schedule of the Secured Non Convertible Debentures.

Financial Year	Amount of Non Convertible Debenture
2017-18	319,690,904
2018-19	319,690,904
2019-20	639,381,809
2020-21	639,381,809
2021-22	639,381,809
2022-23	639,381,809

d. On October 16, 2004, the Company issued 1,667,761 zero percent Non Convertible Debentures ('NCDs') of Rs 100/- each in lieu of interest accrued on term loans from a financial institution and a bank for the period April 1, 2003 to December 31, 2003. The 'NCD's earlier redeemable at par on March 31, 2014, then at par on March 31, 2016, are now redeemable at par on March 31, 2024 after repayment of the term loans as per CDR Schemes.

NOTE 4 - OTHER LONG TERM LIABILITIES	As at 31.03.2016	As at 31.03.2015
Interest accrued but not due on borrowings	895,573,792	927,630,429
Security Deposits		
- From Subscribers	12,427,338	13,745,830
- From Others	43,993,085	47,348,116
Advance From Customers and Unaccrued Income	163,610,307	202,816,751
Total	**1,115,604,522**	**1,191,541,126**

NOTE 5 - LONG TERM PROVISIONS	As at 31.03.2016	As at 31.03.2015
Provision for employee benefits.		
Leave Encashment / Availment	28,694,006	29,471,569
Gratuity	28,357,077	23,920,307
Total	**57,051,083**	**53,391,876**

NOTE 6 - SHORT TERM BORROWINGS	As at 31.03.2016	As at 31.03.2015
Secured		
Working Capital Loan from Scheduled Banks	166,050,376	105,841,002
Total	**166,050,376**	**105,841,002**

Working capital loan is secured by first pari passu charge on movable and immovable fixed assets and first pari passu charge on Current Assets, assignment of license / contracts with Rate of Interest ranging from 14.60% to 17.35%.

NOTES FORMING PARTS OF THE ACCOUNTS

NOTE 7 - TRADE PAYABLE	As at 31.03.2016	As at 31.03.2015
Due to Micro / Small & Medium Enterprises (Refer Note 34)	215,507	405,264
Due to others	755,070,632	1,130,198,498
Total	**755,286,139**	**1,130,603,762**

NOTE 8 - OTHER CURRENT LIABILITIES	As at 31.03.2016	As at 31.03.2015
Advances from Customers and Unaccrued Income	259,765,909	324,947,860
Other Advances	11,900,191,685	9,165,586,433
For Capital Goods	477,221,090	1,666,410,360
Book Bank Overdraft	65,881,859	147,063
Statutory Dues Payable	59,911,213	46,133,711
Salary and Other Payables	70,216,295	35,744,434
Total	**12,833,188,051**	**11,238,969,861**

NOTE 9 - SHORT TERM PROVISIONS	As at 31.03.2016	As at 31.03.2015
Provision for employee benefits.		
Leave Encashment / Availment	2,499,802	23,877,741
Gratuity	4,088,535	2,773,316
Total	**6,588,337**	**26,651,057**

NOTES FORMING PART OF THE ACCOUNTS

Note 10: FIXED ASSETS

TANGIBLE ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2015	Additions during the period	Sale/ Adjustment during the period	As at 31.03.2016	As at 01.04.2015	Depreciation for the period	On Sale/ Adjustment	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
Land - Freehold	16,142,623	-	-	16,142,623	-	-	-	-	16,142,623	16,142,623
Land - Leasehold	8,896,419	-	-	8,896,419	1,477,629	92,160	-	1,569,789	7,326,630	7,418,790
Building	190,715,990	203,108	-	190,919,098	50,659,011	3,754,505	-	54,413,516	136,505,582	140,056,979
Leasehold Improvements	83,042,735	1,589,265	-	84,632,000	75,869,114	1,926,876	-	77,795,990	6,836,010	7,173,621
Network Equipment	6,862,832,869	915,036,115	380,933,073	7,396,935,911	4,218,112,227	515,794,822	380,423,627	4,353,483,422	3,043,452,489	2,644,720,642
Optical Fibre Cable and Copper Cable	4,677,933,987	240,885,744	-	4,918,819,731	4,143,630,012	329,869,893	-	4,473,499,905	445,319,826	534,303,975
Telephone Instruments at Customers Premises	520,140,784	84,427,240	-	604,568,024	325,407,458	66,827,246	-	392,234,704	212,333,320	194,733,327
Computers	333,041,538	13,303,898	3,860,406	342,485,030	275,799,294	45,863,622	3,860,409	317,802,507	24,682,523	57,242,244
Office Equipment	51,025,712	989,255	242,696	51,772,271	47,673,239	1,955,021	220,004	49,408,256	2,364,015	3,352,473
Furniture & Fixture	49,227,501	2,044,335	-	51,271,836	41,725,007	1,153,508	-	42,878,515	8,393,321	7,502,494
Vehicles	16,436,294	-	718,902	15,717,392	15,356,664	405,000	718,902	15,042,762	674,630	1,079,630
Sub Total	**12,809,436,452**	**1,258,478,960**	**385,755,077**	**13,682,160,335**	**9,195,709,655**	**967,642,653**	**385,222,942**	**9,778,129,366**	**3,904,030,969**	**3,613,726,798**
Previous Year	**11,879,652,746**	**939,273,404**	**9,489,698**	**12,809,436,452**	**8,174,815,701**	**1,025,696,016**	**9,489,698**	**9,195,709,655**	**3,613,726,798**	**3,704,837,045**

INTANGIBLE ASSETS	GROSS BLOCK				AMORTISATION				NET BLOCK	
	As at 01.04.2015	Additions during the period	Sale/ Adjustment during the period	As at 31.03.2016	As at 01.04.2015	Amortisation for the period	On Sale/ Adjustment	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
Computer Software	320,152,408	19,196,567	1,159,188	338,189,787	241,146,102	27,888,987	1,159,188	267,875,901	70,313,886	79,006,306
Licence Entry Fees	2,355,658,603	-	-	2,355,658,603	2,011,623,425	136,172,124	-	2,147,795,549	207,863,054	344,035,179
Licence Entry Fees GSM	1,517,500,000	-	-	1,517,500,000	1,013,144,631	202,296,384	-	1,215,441,015	302,058,985	504,355,369
Sub Total	**4,193,311,011**	**19,196,567**	**1,159,188**	**4,211,348,390**	**3,265,914,158**	**366,357,495**	**1,159,188**	**3,631,112,465**	**580,235,925**	**927,396,854**
Previous Year	**4,168,740,549**	**24,570,462**	**-**	**4,193,311,011**	**2,901,651,179**	**364,262,979**	**-**	**3,265,914,158**	**927,396,854**	**1,267,089,372**
Grand Total	**17,002,747,463**	**1,277,675,527**	**386,914,265**	**17,893,508,725**	**12,461,623,813**	**1,334,000,148**	**386,382,130**	**13,409,241,831**	**4,484,266,894**	**4,541,123,651**
Capital Work-In-Progress	-	-	-	-	-	-	-	-	**421,301,893**	**380,804,580**

a. Capital Work in Progress includes Goods in Transit of Rs. Nil (March 31, 2015 Rs. 10,328,966)

b. As on March 31,2016 telephone instruments aggregating to a net book value of Rs 165,736, 998 (March 31, 2015 – Rs. 174,066,836) and other assets aggregating to net book value of Rs 897,539,340 (March 31, 2015 – Rs 888,832,153) are located at customer premises and at other operator's sites, respectively.

NOTES FORMING PARTS OF THE ACCOUNTS

NOTE 11 - NON CURRENT INVESTMENTS	As at 31.03.2016	As at 31.03.2015
Investment in Wholly Owned Subsidiary Company:(Unquoted), at cost		
Nil [March 31, 2015 - 10,000] equity shares of Rs 10/- each fully paid at cost in Videocon Integrated Solutions Private Limited *	-	100,000
10,000 [March 31, 2015 - 10,000] equity shares of Rs 10/- each fully paid in Quadrant Telenet Services (P) Ltd	100,000	100,000
Total	**100,000**	**200,000**

* Videocon Integrated Solutions Private Limited (Formerly Infotel Tower Infrastructure Private Limited) ceased to be subsidiary of the Company w.e.f. May 30, 2015.

NOTE 12 - LONG TERM LOANS AND ADVANCES	As at 31.03.2016	As at 31.03.2015
Unsecured, considered good		
Capital Advances	23,013,387	50,527,403
Security Deposits	85,043,488	76,749,085
Advances Recoverable in cash or in kind or for value te be received	35,750,182	32,306,247
Doubtful		
Security Deposits	1,186,199	1,186,199
Advances Recoverable in cash or in kind or for value te be received	802,642	802,642
Less: Provision For Doubtful Advances	(1,988,841)	(1,988,841)
Total	**143,807,057**	**159,582,735**

NOTE 13 - INVENTORIES	As at 31.03.2016	As at 31.03.2015
Inventory held for installation and maintenance of network	29,951,854	22,174,669
Total	**29,951,854**	**22,174,669**

NOTE 14 - TRADE RECEIVABLES	As at 31.03.2016	As at 31.03.2015
Trade Receivables Outstanding for a period exceeding six months:		
Secured, Considered Good	2,992,481	3,972,421
Unsecured, Considered Good	4,095,366	24,936,834
Doubtful	216,612,519	170,746,961
Others		
Secured, Considered Good	1,308,388	1,387,060
Unsecured, Considered Good	492,791,416	488,956,473
Doubtful	12,960,433	10,865,077
	730,760,603	**700,864,826**
Less: Provision for Doubtful Trade Receivables	(229,572,952)	(181,612,038)
Total	**501,187,651**	**519,252,788**

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

b) Includes Rs 216,306,682 (March 31, 2015 - Rs 161,183,797) of unbilled revenues, the invoices for which have been raised subsequent to March 31, 2016 [Refer Note 26 (2.11)].

NOTES FORMING PARTS OF THE ACCOUNTS

NOTE 15 - CASH AND BANK BALANCE	As at 31.03.2016	As at 31.03.2015
Cash & Cash Equivalents		
Cash in Hand	16,388,571	14,510,449
Cheques in Hand	9,300,738	7,036,369
In Current Accounts	108,587,600	63,084,208
In Escrow Accounts	-	-
Fixed Deposit Less Than 3 Months	-	-
Other Bank Balance		
Fixed Deposit More Than 3 Months but Less than 12 Months *	113,271,822	101,993,404
Fixed Deposit More Than 12 Months	-	-
Total	**247,548,731**	**186,624,430**

*Balances with banks to the extent held as margin money are of Rs. 113,271,822 (March 31, 2015 Rs. 101,993,404).

NOTE 16 - SHORT TERM LOANS & ADVANCES	As at 31.03.2016	As at 31.03.2015
Unsecured, considered good		
Loans and advances to Body Corporate *	-	30,782,214
TDS Recoverable	90,106,166	176,938,959
Balance with Customs, Excise and Service Tax	85,141,014	178,728,983
Advances Recoverable in cash or in kind or for value te be received	91,702,017	61,377,252
Total	**266,949,197**	**447,827,408**

* Loans included Nil (March 31, 2015 Rs. 30,782,214) recoverable from related party.

NOTE 17 - OTHER CURRENT ASSETS	As at 31.03.2016	As at 31.03.2015
Interest Accrued on Fixed Deposits	1,913,341	771,359
Total	**1,913,341**	**771,359**

NOTE 18 - REVENUE FROM OPERATIONS	For the year ended 31.03.2016	For the year ended 31.03.2015
Sale of services;		
From Unified Access Services	2,758,466,680	2,866,664,266
From Interconnection Usage Services	433,308,065	511,015,588
From Infrastructure Services	110,462,769	81,975,029
From Internet Services	2,281,489,376	1,748,287,387
Total	**5,583,726,890**	**5,207,942,270**

NOTE 19 - OTHER INCOME	For the year ended 31.03.2016	For the year ended 31.03.2015
Interest Income on FDRs including TDS Rs 224,121 (March 31, 2015 - Rs 325,369)	10,691,946	5,933,721
Interest Income on Income Tax Refund	15,845,106	6,866,006
Sale of Scrap	1,518,652	7,227,595
Rental Income	15,289,335	13,108,690
Miscellaneous Income	1,237,130	3,106,815
Total	**44,582,169**	**36,242,827**

NOTES FORMING PARTS OF THE ACCOUNTS

NOTE 20 - NETWORK OPERATION EXPENDITURE	For the year ended 31.03.2016	For the year ended 31.03.2015
Interconnect Usage Charges	1,785,156,367	2,489,203,462
Other Value Added Service charges	80,589,298	67,292,451
Port Charges	12,928,799	17,390,809
Testing and Technical Survey Expenses	963,602	40,000
Licence Fees on Revenue Share Basis	100,528,387	214,198,657
Royalty and Licence Fees to Wireless Planning Commission	21,061,992	18,738,364
Stores and Spares Consumed	132,446,703	101,666,591
Rent Node site	82,890,558	60,481,997
Infrastructure Sharing Rent	629,277,088	577,608,841
Electricity and Water -Network	413,237,516	400,633,630
Security Charges	1,650,015	1,318,294
Repair & Maintenance - Network	404,237,666	398,367,303
Bandwidth Charges	126,353,137	95,080,359
Total	**3,791,321,128**	**4,442,020,758**

NOTE 21 - EMPLOYEE BENEFIT EXPENSES	For the year ended 31.03.2016	For the year ended 31.03.2015
Salaries, Wages and Bonus	685,306,947	753,222,649
Employer's Contribution to Provident and other Funds	18,454,183	17,563,544
Leave Encashment / Availment	3,411,788	6,237,697
Gratuity	10,751,989	6,502,814
Staff Welfare Expenses	21,848,694	18,410,723
Recruitment & Training Expenses	1,839,742	1,912,876
Total	**741,613,343**	**803,850,303**

NOTE 22 - SALES & MARKETING EXPENDITURE	For the year ended 31.03.2016	For the year ended 31.03.2015
Sales and Business Promotion	52,650,579	73,367,894
Advertisement Expenses	96,127,839	107,229,393
Customers Acquisition Costs	134,808,903	187,846,822
Total	**283,587,321**	**368,444,109**

NOTE 23 - FINANCE COSTS	For the year ended 31.03.2016	For the year ended 31.03.2015
Interest Charges:-		
- Banks	8,041,177	5,774,535
- Non Convertible Debentures	256,453,459	255,752,768
- Others	1,128,758	148,983
Bank Guarantee Commission	3,982,024	3,625,352
Trustees Fee	750,000	750,000
Monitoring Fees	1,000,000	1,000,000
Other Finance Charges	1,630,320	1,347,086
Total	**272,985,738**	**268,398,724**

NOTES FORMING PARTS OF THE ACCOUNTS

NOTE 24 - OTHER EXPENSES		For the year ended 31.03.2016	For the year ended 31.03.2015
Foreign exchange fluctuation		2,104,968	-
Payments to the auditor			
- Audit Fees		1,750,000	1,750,000
- Tax Audit Fees		480,000	480,000
- Other services		245,075	240,000
Reimbursement of expenses		121,306	65,769
Prior period Adjustments		648,910	2,511,595
Legal and Professional Expenses		20,259,627	13,343,089
Travelling and Conveyance		107,007,091	107,179,039
Communication Expenses		6,873,500	6,796,052
Rent		32,185,236	29,325,813
Security Charges		11,339,943	10,689,512
Repairs and Maintenance - Building		723,363	403,855
Repairs and Maintenance - Others		20,791,745	19,095,308
Electricity and Water		28,556,816	26,392,556
Insurance		8,938,296	8,014,021
Rates and Taxes		9,761,405	9,372,532
Freight & Cartage		8,003,993	10,266,781
Printing and Stationary		3,207,498	3,312,516
Billing and Collection Expenses		130,548,654	103,101,909
Directors' Fees		302,020	206,720
Loss/ (Gain) on sale and Discarded of Fixed Assets/CWIP		57,611,534	1,513,456
Bad Debts Written off	46,949,539		
Less; Provision for Doubtful Debts	(5,929,436)	41,020,103	3,463,445
Provision for Doubtful Debts		53,890,350	6,322,733
Miscellaneous Expenses		6,534,775	6,596,005
Total		**552,906,208**	**370,442,706**

NOTE 25 - CONTINGENT LIABILITIES	As at 31.03.2016	As at 31.03.2015
Estimated value of contracts remaining to be executed on capital account and not provided for net of capital advances Rs. 23,013,387 (March 31, 2015 Rs. 50,527,403)	63,687,802	189,288,497
Bank Guarantees given against Bid Bonds/Performance/Advance		
Financial Bank Guarantees	85,708,613	85,774,849
Performance Bank Guarantees	96,649,236	72,766,500
Income tax matters under appeal Principal Amount [Refer Note 27 (a)]	7,004,687	7,004,687
Income tax matters under appeal Interest Amount [Refer Note 27 (a)]	9,036,046	8,195,484
Claims against the Company not acknowledged as debts	11,070,773	8,954,521
Dividend on 2% Cumulative Redeemable Preference Shares ('CRPS') of Rs 1,598,454,300	223,783,602	191,814,516
Others [Refer Note 27 (b, c, d, e, f, g, h, i, j, k, l and m)]	1,592,199,811	2.011,192,001
Total	**2,089,140,570**	**2,574,991,055**

NOTES FORMING PARTS OF THE ACCOUNTS

26. BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES

1. Background

(a) Nature of business and ownership

Quadrant Televentures Limited (Formerly known as HFCL Infotel Limited) ('the Company' or 'QTL'), Unified Access Services Licensee for Punjab Telecom Circle (including Chandigarh and Panchkula), is providing complete telecommunication services, which includes voice telephony, both wireline and fixed wireless, CDMA and GSM based mobiles, internet services, broadband data services and a wide range of value added service viz., Centrex, Leased lines, VPNs, Voice mail, etc. The services were commercially launched in October 2000. As on March 31, 2016, the Company has an active subscriber base of over 3,861,039.

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 Punjab and Haryana at Chandigarh and Hon' ble High Court of the State of Tamil Nadu at Chennai 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 From HFCL Infotel Limited to Quadrant Televentures Limited.

(b) License Fees

The Company obtained licence for Basic Telephony Service for the Punjab Telecom 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. Quadrant Televentures Limited also entered into Unified Licence Agreement No. 821-125/2014-DS dated January 6, 2015, and amendments thereto, with DoT to establish maintain and operate internet service in all India basis (Pan India).

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

With effect from August 1, 1999, the Company is required to pay revenue share license fees as a fraction of Adjusted Gross Revenue ('AGR') on UASL, The revenue share fraction other than income from Internet Services was set at 10 per cent of AGR with effect from August 1, 1999 and was reduced to 8 per cent of AGR with effect from April 1, 2004. In addition, spectrum charges calculated at 3.55% per cent of the AGR earned through the wireless technology is payable under the license agreement.

With effect from July 01, 2012 Income from internet services is included as the service revenue for the purpose of the calculation of AGR under Internet Services Licence as it is governed by a separate ISP licence between the Company and the Department of Telecommunications ('DoT').The revenue share fraction is set at 4% for July 01, 2012 to March 31, 2013 and 8% from April 1, 2013 onwards of income from internet revenue except revenue from pure internet services ('AGR' under Internet Service Licence).

2. <u>Summary of significant accounting policies</u>

2.1 Basis of preparation of Financial Statements

The financial statements are prepared and presented under historical cost convention using the accrual system of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP) and the requirements of the Companies Act, 2013, including the mandatory Accounting Standards as prescribed by the Companies (Accounting Standards) Rules 2006.

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 whichever 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 60 years
Leasehold Improvements	10 years or over the lease term, whichever is lower
Network Equipment (other than batteries) Batteries (i)	9.67 years 5 years
Testing Equipments (included in Network Equipments) (i)	5 years
Optical Fibre Cable and Copper Cable (i)	15 years
Telephone Instruments	5 years
Computers	3 years
Software	5 years
Office Equipments	5 years
Furniture and Fixture	10 years, except in case issued to employees, where asset is depreciated in 5 years
Vehicles - Motor Cars (i)	4 years
Fixed Assets costing less than Rs 5,000 (other than Telephone Instruments)	Fully depreciated when they are ready for use.

(i) For these classes of assets based on internal assessment and technical evaluation, the management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of Companies Act 2013.

(ii) Depreciation on the amount capitalized on up-gradation of the existing assets is provided over the balance life of the original asset.

2.5 Borrowing Costs

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

2.6 Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized 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 recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

2.7 Intangibles

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

2.8 Licence Fees

(i) Licence Entry Fee

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

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

(ii) Revenue Sharing Fee

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

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

2.9 Investments

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

2.10 Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

2.11 Revenue Recognition

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

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

2.12 Interconnection Usage Revenue and Charges

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

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

2.13 Foreign Currency Transactions

Initial Recognition

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

Conversion

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

Exchange Differences

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

2.14 Employee Benefits

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

Short Term Employee Benefits

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

Long Term Employee Benefits

Provident Fund and employees' state insurance schemes

All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (presently 12%) of the employees' basic salary. These contributions are made to the fund administered and managed by the Government of India. In addition, some employees of the Company are covered under the employees' state insurance schemes, which are also defined contribution schemes recognised and administered by the Government of India.

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

Leave Encashment

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

Gratuity

The Company provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Company. The Company provides for the Gratuity Plan based on actuarial valuation in accordance with Accounting Standard 15 (revised), "Employee Benefits " The Company makes annual contributions to the LIC for the Gratuity Plan in respect of employees. The present value of obligation under gratuity is determined based on actuarial valuation at period end using Project Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

a) Short term compensated absences are provided for on based on estimates.

b) Actuarial gains and losses are recognised as and when incurred

2.15 Taxation

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain or virtually certain, as the case may be, that future taxable income will be available against which such deferred tax assets can be realised.

2.16 Operating Leases

Where the Company is the lessee

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

Where the Company is the lessor

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

2.17 Earning Per Share

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

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

2.18 Segment Reporting

Identification of segments:

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

Allocation of common costs:

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

Unallocated items:

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

2.19 Cash & Cash Equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.20 Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is provable that there will be an out flow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the Financial Statements.

27. NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Commitments and contingent liabilities not provided for in respect of:

(a) The Company has certain income tax related matters pending with Income Tax Appellate Tribunal for the Assessment Year 2001-02 aggregating to Rs 7,004,687 as Principal amount and Interest amount of Rs. 9,036,046 (March 31, 2015 – Rs 7,004,687 as Principal amount and Interest amount of Rs 8,195,484).

(b) The Wireless Finance Division of Department of Telecommunications has claimed an outstanding of Rs 29,585,211 towards the Spectrum Charges dues from year 2001 to year 2005 vide their letter 1020/48/2005-WFD dated October 7, 2005. The Company has submitted its reply to the department on October 25, 2005 confirming the total due of Rs 29,472 only and paid the said amount. The Wireless Finance Division of Department of Telecommunications has subsequently claimed Rs 39,310,176 vide letter number 1020/48/2005-WFD dated September 13, 2006 towards the Spectrum Charges dues from year 2001 to year

2006. The Company has submitted a detailed reply on October 31, 2006. During the year ended March 31, 2008, out of the above demand, the Company has deposited Rs 1,801,241 under protest towards the interest due till August 31, 2006. Wireless Finance Division of Department of Telecommunications has updated their claim to Rs 70,604,092 towards Spectrum Charges dues from January 1, 2000 to September 30, 2008 vide letter number 1020/29/WR/07-08 dated October 24, 2008. The Company has once again made a written representation vide its letter dated December 8, 2008 and August 12, 2009. Subsequently DOT has revised their demand to Rs 70,528,239 vide Letter No 1020/48/WFD/2005-06/ Dated September 6, 2010 to which the Company has made representations vide letter dated September 23, 2010, February 3, 2011 and March 17, 2011. Subsequently DOT has revised their demand to Rs 149,960,749 vide Letter No 1020/48/WFD/2005-06/ Dated January 3, 2013 to which the Company has made representations vide letter dated January 18, 2013. The reply of which has not been received. Based on the legal opinion, the Company is confident that no liability would accrue regarding the same in future.

(c) During the year ended March 31, 2007, Bharat Sanchar Nigam Limited ('BSNL') has raised supplementary bill dated August 10, 2006 for Rs 167,614,241 towards Inter-connect Usage Charges ('IUC') and Access Deficit Charges ('ADC') for the period November 14, 2004 to August 31, 2005 on the Company. BSNL further raised invoices to the tune of Rs 99,346,533 on similar grounds for the period September 1, 2005 to February 28, 2006.These charges are on account of unilateral declaration of the Company's Fixed Wireless and Wire line Phone services as Limited Mobility Services by BSNL. The Company has submitted its reply to BSNL on August 23, 2006 asking for the calculation/basis for the additional amount raised towards IUC and ADC by BSNL for Rs 167,614,241. Subsequently, BSNL issued a disconnection notice on August 26, 2006 which required the payment of Rs 208,236,569 (including Rs 167,614,241). The Company has submitted details to BSNL for payments already made for Rs 40,622,328. The Company has approached Hon'ble TDSAT on the subject matter and a stay order was granted on Company's petition no 232 of 2006 against the disconnection notice on September 21, 2006. BSNL Jalandhar Office subsequently raised a supplementary bill dated March 20, 2007 for Rs 5,206,780, to which the Company has submitted its reply on March 23, 2007 intimating that the matter being sub-judice and pending decision by the Hon'ble TDSAT, no coercive action be taken against the Company. The hearing on the matter has been completed and the Hon'ble TDSAT has pronounced the judgment on May 21, 2010 in Company's favour and has directed that BSNL and the Company should exchange relevant information and reconcile the differences. BSNL went for appeal in Hon'ble Supreme Court vide CA No-7435 of 2010.The matter is yet to be listed in SC for hearing. 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 period ended March 31, 2016.

(d) The Company was 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, wherein the licensee as per the terms of the license agreement was required to ensure that at least 10% of the District Headquarter / Towns are covered in the first year of the date of migration to UASL which commences from the date of Test Certificate issued by Telecom Engineering Centre ('TEC'). As stated by DoT in the Show Cause Notice issued, the Company has violated the conditions of UASL and accordingly Liquidated Damages of Rs 70,000,000 has been imposed and DoT has also sought explanation within 21 days as to why they should not take action against the Company under the UASL Agreement to which the Company has replied on September 27, 2007 that the Company has not violated the conditions of UASL and based on expert legal advice, the Company believes that there would be no financial liability against such claims of DoT and accordingly, has not recorded any liability towards the Liquidated Damages during period ended March 31, 2016.

(e) The Company was in receipt of a demand of Rs 433,158,340 from Bharat Sanchar Nigam Limited ('BSNL') on December 20, 2008 on account of unilateral revision of access charges vide its letter dated April 28, 2001 for the period from June 2001 to May 2003, in contravention of the Interconnect Agreement and TRAI Regulations. The Company, Association of Unified Service Providers of India 'AUSPI' (erstwhile Association of Basic Telephone Operators 'ABTO') and other Basic Service Operators contested aforesaid revision in the rates of access charges before Telecom Dispute Settlement Appellate Tribunal ('TDSAT'). TDSAT vide its reasoned and detailed judgement dated April 27, 2005 allowed the refund claims and struck down the unilateral revision in the rates of access charges by BSNL and held that Telecom Regulatory Authority of India ('TRAI') is the final authority for fixing of access charges and access charges would be payable as rates prescribed by the TRAI and as per the Interconnect agreements. BSNL preferred an appeal in Hon'ble Supreme Court against the order of TDSAT and an interim stay was granted on October 19, 2006. Therefore aggrieved by such unilateral action on the part of BSNL by raising aforesaid demand and disturbing the status-quo, applications were moved by the Company, AUSPI and other Operators in the Hon'ble Supreme Court vide C.A No.5834-5836 of 2005 that was listed for hearing on February 9, 2009 and Hon'ble Supreme Court passed an order clarifying its previous order of October 19, 2006 and stayed the refunds claim against the BSNL there by upholding the TDSAT order dated April 27, 2005 whereby BSNL is refrained from raising the access charges demand. The BSNL went for appeal in Hon'ble Supreme Court vide C.A No. 5834-5836 of 2005 BSNL Vs ABTO & Others. The matter was Tagged with CA-5253 of 2010 to decide the preliminary objection raised by

TRAI on the TDSAT"s jurisdiction. Next date of hearing is awaited. 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 period ended March 31, 2016.

(f) The Company was in receipt of demand of Rs. 7,000,000 from Department of Telecommunications ('DoT'), Licensing Group (Access Services) vide their letter dated October 21, 2009 for issuance of SIM cards on fake ID in Punjab Service Area, wherein 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 period ended March 31, 2016.

(g) As per The Telecommunication Interconnect Usage Charges Regulations 2003, intra circle carriage charges payable per minute for all intra circle calls irrespective of the distance between originating and terminating points, however, Bharat Sanchar Nigam Limited ('BSNL') was charging additional amounts based on distance for the period October 2007 to March 2009 which was against the telecommunication Interconnect Usage Charges Regulations 2003 of TRAI. The matter was raised to Hon'ble TDSAT by service providers to which Hon'ble TDSAT vide it's order dated May 21, 2010 upheld the demand of BSNL. The liability of the Company on basis of BSNL demand amounted to Rs 4,110,959. Subsequently TRAI appealed against the order of TDSAT in the Hon'ble Supreme Court vide C,A No. 271-281 of 2011. The matter is sub-judice and the final decision of the Hon'ble Supreme Court in the matter is still awaited.

(h) The Company was in receipt of a Show Cause Notice amounting to Rs 1,020,00,000 dated May 17, 2013 from Department of Telecommunications ('DOT') purportedly for the non-compliance with Electro Magnetic Frequency Radiation Norms ('EMF Radiation Norms') prescribed by DOT. The Company on May 21, 2013 has represented to DOT that the Company is fully compliant with the specified limits of the EMF Radiation Norms and the Company has also submitted the 'Self Certifications' in respect of all the 204 Base Transceiver Station ('BTS') set up in the Punjab Telecom Circle as mentioned in the Show Cause Notice well within the stipulated last date of March 31, 2011 as prescribed by DOT. Company filled petition in TDSAT vide petition No. 294 of 2013. The matter tagged with Petition No. 271 of 2013 and the arguments are over in the case and the order is reserved. The Company is confident that no such liability will arise and no further communication is received from DOT with this regard.

(i) The DOT (Term Cell) Punjab has issued another Show Cause Notice to the company making a demand for Rs. 3,23,500,000 DOT vide letter number 8-8/EMR-QTL/TERM-PB/2013/15C dated December 30,2013, wherein the TERM Cell, Punjab has imposed a penalty for alleged non compliance for Emission Magnetic Frequency ("EMF') radiation norms with respect to 647 Base Transreceiver Stations ('BTSs') as per list attached with said letter, in terms of the Unified Access Services ('UAS') License granted to the company. The Company has since submitted its response to the TERM Cell vide letter dated January 8, 2014, in reply to above, the Term Cell had issued an amended Show Cause Notice vide letter no. 8-8/EMR-QTL/TERM-PB/2013/24C dated August 7, 2014 superseding its earlier Show Cause Notice and revising the amount of penalty to Rs. 2,670,00,000 for 534 BTS sites (in place of earlier show cause demanding 32,35,00,000 for 647 BTS sites). We filed a case in TDSAT and the matter is listed vide Petition No. 423 of 2014.

(j) The Company had received a Show Cause Notice/ Demand Letter dated 11-08-2015 pertaining to the SAF Non compliance of about 5317 SAFs for the year 2013 with penalty of Rs. 18,46,25,000/-. We have got examined all the SAFs pointed out by DOT/TERM and the number of non compliant SAFs reduced to 4564. In the meantime we have represented the case with DDG (TERM) to re examine all the referred cases. The non compliance has been occurred due to one of the distributor in Punjab who manipulated the large no. of IDs which were beyond the control of Operators. In the present case all the SAFs of one of the distributors of all the operators in Punjab are non complied due to the Id problem. The matter is being re-examined by TERM and other departments to assess as how to protect the TSPs interest in case of such non compliance is done by the Distributors. Industry is working on it by taking appropriate checking mechanisms in place to avoid such non compliance happening henceforth in any manner. Also industry is taking appropriate legal action against the defaulting distributors without affecting the normal business of the companies. DOT Term reduced the penalty CAF to Rs.154,225,000 for 3956 no of CAFs in default. So QTL has filed petition in TDSAT vide petition No.13 of 2016. The case was adjourned till 25-May'2016.

(k) BSNL has raised demand for Infra charges levied and Point of Interconnection (POI) augmentation. QTL had filled petition vide petition No. 503 of 2014. The matter was admitted and stay was granted and POI augmentation was allowed. Further there was two weeks time given to BSNL and BSNL revised Demand note for Rs. 1,600,000 for infra charges from 2009 onwards. But it was not paid and challenged in TDSAT. Further date is awaited and the Company is confident that no liability would accrue regarding the same in future.

(l) BSNL had raised demand of Rs. 269,000,000 on the Company under Clause 6.4.6 of the Interconnect Agreement in connection with the FWT Services being provided by the Company. The Company had challenged the demand through Petition No. 232 of 2006. The TDSAT vide order dated 21-05-2010 had set aside the demand raised by BSNL. BSNL therefore filed an Appeal the Hon'ble Supreme Court.

(m) The Company was in receipt of a Show Cause Notice for assessment of Spectrum Charges from Department of Telecommunications ('DOT') purportedly for disallowance of deductions claimed in audited AGR for the year 2007-08 amounting to Rs 45,485,603 vide letter no. CCA/PB/Verification/HFCL/2007-08/782 dated January 15, 2015, for the year 2008-09 amounting to Rs 30,214,809 vide letter no. CCA/PB/Verification/HFCL/2007-08/782 dated January 5, 2015, for the year 2012-13 amounting to Rs 3,028,932 vide letter no. 17-8/2014/LFA-Quadrant dated April 20, 2015 and for the year 2013-14 amounting to Rs. 16,823,603 vide letter no. CCA/PB/Verification/Quadrant/2013-14/2217 dated April 04, 2016. The Company had made a written representations for the year 2007-08 and 2008-09 vide its letter no CCA/PB/Verification/HFCL/2008-09/2053 dated February 19, 2016, for the year 2013-14 vide its letter no QTL/DOT/LF/F29/2846 dated May 26, 2015 and for the year 2013-14 vide its letter no. QTL/CCA-PB/Verification/2013-14/2 dated April 18, 2016. The company was also in receipt of demand of Spectrum Charges of the year 2012-13 in respect of CDMA service amounting to Rs. 6,279,256 vide letter no. Spec/2013-14/538 and GSM Service amounting to Rs. 229,12,294 vide letter no. Spec/2013-14/540 dated July 25, 2014 on account of MWA spectrum charges, for the year 2013-14 in respect of GSM Service amounting to Rs. 14,677,526 vide letter no. CCA/PB/Verification/Quadrant/Assessment/Spec/2013-14/2024 dated February 03, 2016 and CDMA service amounting to Rs. 66,463 vide letter no. CCA/PB/Verification/Quadrant/Assessment/Spec/2013-14/2028 dated February 05, 2016, for the year 2014-15, for the year 2014-15 in respect of CDMA Service amounting to Rs. 31,242 vide letter no. CCA/PB/Verification/Quadrant/Assessment/Spec/2013-14/2042 dated February 12, 2016 and GSM service amounting to Rs. 1,385,874 vide letter no. CCA/PB/Verification/Quadrant/Assessment/Spec/2013-14/2043 dated February 12, 2016. The Company had made a written representation for the year 2012-13 vide letter no. QTL/Spectrum/12-13/04 for CDMA and QTL/Spectrum/12-13/05 for GSM dated August 5, 2014, for the year 2013-14 vide its letter no. QTL/Spectrum/13-14/01 dated February 17, 2016 and for the year 2014-15 vide its letter no. QTL/Spectrum/14-15/01 dated February 23, 2016. The Company is confident that no liability would accrue regarding the same in future.

(n) The Company's pending litigations comprise of claims against the Company and proceedings pending with Tax Authorities / Statutory Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial position.

(o) The Company periodically reviews all its long term contracts to assess for any material foreseeable losses. Based on such review wherever applicable, the Company has made adequate provisions for these long term contracts in the books of account as required under any applicable law/accounting standard.

(p) As at March 31, 2016 the Company did not have any outstanding long term derivative contracts.

28. During the year ended March 31, 2016, the Company has incurred losses of Rs 1,348,104,827/- resulting into accumulated loss of Rs 17,638,407,752/- as at March 31, 2016 which has completely eroded its net worth and has a net current liability of Rs 12,713,562,129/-. 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.

29. In the opinion of the Board and to the best of their knowledge and belief, the value of realization in respect of the Current assets, loans and advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet and the provision for all known and determined liabilities is adequate and not in excess of amount reasonably required.

30. In absence of any taxable income, no provision for the current tax has been made. Also, in view of losses and unabsorbed depreciation, considering the grounds of prudence, deferred tax assets is recognized to the extent of deferred tax liabilities and balance deferred tax assets have not been recognized in the books of accounts.

31. The Company has carried out Impairment Test on its Fixed Assets as on March 31, 2016 and the Management is of the opinion that there is no asset for which impairment is required to be made as per Accounting Standard-28 on Impairment of Assets issued by ICAI . (Previous year Rs. Nil).

32. Secured Loans

a. As per the CDR Scheme approved on March 10, 2004 and subsequently approved on June 4, 2005, the Lenders had signed Master Restructuring Agreement ('MRA') for restructuring of their Debts and Security Trusteeship Agreement, whereby the Lenders had entered into an agreement and appointed IDBI Trusteeship Services Limited (hereinafter referred as "ITSL") as their custodian of security. On November 11, 2005, the charges were registered in favour of the ITSL for Rupee Term Loans, for providing Specific Credit Facility, for Working Capital Assistance and Zero percent Secured OFCDs. The same are secured by first pari passu charge on immovable properties of the Company situated at Kandivali (East), Mumbai and properties situated at Mohali & Jalandhar under equitable mortgage, first pari passu charge of hypothecation of movable properties of the Company including movable plant & machinery, machinery spares, tools & accessories and other movables including book debts by way of hypothecation, both present and future. Further, the same are also secured by assignment of all rights, title, benefits, claims and interest in, under the project documents, insurance policies, all statutory, government and regulatory approvals, permissions, exemptions and waivers on pari passu basis. Subsequently, pursuant to the reworked restructuring scheme approved under CDR mechanism on June 24, 2005, the Company had entered into amendatory Master Restructuring Agreement and amendatory Security Trusteeship Agreement ('STA') on March 9, 2006, whereby Centurion Bank of Punjab had 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 had 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 had 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 had been approved a new restructuring scheme, which includes the induction of strategic investor / change of management and settlement proposal for Term Lenders. All the term lenders had given their acceptance to the new restructuring scheme. The new restructuring scheme was made effective from April 1, 2009 and accordingly an amount of Rs 373,097,077 towards FITL from July 1, 2008 to March 31, 2009 has been considered as term loan.

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

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

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

In terms of CDR Package dated August 13, 2009 stipulating the reduction of paid up capital and pursuant to the Order of the Hon'ble Bombay High Court dated July 4, 2014 under Section 100 to 105 of Companies Act, 1956, which was duly registered by the Registrar of Companies, Mumbai on Sept 3, 2014, the paid up value of the 61,22,60,268 equity shares stood reduced from Rs. 10 per share to Re. 1 per share w.e.f. Sept 3, 2014; Consequently, paid up equity share capital also stood reduced from Rs. 612.26 Crore to Rs. 61.22 Crore and the Accumulated Losses were written-off to the extent of Rs. 551.03 Crore on Sept 3, 2014. The trading of Equity Shares with reduced face value of Re.1/- per share has commenced on December 29, 2014 at BSE Ltd.

b. The above mentioned security has been further extended to the amount of secured loans and working capital assistance, together with the interest, compound interest, additional interest, default interest, costs, charges, expenses and any other monies payable by the Company in relation thereto and in terms with MRA and STA entered into between the lenders and ITSL

The Company has complied with all the terms and conditions of Corporate Debt Restructuring Scheme as approved by the CDR Cell letter dated August 13, 2009.

33. Unsecured Loans

a. On October 16, 2004, the Company issued 1,667,761 zero percent Non Convertible Debentures ('NCDs') of Rs 100/- each in lieu of interest accrued on term loans from a financial institution and a bank for the period April 1, 2003 to December 31, 2003. The 'NCD's earlier redeemable at par on March 31, 2014, then at par on March 31, 2016, are now redeemable at par on March 31, 2024 after repayment of the term loans as per CDR Schemes.

b. The Company under the terms of the agreement dated May 1, 2007 had taken convertible loan to facilitate expansion and development of businesses amounting to Rs 499,499,886 from Infotel Digicomm Private Limited. The convertible loan was repayable on demand with an option to convert the Loan into Equity Shares, subject to getting necessary approvals and subject to applicable pricing guidelines as per SEBI and other laws and regulations. On September 16, 2009 Infotel Digicomm Private Limited ('IDPL') had entered into an assignment agreement with Domebell Electronics India Private Limited ('DEIPL'), wherein IDPL had assigned the above convertible loan of Rs 499,499,886 to DEIPL. All the terms and conditions relating to the convertible loan remained the same. The interest accrues at the end of each quarter. During the year ended March 31, 2010 the Company had provided for interest amounting to Rs 14,984,997 @ 12% to IDPL for the three months ended June 30, 2009. DEIPL on the basis of the assignment agreement dated September 16, 2009 had 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, 2016, therefore no provision for such interest has been made by the Company. Consequent to the addendum to the assignment agreement, the convertible loan from DEIPL is now repayable after 8 years from the date of assignment agreement dated September 16, 2009.

c. The Company under the terms of the agreement dated May 1, 2007 had taken buyer's credit facility to facilitate funding of the telecom project amounting to Rs 410,740,832 from Infotel Business Solutions Limited. The loan carries 12% interest and was repayable on demand. Infotel Business Solutions Limited had the option to convert the loan including interest accrued into equity shares, subject to applicable pricing guidelines as per SEBI and other laws and regulations. On September 16, 2009 Infotel Business Solutions Limited

('IBSL') had entered into an assignment agreement with Domebell Electronics India Private Limited ('DEIPL'), wherein IBSL had assigned the above buyer's credit facility of Rs 410,700,000 to DEIPL. All the terms and conditions relating to the buyer's credit facility remained the same. The interest accrues at the end of each quarter. During the year ended March 31, 2010 the Company had provided for interest amounting to Rs 12,322,225 @ 12% to IBSL for the three months ended June 30, 2009. and accordingly DEIPL on the basis of the assignment agreement dated September 16, 2009 had 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, 2016, therefore no provision for such interest has been made by the Company. Consequent to the addendum to the assignment agreement, the convertible loan from DEIPL is now repayable after 8 years from the date of assignment agreement dated September 16, 2009.

d. The Company had taken an unsecured loan on July 06, 2010 of Rs.1,598,500,000 @ 8% per annum, the interest accrues at the end of each quarter. The lender has agreed to waive off the interest from July 06, 2010 to March 31, 2016, therefore no provision for said interest has been made by the Company. The aforesaid unsecured loan is repayable on demand after 7 years from the commencement of the unsecured loan.

34. Trade Payables include amount payable to Micro and Small Enterprises as at March 31, 2016 of Rs 215,507 (March 31, 2015 – Rs. 405,264). 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, 2016 is as under –

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Principal amount	215,507	405,264
Interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
The amount of interest paid by the buyer in terms of Section 16 of Micro, Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each account year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small & Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of accounting year.	-	-

35. The Company had received advance of Rs 11,900,191,685 (March 31, 2015 Rs. 9,164,986,433) to fund the entry fee for using GSM Technology under the existing Unified Access Services License (UASL) and business operations for Punjab Service Area. The same is included in Other Current Liabilities. No interest is payable on the said advance.

36. Earning Per Share

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

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Loss for the year (in Rs)	1,348,104,827	2,398,930,498
Weighted average number of equity shares	612,260,268	612,260,268
Nominal value per equity share (in Rs)	1	1
Earning per share – basic and diluted (in Rs)	(2.20)	(3.92)

37. Operating leases

Company as a Lessee

a. The Company has entered into various cancelable lease agreements for leased premises. Gross rental expenses for the year ended March 31, 2016 is Rs 115,075,794 (March 31, 2015 – Rs 89,807,810).

b. The Company has entered into site sharing agreements with other operators for sharing of their infrastructure sites. During the year, the Company has incurred Rs 629,277,088 (March 31, 2015 – Rs 577,608,841) towards infrastructure sharing expenses.

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

Particulars	As at 31.03.2016	As at 31.03.2015
Payable not later than one year	404,326,731	442,749,892
Payable later than one year and not later than five years	608,668,742	837,970,817
Payable more than five years	51,003,733	88,984,103
Total	**1,063,999,206**	**1,369,704,812**

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.

Company as a Lessor

a. The Company has entered into cancellable site sharing agreements with other operators for sharing of its infrastructure sites. During the year, the Company has accrued Rs 47,688,706 (March 31, 2015 – Rs 30,239,700) towards site sharing revenue.

b. The Company has entered into a non-cancellable lease arrangement to provide approximately 8,680.67 Fiber pair kilometers of dark fiber on indefeasible right of use (IRU) basis for a period of 15 years. The gross block, accumulated depreciation and depreciation expense of the assets given on IRU basis is not readily determinable and hence not disclosed. In respect of such leases, rental income of Rs 62,774,063 (March 31, 2015 – Rs 51,735,329) has been recognized in the Statement of Profit and Loss for the period ended March 31, 2016.

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

Particulars	As at 31.03.2016	As at 31.03.2015
Receivable not later than one year	38,806,906	38,806,906
Receivable later than one year and not later than five years	115,500,453	135,723,186
Receivable later than five years	45,959,810	64,650,304
Total	**200,267,170**	**239,180,396**

38. 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.

39. Related Party Disclosures

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

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

Name	Relationship
Quadrant Enterprises Private Limited	Holding Company
Quadrant Telenet Services Private Limited	Wholly Owned Subsidiary
Videocon Integrated Solutions Private Limited (formerly known as Infotel Tower Infrastructure Private Limited)	Wholly Owned Subsidiary till May 30, 2015
(Company Secretary & Manager) Mr. Kapil Bhalla till 23-June'2015 Mr. Amit Verma w.e.f. 01-July'2015	Key Managerial Persons (KMPs)
(Chief Financial Officer) Mr. Suniljit Singh from 01-Apr'2014 to 22-Nov'2014 Mr. Ashu Ratan Khare 22-Nov-2014 to 15-Apr-2015 Mr. Munish Bansal w.e.f. 15-Apr-2015	Key Managerial Persons (KMPs)

b) **Transactions / Outstanding balances with Related Parties.**

	2015-16		2014-15	
Particulars	Wholly Owned Subsidiary *	KMP	Wholly Owned Subsidiary	KMP
Sale of Material	--	--	240,999	--
Debit notes received by us	23,876	--	9,294,096	--
Credit note received by us	--	--	8,307	--
Purchase of Services	28,927,138	--	217,173,448	--
Remuneration paid**	--	2,496,099	--	4,415,496
Closing Balance as at Balance Sheet date				
Amount receivable	Nil	--	30,782,214	--

* All transactions with wholly owned subsidiary are with Videocon Integrated Solutions Private Limited (formerly known as Infotel Tower Infrastructure Private Limited).

** Managerial remuneration paid to KMP include Rs 84,644 paid to Mr. Ashu Ratan Khare (P.Y.– Rs 582,506), Rs. 12,42,839 paid to Mr. Munish Bansal (P.Y. – Rs Nil) and Rs. Nil paid to Mr. Suniljit Singh (P.Y. – Rs 2,167,190) as Chief Financial Officer and Rs 668,862 paid to Mr. Kapil Bhalla (P.Y. – Rs 1,665,800) and Rs. 4,99,754 paid to Mr. Amit Verma (P.Y. – Rs Nil) as to Manager.

40. Debenture Redemption Reserve

Pursuant to the CDR scheme on October 16, 2004, the Company had issued unsecured Zero% Non Convertible Debenture ('NCD') (Erstwhile OFCDs) aggregating to Rs 166,776,100. Pursuant to the new restructuring scheme dated August 13, 2009 the Company had allotted secured Non Convertible Debenture ('NCD') for Rs 3,196,909,043 to Financial institution and Banks on January 21, 2013, equivalent to 50% of their outstanding loans as on April 01,2009. As per section 71(4) of the Companies Act, 2013, 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 ended March 31, 2016, the Company has incurred loss of Rs 1,348,104,827 due to which the Company has not created Debenture redemption reserve.

41. Employee Benefits

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

Defined Contribution Plans

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Employer's Contribution to Provident Fund *	17,928,055	17,006,466
Employer's Contribution to ESI *	351,568	557,078

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

Defined Benefit Plans

The employee's gratuity fund scheme managed by Life Insurance Corporation of India and ICICI Lombard General Insurance Company Limited is a defined benefit plan and the same is 100% funded. The present value of obligation is determined based on actuarial valuation using Project Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized 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	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current service cost	5,101,211	7,425,717	4,856,648	14,247,882
Interest cost	2,359,490	2,594,663	2,322,490	4,560,681
Expected Return on plan assets	(95,934)	-	(115,918)	-
Actuarial (gain) / loss	3,387,222	(6,608,592)	(560,406)	(11,082,897)
Past service cost	-	-	-	-
Curtailment and Settlement cost / (credit)	-	-	-	-
Net cost	**10,751,989**	**3,411,788**	**6,502,814**	**7,725,666**

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

Particulars	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount Rate	8.00%	8.00%	8.00%	8.00%
Expected Rate of increase in Compensation levels	6.00%	6.00%	6.00%	6.00%
Expected Rate of Return on Plan Assets	8.00%	8.00%	8.00%	8.00%
Expected Average remaining working lives of employees (years)	7.77 Years	7.77 Years	7.86 Years	7.86 Years

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

Particulars	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Change in Projected Benefit Obligation (PBO)				
Projected benefit obligation at beginning of year	27,749,003	31,443,113	23,847,153	48,038,355
Current service cost	5,101,211	7,209,268	4,856,648	14,247,882
Interest cost	2,359,490	2,594,663	2,322,490	4,560,681
Benefits paid	(3,479,061)	(3,886,565)	(2,759,869)	(2,905,225)
Past service cost	-	-	-	-
Actuarial (gain) / loss	3,004,786	(6,608,592)	(517,419)	(11,082,897)
Projected benefit obligation at year end	**34,735,429**	**30,751,887**	**27,749,003**	**52,858,796**

Particulars	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Change in plan assets :				
Fair value of plan assets at beginning of year	1,055,380	-	856,344	-
Expected return on plan assets	95,934	-	115,918	-
Actuarial gain / (loss)	(382,436)	-	42,987	-
Employer contribution	-	-	-	-
Contribution by plan participants	5,000,000	-	2,800,000	-
Settlement cost	-	-	-	-
Benefits paid	(3,479,061)	-	(2,759,869)	-
Fair value of plan assets at year end	**2,289,817**	**-**	**1,055,380**	**-**
Net funded status of the plan	**(32,445,612)**	**(30,751,887)**	**(26,693,623)**	**(52,858,796)**
Net amount recognized	**(32,445,612)**	**(30,751,887)**	**(26,693,623)**	**(52,858,796)**

Particulars	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Fair value of plan assets :				
Fair value of plan assets at beginning of year	1,055,380	-	856,344	-
Actual return on plan assets	(286,502)	-	158,905	-
Employer contribution	5,000,000	-	2,800,000	-
Contribution by plan participants	-	-	-	-
Settlement cost	-	-	-	-
Benefits paid	(3,479,061)	-	(2,759,869)	-
Fair value of plan assets at year end	**2,289,817**	**-**	**1,055,380**	**-**

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		
	2015-16	2014-15	2013-14	2015-16	2014-15	2013-14
Defined benefit obligation	34,735,429	27,749,003	23,847,153	30,751,887	52,858,796	48,038,355
Plan assets	2,289,817	1,055,380	856,344	-	-	-
Surplus / (deficit)	(32,445,612)	(26,693,623)	(22,990,809)	(30,751,887)	(52,858,796)	(48,038,355)
Experience adjustments on plan liabilities	-	-	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-	-

42. Expenditure in foreign currency (on accrual basis)

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Travel Expenses	4,015,295	500,040
Others	1,439,338	1,441,770
Total	**5,454,633**	**19,41,810**

43. Foreign Currency Exposure that have not been hedged by derivative instrument at the year end is given below: -

Particulars	Currency	As at 31.03.2016		As at 31.03.2015	
		Foreign Currency	Equivalent Rs.	Foreign Currency	Equivalent Rs.
Trade Payable	US$	1,954,435	131,728,908	451,722	28,187,462
Advance given to Supplier	US$	246,794	16,633,902	228,709	14,271,426
Total		2,201,929	148,362,810	680,431	42,458,888

44. CIF value of imports

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Import of capital equipment (other than telephone instruments)	362,454,722	154,567,430
Import of telephone instruments	4,936,749	9,624,426
Components and Spares	1,059,711	588,101
Total	**368,451,182**	**164,779,956**

45. Consumption of Stores & Spares

Particulars	For the year ended 31.03.2016		For the year ended 31.03.2015	
	Value	**%**	**Value**	**%**
Indigenous	132,317,098	99.90	100,367,058	98.72
Imported	129,605	0.10	1,299,533	1.28
Total	**132,446,703**	**100.00**	**101,666,591**	**100.00**

46. Balances of some of the trade receivables and trade payables are subject to confirmations from the respective parties and consequential reconciliations/adjustments arising there from, if any. The management however doesn't expect any material variances.

47. Previous year's figures have been regrouped and reclassified wherever necessary and the figures have been rounded off to the nearest rupee.

As Per our report of even date

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

For and on behalf of the Board

Naveen Jain
Partner
Membership No.511596

Mitu Mehrotra Goel
Director
(DIN No. 05188846)

Babu Mohanlal Panchal
Director
(DIN No. 01806193)

Amit Verma
Company Secretary & Manager

Munish Bansal
Chief Financial Officer

Place : Mohali
Date : May 27, 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF,

QUADRANT TELEVENTURES LIMITED

1 Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Quadrant Televentures Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprises the Consolidated Balance Sheet as at 31st March, 2016, and the Consolidated Statement of Profit and Loss, and Consolidated Cash Flow Statement for the year ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements" (CFS)).

2 Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3 Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

4 Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2016, and its consolidated loss and its consolidated cash flows for the year ended on that date.

5 Emphasis of Matters

In case of holding Company we draw attention to Note No. 29 to the financial statements, the Company has incurred a net loss of Rs. 1,348,104,827/- during the year, the accumulated losses as at March 31, 2016 amounted to Rs. 17,638,407,752/- resulting in, the erosion of its net worth and has net current liabilities of Rs. 12,713,562,129/- as at March 31, 2016. These factors raise a doubt that the Company will not be able to continue as a going concern. The management is confident of generating cash flows from business operations through increasing subscribers' base and with the support of significant shareholders to fund its operating and capital fund requirements. Accordingly, these statements have been prepared on a going concern basis. Our opinion is not qualified in respect of this matter.

6 Other Matters

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs. 106,430/- as at 31st March, 2016, total revenues of Rs. Nil and net cash flows amounting to Rs. Nil for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other auditors. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

7 Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, we report that:

(a) We have sought and 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 it appears from our examination of those books;

(c) the Consolidated Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of its subsidiary company incorporated in India, none of the other directors of the Group's companies is disqualified as on 31st March, 2016 from being appointed as a director in terms of subsection (2) of Section 164 of the Companies Act, 2013;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 26-28 to the consolidated financial statements.

b. The Group did not have any long-term contracts including derivative contracts – Refer Note 28 to the consolidated financial statements;

c. In case of holding company there were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the company. In case of subsidiary company, there were no amounts which were required to be transferred to the Investor Education and Protection Fund.

For KHANDELWAL JAIN & Co
Chartered Accountants
Firm's Registration No. 105049W

Naveen Jain
(Partner)
Membership No. 511596

Place: Mohali
Date: May 27, 2016

ANNEXURE - THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF QUADRANT TELEVENTURES LIMITED AS ON 31ST MARCH 2016.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

TO THE MEMBERS OF

QUADRANT TELEVENTURES LIMITED

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2016, we have audited the internal financial controls over financial reporting of **QUADRANT TELEVENTURES LIMITED** ("the Holding Company") and its subsidiary companies, as of that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on audit of Internal financial controls over financial reporting (the "Guidance Note") and the standards on auditing as specified under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by Institute of Chartered Accountants of India. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its subsidiary companies, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31,2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting so far as it relates to the one subsidiary company, is based on the corresponding reports of the auditors of such company incorporated in India.

For KHANDELWAL JAIN & Co
Chartered Accountants
Firm's Registration No. 105049W

Naveen Jain
(Partner)
Membership No. 511596

Place: Mohali
Date: May 27, 2016

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016

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

Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	**1**	2,860,714,568	2,860,714,568
(b) Reserves and surplus	**2**	(17,569,896,800)	(16,254,955,612)
		(14,709,182,232)	(13,394,241,044)
(2) Non-current liabilities			
(a) Long-term borrowings	**3**	5,872,384,786	5,872,384,786
(b) Other Long term liabilities	**4**	1,115,604,522	1,191,541,126
(c) Long-term provisions	**5**	57,051,083	65,203,111
		7,045,040,391	**7,129,129,023**
(3) Current liabilities			
(a) Short-term borrowings	**6**	166,050,376	105,841,002
(b) Trade payables	**7**	755,286,139	1,138,557,554
(c) Other current liabilities	**8**	12,833,194,481	11,252,878,488
(d) Short-term provisions	**9**	6,588,337	30,186,164
		13,761,119,333	12,527,463,208
TOTAL		**6,096,977,492**	**6,262,351,187**
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	**10**	3,904,030,969	3,615,397,726
(ii) Intangible assets	**10**	580,235,925	927,401,966
(iii) Capital work-in-progress		421,301,893	380,804,580
(b) Deferred tax Assets		-	6,610,845
(c) Long-term loans and advances	**11**	143,807,057	159,890,192
		5,049,375,844	**5,090,105,309**
(2) Current assets			
(a) Inventories	**12**	29,951,854	27,111,019
(b) Trade receivables	**13**	501,187,651	529,669,462
(c) Cash and Bank balance	**14**	247,599,605	188,967,593
(d) Short-term loans and advances	**15**	266,949,197	425,645,362
(e) Other current assets	**16**	1,913,341	852,442
		1,047,601,648	1,172,245,878
TOTAL		**6,096,977,492**	**6,262,351,187**
See accompanying notes to the financial statement	**1-48**		

As per our report of even date

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

Naveen Jain
Partner
Membership No. 511596

For and on behalf of the Board

Mitu Mehrotra Goel
Director
(DIN No. 05188846)

Babu Mohanlal Panchal
Director
(DIN No. 01806193)

Amit Verma
Company Secretary & Manager

Munish Bansal
Chief Financial Officer

Place : Mohali
Date : May 27, 2016

Consolidated Statement of Profit and Loss for the year ended March 31, 2016
(Unless and otherwise stated, all amounts are in rupees)

	Particulars	Note No.	For the year ended 31.03.2016	For the year ended 31.03.2015
I.	Revenue from operations	**17**	5,623,935,545	5,252,944,245
II.	Other income	**18**	44,771,643	36,293,167
III.	**Total Revenue (I + II)**		5,668,707,188	5,289,237,412
IV.	**Expenses:**			
	Purchase of Stock-in -trade	**19**	961,534	13,132,018
	Changes in inventories of Finished Goods, Work in Progress and Stock in Trade	**20**	152,683	(4,302,781)
	Network Operation Expenditure	**21**	3,791,321,128	4,442,020,758
	Employee Benefits Expenses	**22**	778,637,470	845,753,460
	Sales & Marketing Expenditure	**23**	283,587,321	368,444,109
	Finance Cost	**24**	272,990,490	268,428,470
	Depreciation and Amortization Expenses	**10**	1,334,118,480	1,390,668,278
	Other Expenses	**25**	555,584,392	374,554,861
	Total expenses		**7,017,353,498**	**7,698,699,173**
V.	Profit before exceptional and extraordinary items and tax (III-IV)		**(1,348,646,310)**	**(2,409,461,761)**
VI.	Profit/(Loss) on disposal of Investment in Subsidiaries		33,677,188	-
VII.	**Profit/(Loss) before tax (V- VI)**		**(1,314,969,122)**	**(2,409,461,761)**
VIII.	Tax expense:			
	(1) Current tax		-	-
	(2) Deferred tax		40,364	2,838,208
IX.	**Profit/(Loss) for the period (V-VI)**		**(1,314,928,758)**	**(2,406,623,553)**
X.	Earnings per equity share: (Nominal Value of Rs 1/- each)			
	(1) Basic		(2.15)	(3.93)
	(2) Diluted		(2.15)	(3.93)
	See accompanying notes to the financial statement	**1-48**		

As per our report of even date

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

Naveen Jain
Partner
Membership No. 511596

Place : Mohali
Date : May 27, 2016

For and on behalf of the Board

Mitu Mehrotra Goel
Director
(DIN No. 05188846)

Babu Mohanlal Panchal
Director
(DIN No. 01806193)

Amit Verma
Company Secretary & Manager

Munish Bansal
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

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

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) for the year before Tax	(1,314,969,122)	(2,409,461,761)
Adjustments for:		
Depreciation and Amortisation	1,334,118,480	1,390,668,278
Foreign exchange Loss/ (Gain)	2,104,968	(11,401,498)
Loss/ (Gain) on Sold / Discarded Fixed Assets/CWIP	57,611,534	1,513,456
Pre-Operative Expenses	(12,430)	(86,250)
Bad Debts Written Off	41,020,103	3,463,445
Provision for Doubtful Debts	53,890,350	6,322,733
Finance Expenses	272,990,490	268,428,470
Interest Income	(26,726,526)	(13,013,872)
Operating profit before working capital changes	**420,027,847**	**(763,566,999)**
Adjustment for changes in working capital:		
(Increase) / Decrease in debtors	(66,428,642)	(58,872,763)
(Increase) / Decrease in other current assets	86,563,056	(32,074,483)
(Increase)/ Decrease in inventory	(2,840,835)	(4,745,580)
Increase / (Decrease) in trade payable and other current liabilities	1,119,309,788	2,856,570,713
Cash generated from operations	**1,556,631,214**	**1,997,310,888**
Direct Taxes paid (Net)	94,867,452	(14,335,590)
NET CASH GENERATED FROM OPERATING ACTIVITIES (A)	**1,651,498,666**	**1,982,975,298**
CASH FLOW FROM INVESTING ACTIVITIES		
Adjustment for changes in:		
Purchase of fixed assets/CWIP	(1,374,228,152)	(1,712,957,142)
Proceeds from sale of fixed assets/CWIP	533,623	(1,513,456)
Fixed deposits	(10,730,461)	(75,043,812)
Interest Received	25,665,627	15,348,065
NET CASH USED IN INVESTING ACTIVITIES (B)	**(1,358,759,363)**	**(1,774,166,345)**
CASH FLOW FROM FINANCING ACTIVITIES		
Increase (Repayment) of Borrowings	60,209,374	5,223,537
Interest paid	(305,047,127)	(204,490,261)
NET CASH USED IN FINANCING ACTIVITIES (C)	**(244,837,753)**	**(199,266,724)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**47,901,550**	**9,542,231**
Cash and Cash Equivalents at the beginning of the year	86,426,233	76,884,002
Cash and Cash Equivalents at the end of the year	**134,327,783**	**86,426,233**
Cash and Bank Balances		
Cash in Hand	16,388,571	14,510,449
Cheques in Hand	9,300,738	7,236,369
In Current Account	108,638,474	64,679,415
Cash & Cash Equivalents	**134,327,783**	**86,426,233**

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. 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 and on behalf of the Board

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

Mitu Mehrotra Goel
Director
(DIN No. 05188846)

Babu Mohanlal Panchal
Director
(DIN No. 01806193)

Naveen Jain
Partner
Membership No. 511596

Amit Verma
Company Secretary & Manager

Munish Bansal
Chief Financial Officer

Place : Mohali
Date : May 27, 2016

NOTES FORMING PARTS OF THE ACCOUNTS

NOTE 1 - SHARE CAPITAL	As at 31.03.2016	As at 31.03.2015
Authorised:		
12,000,000,000 (March 31, 2015 - 12,000,000,000 equity share of Rs. 1/- each) equity shares of Rs. 1/- each.	12,000,000,000	12,000,000,000
30,000,000 (March 31, 2015 - 30,000,000) preference shares of Rs 100/- each.	3,000,000,000	3,000,000,000
	15,000,000,000	**15,000,000,000**
Issued, Subscribed and Paid up :		
612,260,268 (March 31, 2015 - 612,260,268 equity share of Rs. 1/- each) equity shares of Rs 1/- each fully paid.	612,260,268	612,260,268
6,500,000 (March 31, 2015 - 6,500,000) 2% Cumulative Redeemable Preference Shares ('CRPS') of Rs 100/- each fully paid.	650,000,000	650,000,000
15,984,543 (March 31, 2015 - 15,984,543) 2% Cumulative Redeemable Preference Shares ('CRPS') of Rs 100/- each fully paid.	1,598,454,300	1,598,454,300
	2,860,714,568	**2,860,714,568**

(a) Of the above

(i) 83,070,088 equity shares of Rs 10 each were allotted on October 16, 2004, pursuant to the Corporate Debt Restructuring ('CDR') Scheme.

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

(ii) 8,67,43,116 equity shares of Rs.10/- each were issued on July 08, 2009, consequent to the conversion of Optionally Fully Convertible Debentures (OFCDs) pursuant to the Corporate Debt Restructuring (CDR) Cell.

(b) Of the above

(i) 6,500,000, 7.5 per cent CRPS were allotted on October 16, 2004, pursuant to the CDR Scheme, where under the specified part of the amount due to CRPS Holder by the Company was converted into 7.5 per cent CRPS redeemable after the repayment of Rupee Term Loan (in Financial Year 2016-17). As per the CDR Scheme , prior approval of the lenders would be required to declare dividend on 7.5 per cent CRPS and all the voting rights attached to the CRPS to be assigned in favour of the term lenders. On June 24, 2005 as per revised CDR Scheme, the dividend percentage was reduced to 2 per cent from 7.5 per cent with effect from date of issuance of CRPS. The CDR dated August 13, 2009 does not stipulate any reference to aforesaid CRPS. Accordingly the CRPS shall be redeemable after the full settlement of dues to term lenders i.e. in Financial Year 2024-25 as against earlier stipulated repayment in Financial Year 2016-17. (with reference to CDR dated June 24,2005).

(ii) 15,984,543, 2% Cumulative Redeemable Preference Shares of Rs. 100/- fully paid up, aggregating up to Rs. 1,598,454,300 were allotted on November 9, 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 (yearly) over a period of four years commencing from March 31, 2021 at a premium of 34% p.a..

(iii) Due to losses incurred by the Company, the provision for dividend on CRPS of Rs.650,000,000 and Rs.1,598,454,300 is not required and hence not provided for in the financials.

(c) In terms of CDR Package dated August 13, 2009 stipulating the reduction of paid up capital and pursuant to the Order of the Hon'ble Bombay High Court dated July 4, 2014 under Section 100 to 105 of Companies Act, 1956, which was duly registered by the Registrar of Companies, Mumbai on Sept 3, 2014, the paid up value of the 61,22,60,268 equity shares stood reduced from Rs. 10/- per share to Rs. 1/- per share w.e.f. Sept 3, 2014; Consequently, paid up equity share capital also stood reduced from Rs. 612.26 Crore to Rs. 61.22 Crore and the Accumulated Losses were written-off to the extent of Rs. 551.03 Crore on Sept 3, 2014. The trading of Equity Shares with reduced face value of Re.1/- per share has commenced on December 29, 2014 at BSE Ltd.

NOTES FORMING PARTS OF THE ACCOUNTS

(d) The details of Shareholders holding more than 5 percent shares as at 31.03.2016 are as under

Name of Share Holder	No. of Shares as at 31.03.2016	% held as at 31.03.2016	No. of Shares as at 31.03.2015	% held as at 31.03.2015
Equity Shares				
Quadrant Enterprises Pvt. Ltd.	326,705,000	53.36	326,705,000	53.36
IDBI Bank Ltd.	118,271,641	19.32	118,271,641	19.32
Oriental Bank of Commerce	35,223,326	5.75	38,093,321	6.22
Preference Shares				
IDBI Bank Ltd.	10,569,187	47.01	10,569,187	47.01
Shree Dhoot Trading & Agencies Ltd.	6,500,000	28.91	6,500,000	28.91
Oriental Bank of Commerce	1,981,254	8.81	1,981,254	8.81
Life Insurance Corporation of India	1,981,165	8.81	1,981,165	8.81

e) The reconciliation of the number of Shares outstanding as at 31.03.2016 is set out below:

Particulars	As at 31.03.2016	As at 31.03.2015
Number of Equity shares at the beginning	612,260,268	612,260,268
Add: Shares issued during the year	-	-
Number of shares at the end	**612,260,268**	**612,260,268**
Number of Preference shares at the beginning	22,484,543	22,484,543
Add: Shares issued during the year	-	-
Number of shares at the end	**22,484,543**	**22,484,543**

NOTE 2 - RESERVES AND SURPLUS	As at 31.03.2016	As at 31.03.2015
Capital Reserve:		
Balance at the beginning and end of the year	34,032,776	34,032,776
Securities Premium		
Balance at the beginning and end of the year	22,633,732	22,633,732
Statutory Reserve		
Balance at the beginning and end of the year	11,900,000	11,900,000
Profit & Loss A/c:		
Opening Balance	(16,323,522,120)	(19,422,454,292)
Add: Carrying amount of the Assets with the remaining useful is Nil as per Schedule II of Companies Act 2013	-	(4,700,438)
Less: Reduction in Share Capital	-	5,510,342,411
Add: Transfer from Statement of Profit & Loss	(1,314,928,758)	(2,406,623,552)
Add: Preliminary Expenes	(12,430)	(86,250)
Closing Balance	(17,638,463,308)	(16,323,522,120)
Total	**(17,569,896,800)**	**(16,254,955,612)**

NOTES FORMING PARTS OF THE ACCOUNTS

NOTE 3 - LONG TERM BORROWINGS	As at 31.03.2016	As at 31.03.2015
Secured		
Redemable Secured Non Convertible Debentures ('NCDs') (Pursuant to Revised CDR)	3,196,908,800	3,196,908,800
Unsecured		
Zero per cent Non Convertible Debentures ('NCDs') (erstwhile OFCDs)	166,776,100	166,776,100
Loans from Body Corporate	2,508,699,886	2,508,699,886
Total	**5,872,384,786**	**5,872,384,786**

a. Yield of Interest and Premium on redemption of Secured Non-Convertible Debentures is 8% p.a.

b. Redeemable Secured Non-Convertible Debentures as per CDR is secured by first pari passu charge on movable and immovable fixed assets and first pari passu charge on Current Assets, assignment of license / contracts and fully detailed in Note 33 (1).

c. Redemption Schedule of the Secured Non Convertible Debentures.

Financial Year	Amount of Non Convertible Debenture
2017-18	319,690,904
2018-19	319,690,904
2019-20	639,381,809
2020-21	639,381,809
2021-22	639,381,809
2022-23	639,381,809

d. On October 16, 2004, the Company issued 1,667,761 zero percent Non Convertible Debentures (‘NCDs’) of Rs 100 each in lieu of interest accrued on term loans from a financial institution and a bank for the period April 1, 2003 to December 31, 2003. The ‘NCD’s earlier redeemable at par on March 31, 2014, then at par on March 31, 2016, are now redeemable at par on March 31, 2024 after repayment of the term loans as per CDR Schemes.

NOTE 4 - OTHER LONG TERM LIABILITIES	As at 31.03.2016	As at 31.03.2015
Interest accrued but not due on borrowings	895,573,792	927,630,429
Security Deposits		
- From Subscribers	12,427,338	13,745,830
- From Others	43,993,085	47,348,116
Advance From Customers and Unaccrued Income	163,610,307	202,816,751
Total	**1,115,604,522**	**1,191,541,126**

NOTE 5 - LONG TERM PROVISIONS	As at 31.03.2016	As at 31.03.2015
Provision for employee benefits.		
Leave Encashment / Availment	28,694,006	34,595,410
Gratuity	28,357,077	30,607,701
Total	**57,051,083**	**65,203,111**

NOTES FORMING PARTS OF THE ACCOUNTS

NOTE 6 - SHORT TERM BORROWINGS	As at 31.03.2016	As at 31.03.2015
Secured		
Working Capital from Scheduled Banks	166,050,376	105,841,002
Total	**166,050,376**	**105,841,002**

Working capital loan is secured by first pari passu charge on movable and immovable fixed assets and first pari passu charge on Current Assets, assignment of license / contracts with Rate of Interest ranging from 14.60% to 17.35%.

NOTE 7 - TRADE PAYABLES	As at 31.03.2016	As at 31.03.2015
Due to Micro / Small & Medium Enterprises (Refer Note No. 34)	215,507	405,264
For Expenses	755,070,632	1,138,152,290
Total	**755,286,139**	**1,138,557,554**

NOTE 8 - OTHER CURRENT LIABILITIES	As at 31.03.2016	As at 31.03.2015
Advances from customers and unaccrued income	259,765,909	324,947,860
Other Advances	11,900,191,685	9,165,586,433
For Capital Goods	477,221,090	1,666,410,360
Book Bank Overdraft	65,881,859	147,063
Statutory Dues Payable	59,911,213	43,407,930
Salary and Other Payables	70,222,725	52,378,842
Total	**12,833,194,481**	**11,252,878,488**

NOTE 9 - SHORT TERM PROVISIONS	As at 31.03.2016	As at 31.03.2015
Provision for employee benefits.		
Leave Encashment / Availment	2,499,802	27,285,873
Gratuity	4,088,535	2,900,291
Total	**6,588,337**	**30,186,164**

NOTES FORMING PART OF THE ACCOUNTS

Note 10: FIXED ASSETS

TANGIBLE ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2015	Additions during the period	Sale/ Adjustment during the period	As at March 31, 2016	As at April 1, 2015	Depreciation for the period	On Sale/ Adjustment QTL	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Land - Freehold	16,142,623	-	-	16,142,623	-	-	-	-	16,142,623	16,142,623
Land - Leasehold	8,896,419	-	-	8,896,419	1,477,629	92,160	-	1,569,789	7,326,630	7,418,790
Building	190,715,990	203,108	-	190,919,098	50,659,011	3,754,505	-	54,413,516	136,505,582	140,056,979
Leasehold Improvements	83,042,735	1,589,265	-	84,632,000	75,869,114	1,926,876	-	77,795,990	6,836,010	7,173,621
Network Equipment	6,862,832,869	915,036,115	380,933,073	7,396,935,911	4,218,112,227	515,794,822	380,423,627	4,353,483,422	3,043,452,489	2,644,720,642
Optical Fibre Cable and Copper Cable	4,677,933,987	240,885,744	-	4,918,819,731	4,143,630,012	329,869,893	-	4,473,499,905	445,319,826	534,303,975
Telephone Instruments at Customers Premises	520,140,784	84,427,240	-	604,568,024	325,407,458	66,827,246	-	392,234,704	212,333,321	194,733,327
Computers	333,109,099	13,303,898	3,927,967	342,485,030	275,866,855	45,863,622	3,927,970	317,802,507	24,682,523	57,242,244
Office Equipment	51,025,712	989,255	242,696	51,772,271	47,673,239	1,955,021	220,004	49,408,256	2,364,015	3,352,473
Furniture & Fixture	49,510,649	2,044,335	283,148	51,271,836	41,930,443	1,228,022	279,949	42,878,515	8,393,321	7,580,206
Vehicles	19,083,872	-	3,366,480	15,717,392	16,411,026	444,489	1,812,753	15,042,762	674,630	2,672,846
Sub Total	**12,812,434,739**	**1,258,478,960**	**388,753,364**	**13,682,160,335**	**9,197,037,013**	**967,756,656**	**386,664,303**	**9,778,129,366**	**3,904,030,969**	**3,615,397,726**
Previous Year	**11,881,314,678**	**940,609,759**	**9,489,698**	**12,812,434,739**	**8,175,437,580**	**1,026,388,693**	**9,489,698**	**9,197,037,013**	**3,615,397,726**	**3,705,877,098**

	GROSS BLOCK				AMORTISATION				NET BLOCK	
INTANGIBLE ASSETS	As at	Additions	Sale/ Adjustment	As at	As at	Amortisation	On Sale/	As at	As at	As at
	April 1, 2015	during the period	during the period	March 31, 2016	April 1, 2015	for the period	Adjustment	March 31, 2016	March 31, 2016	March 31, 2015
Computer Software	320,204,908	19,196,567	1,211,688	338,189,787	241,193,489	27,893,315	1,210,903	267,875,901	70,313,886	79,011,419
Licence Entry Fees	2,355,658,603	-	-	2,355,658,603	2,011,623,425	136,172,124	-	2,147,795,549	207,863,054	344,035,178
Licence Entry Fees GSM	1,517,500,000	-	-	1,517,500,000	1,013,144,631	202,296,384	-	1,215,441,015	302,058,985	504,355,369
Goodwill	31,229,573	-	31,229,573	-	31,229,573	-	31,229,573	-	-	-
Sub Total	**4,224,593,084**	**19,196,567**	**32,441,261**	**4,211,348,390**	**3,297,191,118**	**366,361,823**	**32,440,476**	**3,631,112,465**	**580,235,925**	**927,401,966**
Previous Year	**4,200,022,622**	**24,570,462**	**-**	**4,224,593,084**	**2,932,911,533**	**364,279,585**	**-**	**3,297,191,118**	**927,401,966**	**1,267,111,091**
Grand Total	**17,037,027,823**	**1,277,675,527**	**421,194,625**	**17,893,508,725**	**12,494,228,130**	**1,334,118,480**	**419,104,780**	**13,409,241,831**	**4,484,266,894**	**4,542,799,692**
Capital Work-In-Progress	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**421,301,893**	**380,804,580**

a. Capital Work in Progress includes Goods in Transit of Rs. Nil (March 31, 2015 Rs. 10,328,966)

b. As on March 31,2016 telephone instruments aggregating to a net book value of Rs 165,736, 998 (March 31, 2015 – Rs. 174,066,836) and aggregating to net book value of Rs 897,539,340 (March 31, 2015 – Rs 888,832,153) are located at customer premises and at other operator's sites, respectively.

NOTES FORMING PARTS OF THE ACCOUNTS

NOTE 11 - LONG TERM LOANS AND ADVANCES	As at 31.03.2016	As at 31.03.2015
Unsecured, considered good		
Capital Advances	23,013,387	50,527,403
Security Deposits	85,043,488	77,056,085
Advances Recoverable in cash or in kind or for value te be received	35,750,182	32,306,704
Doubtful		
Security Deposits	1,186,199	1,186,199
Advances Recoverable in cash or in kind or for value te be received	802,642	802,642
Less: Provision For Doubtful Advances	(1,988,841)	(1,988,841)
Total	**143,807,057**	**159,890,192**

NOTE 12 - INVENTORIES	As at 31.03.2016	As at 31.03.2015
Inventory Held for installation and maintenance of network	29,951,854	27,111,019
Total	**29,951,854**	**27,111,019**

NOTE 13 - TRADE RECEIVABLES	As at 31.03.2016	As at 31.03.2015
Trade Receivables Outstanding for a period exceeding six months:		
Secured, Considered Good	2,992,481	3,972,421
Unsecured, Considered Good	4,095,366	32,555,797
Doubtful	216,612,519	170,746,961
Others		
Secured, Considered Good	1,308,388	1,387,060
Unsecured, Considered Good	492,791,416	491,754,184
Doubtful	12,960,433	10,865,077
	730,760,603	**711,281,500**
Less: Provision for Doubtful Trade Receivables	(229,572,952)	(181,612,038)
Total	**501,187,651**	**529,669,462**

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

b) Includes Rs 216,306,682 (March 31, 2015 - Rs 161,183,797) of unbilled revenues, the invoices for which have been raised subsequent to March 31, 2016 [Refer Note 27 (2.11)].

NOTE 14 - CASH AND BANK BALANCE	As at 31.03.2016	As at 31.03.2015
Cash & Cash Equivalents		
Cash in Hand	16,388,571	14,510,449
Cheques in Hand	9,300,738	7,236,369
In Current Accounts	108,638,474	64,679,413
Fixed Deposit Less Than 3 Monts	-	-
Other Bank Balance*		
Fixed Deposit More Than 3 Monts but Less than 12 Months	113,271,822	102,541,362
Fixed Deposit More Than 12 Months	-	-
Total	**247,599,605**	**188,967,593**

*Balances with banks to the extent held as margin money are of Rs. 113,271,822 (March 31, 2015 Rs. 102,541,362).

NOTES FORMING PARTS OF THE ACCOUNTS

NOTE 15 - SHORT TERM LOANS & ADVANCES	As at 31.03.2016	As at 31.03.2015
Unsecured, considered good		
TDS Recoverable	90,106,166	184,933,254
Balance with Customs, Excise and Service Tax	85,141,014	178,792,121
Advances Recoverable in cash or in kind or for value te be received	91,702,017	61,919,987
Total	**266,949,197**	**425,645,362**

NOTE 16 - OTHER CURRENT ASSETS	As at 31.03.2016	As at 31.03.2015
Interest Accrued on FDR	1,913,341	852,442
Total	**1,913,341**	**852,442**

NOTE 17 - REVENUE FROM OPERATIONS	For the year ended 31.03.2016	For the year ended 31.03.2015
Sale		
Sale of products;	1,326,273	10,196,554
Sale of services;		
From Unified Access Services	2,758,466,680	2,866,664,266
From Interconnection Usage Charges	433,308,065	511,015,588
From Infrastructure Services	110,462,769	81,975,029
From Internet Services	2,281,489,376	1,748,287,387
From Providing Manpower Services	38,637,194	29,074,179
From Other Services	245,188	5,731,242
Total	**5,623,935,545**	**5,252,944,245**

NOTE 18 - OTHER INCOME	For the year ended 31.03.2016	For the year ended 31.03.2015
Interest Income on FDRs including TDS Rs 224,121 (March 31, 2015 - Rs 325,369)	10,691,946	6,147,866
Interest Income on Income Tax Refund	16,034,580	6,866,006
Sale of Scrap	1,518,652	6,986,597
Rental Income	15,289,335	13,108,690
Miscellaneous Income	1,237,130	3,184,008
Total	**44,771,643**	**36,293,167**

NOTE 19 - PURCHASE OF STOCK IN TRADE	For the year ended 31.03.2016	For the year ended 31.03.2015
Purchases during the year	961,534	13,132,018
Total	**961,534**	**13,132,018**

NOTE 20 - CHANGE IN INVENTORY OF STOCK IN TRADE	For the year ended 31.03.2016	For the year ended 31.03.2015
Opening Stock in trade (a)	4,936,351	633,570
Closing Stock in trade (b)	4,783,668	4,936,351
(Increase)/Decrease in Inventory (a-b)	**152,683**	**(4,302,781)**

NOTES FORMING PARTS OF THE ACCOUNTS

NOTE 21 - NETWORK OPERATION EXPENDITURE	For the year ended 31.03.2016	For the year ended 31.03.2015
Interconnect Usage Charges	1,785,156,367	2,489,203,462
Other Value Added Service charges	80,589,298	67,292,451
Port Charges	12,928,799	17,390,809
Testing and Technical Survey Expenses	963,602	40,000
Licence Fees on Revenue Share Basis	100,528,387	214,198,657
Royalty and licence fees to Wireless Planning Commission	21,061,992	18,738,364
Stores and Spares Consumed	132,446,703	101,666,591
Rent Node site	82,890,558	60,481,997
Infrastructure Sharing Rent	629,277,088	577,608,841
Electricity and Water -Network	413,237,516	400,633,630
Security Charges	1,650,015	1,318,294
Repair & Maintenance - Network	404,237,666	398,367,303
Bandwidth Charges	126,353,137	95,080,359
Total	**3,791,321,128**	**4,442,020,758**

NOTE 22 - EMPLOYEE BENEFIT EXPENSES	For the year ended 31.03.2016	For the year ended 31.03.2015
Salaries, Wages and Bonus	717,634,634	758,625,558
Employer's Contribution to Provident and other Funds	21,394,469	45,092,310
Leave Encashment / Availment	4,377,115	10,190,808
Gratuity	11,506,584	11,030,382
Staff Welfare Expenses	21,864,926	18,629,026
Recruitment & Training Expenses	1,859,742	2,185,376
Total	**778,637,470**	**845,753,460**

NOTE 23 - SALES & MARKETING EXPENDITURE	For the year ended 31.03.2016	For the year ended 31.03.2015
Sales and Business Promotion	52,650,579	73,367,894
Advertisement Expenses	96,127,839	107,229,393
Customers Acquisition Costs	134,808,903	187,846,822
Total	**283,587,321**	**368,444,109**

NOTE 24 - FINANCE COST	For the year ended 31.03.2016	For the year ended 31.03.2015
Interest Charges :		
- Banks	8,041,177	5,774,535
- Non Convertible Debentures	256,453,459	255,752,768
- Others	1,129,023	149,063
Bank Guarantee Commission	3,986,213	3,626,605
Trustees Fee	750,000	750,000
Monitoring Fees	1,000,000	1,000,000
Other Finance Charges	1,630,618	1,375,499
Total	**272,990,490**	**268,428,470**

NOTES FORMING PARTS OF THE ACCOUNTS

NOTE 25- OTHER EXPENSES		For the year ended 31.03.2016	For the year ended 31.03.2015
Foreign exchange fluctuation		2,104,968	-
Payments to the auditor:			
- Audit Fees		1,750,000	1,850,000
- Tax Audit Fees		480,000	505,000
- Other services		245,075	240,000
Reimbursement of expenses		121,306	65,769
Prior period Adjustments		648,910	2,511,595
Techincal Expenses		625,375	2,204,459
Legal and Professional Expenses		20,279,277	13,507,089
Travelling and Conveyance		108,815,289	107,686,460
Communication Expenses		6,873,500	6,796,052
Rent		32,225,236	29,675,089
Security Charges		11,366,417	10,848,360
Repairs and Maintenance - Building		723,363	403,855
Repairs and Maintenance - Others		20,798,230	19,178,368
Electricity and Water		28,588,816	26,629,225
Insurance		9,058,302	8,176,578
Rates and Taxes		9,761,405	9,436,002
Freight & Cartage		8,003,993	10,266,781
Printing and Stationary		3,207,498	3,368,611
Billing and Collection Expenses		130,548,654	103,101,909
Directors' Fees		302,020	206,720
Loss/ (Gain) on sale and Discarded of Fixed Assets		57,611,534	1,513,456
Bad Debts Written off	46,949,539		
Less; Provision for Doubtful Debts	(5,929,436)	41,020,103	3,463,445
Provision for Doubtful Debts		53,890,350	6,322,733
Miscellaneous Expenses		6,534,771	6,597,305
Total		**555,584,392**	**374,554,861**

NOTE 26 - CONTINGENT LIABILITIES	As at 31.03.2016	As at 31.03.2015
Estimated value of contracts remaining to be executed on capital account and not provided for net of capital advances Rs. 23,013,387 (March 31, 2015 Rs. 50,527,403)	63,687,802	189,288,497
Bank Guarantees given against Bid Bonds/Performance/Advance		
Financial Bank Guarantees	85,708,613	86,074,849
Performance Bank Guarantees	96,649,236	72,766,500
Income tax matters under appeal Principal Amount [Refer Note 28 (a)]	7,004,687	7,004,687
Income tax matters under appeal Interest Amount [Refer Note 28 (a)]	9,036,046	8,195,484
Claims against the Company not acknowledged as debts	11,070,773	8,954,521
Dividend on 2% Cumulative Redeemable Preference Shares ('CRPS') of Rs 1,598,454,300	223,783,602	191,814,516
Others [Refer Note 28 (b, c, d, e, f, g, h, i, j, k, l and m)]	1,592,199,811	2,011,192,001
Total	**2,089,140,570**	**2,575,291,055**

27. **BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES**

1. **Principles of Consolidation**

The Consolidated Financial Statements relate to Quadrant Televentures Limited (Formerly known as HFCL Infotel Limited (hereinafter referred to as the "Parent Company") and its subsidiaries (these group entities and the Parent Company hereinafter collectively referred to as "the Group"). In the preparation of these Consolidated Financial Statements, investments in Subsidiaries have been accounted for in accordance with AS 21 (Consolidated Financial Statements) issued by the ICAI. The Consolidated Financial Statements are prepared on the following basis-

I. Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the assets, liabilities, income and expenses after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses, except where cost cannot be recovered.

II. The results of operations of a subsidiary with which Parent – Subsidiary relationship cease to exist are included in the consolidated statement of profit and loss until the date of cessation of the relationship.

III. All the Subsidiary Companies, the Companies, in which Quadrant Televentures Limited has an ownership of more than one half of voting power or otherwise has power to exercise control over the operations to obtain economic benefits are considered for consolidation except where the control is intended to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequent disposal in the near future. Where a subsidiary is acquired and held exclusively with a view to its subsequent disposal, the investment in the subsidiary is accounted for in accordance with Accounting Standard 13"Investments" which require that current investments should be valued at lower of cost or their fair value.

IV. The difference between the cost to the Company of investment in Subsidiaries and the proportionate share in the equity of the subsidiaries as at the date of acquisition of stake is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be. Goodwill has been recorded to the extent that the cost of acquisition, comprising purchase consideration and transaction costs, exceeds the book value of net assets in each acquired company.

V. Minorities' interest in net profits, if any, of consolidated subsidiaries for the Financial Year ended 31st March, 2016 is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately.

VI. In case of associate where the Company directly or indirectly through subsidiary hold 20% or more of the equity, it is presumed that the investor has the significant influence, unless it can be clearly demonstrated that this is not the case. Investments in Associates are accounted for using equity method in accordance with Accounting Standard (AS-23) "Accounting of Investment in Associates in Consolidated Financial Statements" issued by ICAI.

VII. The company account for its share in the change of net assets of the associates, post-acquisition, after eliminating unrealized profit and loss resulting from transaction between the company and its associates to the extent of its share, through its profit and loss account to the extent such change is attributable to the associates' profit and loss account and through its reserves for the balance, based on available information.

VIII. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Parent Company's stand-alone financial statements. Differences in accounting policies are disclosed separately.

IX. The financial statements of the entities used for the purpose of consolidation are drawn up to reporting date as that of the Parent Company i.e. 31st March, 2016.

X. As per Accounting Standard Interpretation (ASI)-15 on Notes to the Consolidated Financial Statements, only the notes involving items which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in the consolidated financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the consolidated financial statements need not be disclosed in the consolidated financial statements.

2. **Significant Accounting Policies**

2.1 **Basis of preparation of Financial Statements**

The financial statements are prepared and presented under historical cost convention using the accrual system of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP) and the requirements of the Companies Act, 2013, including the mandatory Accounting Standards as prescribed by the Companies (Accounting Standards) Rules 2006.

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 whichever 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 60 years
Leasehold Improvements	10 years or over the lease term, whichever is lower
Network Equipment (other than batteries) Batteries (i)	9.67 years 5 years
Testing Equipments (included in Network Equipments) (i)	5 years
Optical Fibre Cable and Copper Cable (i)	15 years
Telephone Instruments	5 years
Computers	3 years
Software	5 years
Office Equipments	5 years
Furniture and Fixture	10 years, except in case issued to employees, where asset is depreciated in 5 years
Vehicles- Motor Cars (i)	4 years
Fixed Assets costing less than Rs 5,000 (other than Telephone Instruments)	Fully depreciated when they are ready for use.

(i) For these classes of assets based on internal assessment and technical evaluation, the management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of Companies Act 2013.

(ii) Depreciation on the amount capitalized on up-gradation of the existing assets is provided over the balance life of the original asset.

2.5 Borrowing Costs

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

2.6 Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized 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 recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

2.7 Intangibles

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

2.8 Licence Fees

(i) Licence Entry Fee

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

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

(ii) *Revenue Sharing Fee*

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

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

2.9 **Investments**

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

2.10 **Provisions**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

2.11 **Revenue Recognition**

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

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

2.12 **Interconnection Usage Revenue and Charges**

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

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

2.13 **Foreign Currency Transactions**

Initial Recognition

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

Conversion

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

Exchange Differences

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

2.14 **Employee Benefits**

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

Short Term Employee Benefits

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

Long Term Employee Benefits

Provident Fund and employees' state insurance schemes

All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (presently 12%) of the employees' basic salary. These contributions are made to the fund administered and managed by the Government of India. In addition, some employees of the Company are covered under the employees' state insurance schemes, which are also defined contribution schemes recognised and administered by the Government of India.

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

Leave Encashment

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

Gratuity

The Company provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Company. The Company provides for the Gratuity Plan based on actuarial valuation in accordance with Accounting Standard 15 (revised), "Employee Benefits " The Company makes annual contributions to the LIC for the Gratuity Plan in respect of employees. The present value of obligation under gratuity is determined based on actuarial valuation at period end using Project Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

a) Short term compensated absences are provided for on based on estimates.

b) Actuarial gains and losses are recognised as and when incurred

2.15 **Taxation**

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain or virtually certain, as the case may be, that future taxable income will be available against which such deferred tax assets can be realised.

2.16 **Operating Leases**

Where the Company is the lessee

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

Where the Company is the lessor

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

2.17 **Earning Per Share**

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

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

2.18 **Segment Reporting**

Identification of segments:

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

Allocation of common costs:

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

Unallocated items:

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

2.19 **Cash & Cash Equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.20 **Provision, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is provable that there will be an out flow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the Financial Statements.

3. Other Notes

(a) Group Information

Information of Parent Company

Quadrant Televentures Limited (Formerly known as HFCL Infotel Limited) ('the Company' or 'QTL'), Unified Access Services Licensee for Punjab Telecom Circle (including Chandigarh and Panchkula), is providing complete telecommunication services, which includes voice telephony, both wireline and fixed wireless, CDMA and GSM based mobiles, internet services, broadband data services and a wide range of value added service viz., centrex, leased lines, VPNs, voice mail, etc. The services were commercially launched in October 2000. As on March 31, 2016, the Company has an active subscriber base of over 3,861,039.

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 Punjab and Haryana at Chandigarh and Hon' ble High Court of the State of Tamil Nadu at Chennai 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 From HFCL Infotel Limited to Quadrant Televentures Limited.

Information of Subsidiary Companies

The following is the list of all subsidiary companies along with the proportion of voting power held. Each of them is incorporated in India.

Subsidiary	Holding	Country of incorporation and other particulars
Videocon Integrated Solutions Private Limited (formerly Infotel Tower Infrastructure Private Limited)	100%	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, Telecommunications services & Manpower services. (Ceased to be subsidiary w.e.f. May 30, 2015)
Videocon Mobile & Infra Private Limited (formerly Connect Teleinfra Private Limited)	100%	A company registered under the Companies Act, 2013 of India and subsidiary of the Videocon Integrated Solutions Private Limited (formerly Infotel Tower Infrastructure Private Ltd.) since March 27, 2015. (Ceased to be step down subsidiary w.e.f. May 30, 2015)
Quadrant Telenet Services Private Limited	100%	A company registered under the Companies Act, 2013 of India and subsidiary since March 30, 2015.

(b) License Fees

The Company obtained licence for Basic Telephony Service for the Punjab Telecom 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. Quadrant Televentures Limited also entered into Unified Licence Agreement No. 821-125/2014-DS dated January 6, 2015, and amendments thereto, with DoT to establish maintain and operate internet service on all India basis (Pan India).

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

With effect from August 1, 1999, the Company is required to pay revenue share license fees as a fraction of Adjusted Gross Revenue ('AGR') on UASL, The revenue share fraction other than income from Internet Services was set at 10 per cent of AGR with effect from August 1, 1999 and was reduced to 8 per cent of AGR with effect from April 1, 2004. In addition, spectrum charges calculated at 3.55% per cent of the AGR earned through the wireless technology is payable under the license agreement.

With effect from July 01, 2012 Income from internet services is included as the service revenue for the purpose of the calculation of AGR under Internet Services Licence as it is governed by a separate ISP licence between the Company and the Department of Telecommunications ('DoT').The revenue share fraction is set at 4% for July 01, 2012 to March 31, 2013 and 8% from April 1, 2013 onwards of income from internet revenue except revenue from pure internet services ('AGR' under Internet Service Licence).

28. NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Commitments and contingent liabilities not provided for in respect of:

(a) The Company has certain income tax related matters pending with Income Tax Appellate Tribunal for the Assessment Year 2001-02 aggregating to Rs 7,004,687 as Principal amount and Interest amount of Rs. 9,036,046 (March 31, 2015 – Rs 7,004,687 as Principal amount and Interest amount of Rs 8,195,484).

(b) The Wireless Finance Division of Department of Telecommunications has claimed an outstanding of Rs 29,585,211 towards the Spectrum Charges dues from year 2001 to year 2005 vide their letter 1020/48/2005-WFD dated October 7, 2005. The Company has submitted its reply to the department on October 25, 2005 confirming the total due of Rs 29,472 only and paid the said amount. The Wireless Finance Division of Department of Telecommunications has subsequently claimed Rs 39,310,176 vide letter number 1020/48/2005-WFD dated September 13, 2006 towards the Spectrum Charges dues from year 2001 to year 2006. The Company has submitted a detailed reply on October 31, 2006. During the year ended March 31, 2008, out of the above demand, the Company has deposited Rs 1,801,241 under protest towards the interest due till August 31, 2006. Wireless Finance Division of Department of Telecommunications has updated their claim to Rs 70,604,092 towards Spectrum Charges dues from January 1, 2000 to September 30, 2008 vide letter number 1020/29/WR/07-08 dated October 24, 2008. The Company has once again made a written representation vide its letter dated December 8, 2008 and August 12, 2009. Subsequently DOT has revised their demand to Rs 70,528,239 vide Letter No 1020/48/WFD/2005-06/ Dated September 6, 2010 to which the Company has made representations vide letter dated September 23, 2010, February 3, 2011 and March 17, 2011. Subsequently DOT has revised their demand to Rs 149,960,749 vide Letter No 1020/48/WFD/2005-06/ Dated January 3, 2013 to which the Company has made representations vide letter dated January 18, 2013. The reply of which has not been received. Based on the legal opinion, the Company is confident that no liability would accrue regarding the same in future.

(c) During the year ended March 31, 2007, Bharat Sanchar Nigam Limited ('BSNL') has raised supplementary bill dated August 10, 2006 for Rs 167,614,241 towards Inter-connect Usage Charges ('IUC') and Access Deficit Charges ('ADC') for the period November 14, 2004 to August 31, 2005 on the Company. BSNL further raised invoices to the tune of Rs 99,346,533 on similar grounds for the period September 1, 2005 to February 28, 2006.These charges are on account of unilateral declaration of the Company's Fixed Wireless and Wire line Phone services as Limited Mobility Services by BSNL. The Company has submitted its reply to BSNL on August 23, 2006 asking for the calculation/basis for the additional amount raised towards IUC and ADC by BSNL for Rs 167,614,241. Subsequently, BSNL issued a disconnection notice on August 26, 2006 which required the payment of Rs 208,236,569 (including Rs 167,614,241). The Company has submitted details to BSNL for payments already made for Rs 40,622,328. The Company has approached Hon'ble TDSAT on the subject matter and a stay order was granted on Company's petition no 232 of 2006 against the disconnection notice on September 21, 2006. BSNL Jalandhar Office subsequently raised a supplementary bill dated March 20, 2007 for Rs 5,206,780, to which the Company has submitted its reply on March 23, 2007 intimating that the matter being sub-judice and pending decision by the Hon'ble TDSAT, no coercive action be taken against the Company. The hearing on the matter has been completed and the Hon'ble TDSAT has pronounced the judgment on May 21, 2010 in Company's favour and has directed that BSNL and the Company should exchange relevant information and reconcile the differences. BSNL went for appeal in Hon'ble Supreme Court vide CA No-7435 of 2010.The matter is yet to be listed in SC for hearing. 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 period ended March 31, 2016.

(d) The Company was 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, wherein the licensee as per the terms of the license agreement was required to ensure that at least 10% of the District Headquarter / Towns are covered in the first year of the date of migration to UASL which commences from the date of Test Certificate issued by Telecom Engineering Centre ('TEC'). As stated by DoT in the Show Cause Notice issued, the Company has violated the conditions of UASL and accordingly Liquidated Damages of Rs 70,000,000 has been imposed and DoT has also sought explanation within 21 days as to why they should not take action against the Company under the UASL Agreement to which the Company has replied on September 27, 2007 that the Company has not violated the conditions of UASL and based on expert legal advice, the Company believes that there would be no financial liability against such claims of DoT and accordingly, has not recorded any liability towards the Liquidated Damages during period ended March 31, 2016.

(e) The Company was in receipt of a demand of Rs 433,158,340 from Bharat Sanchar Nigam Limited ('BSNL') on December 20, 2008 on account of unilateral revision of access charges vide its letter dated April 28, 2001 for the period from June 2001 to May 2003, in contravention of the Interconnect Agreement and TRAI Regulations. The Company, Association of Unified Service Providers of India 'AUSPI' (erstwhile Association of Basic Telephone Operators 'ABTO') and other Basic Service Operators contested aforesaid revision in the rates of access charges before Telecom Dispute Settlement Appellate Tribunal ('TDSAT'). TDSAT vide its reasoned and detailed judgement dated April 27, 2005 allowed the refund claims and struck down the unilateral revision in the rates of access charges by BSNL and held that Telecom Regulatory Authority of India ('TRAI') is the final authority for fixing of access charges and access charges would be payable as rates prescribed by the TRAI and as per the Interconnect agreements. BSNL preferred an appeal in Hon'ble Supreme Court against the order of TDSAT and an interim stay was granted on October 19, 2006. Therefore aggrieved by such unilateral action on the part of BSNL by raising aforesaid demand and disturbing the status-quo, applications were moved by the Company, AUSPI and other Operators in the Hon'ble Supreme Court vide C.A No.5834-5836 of 2005 that was listed for hearing on February 9, 2009 and Hon'ble Supreme Court passed an order clarifying its previous order of October 19, 2006 and stayed the refunds claim against the BSNL there by upholding the TDSAT order dated April 27, 2005 whereby BSNL is refrained from raising the access charges demand. The BSNL went for appeal in Hon'ble Supreme Court vide C.A No. 5834-5836 of 2005 BSNL Vs ABTO & Others. The matter was Tagged with CA-5253 of 2010 to decide the preliminary objection raised by TRAI on the TDSAT"s jurisdiction. Next date of hearing is awaited. 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 period ended March 31, 2016.

(f) The Company was in receipt of demand of Rs. 7,000,000 from Department of Telecommunications ('DoT'), Licensing Group (Access Services) vide their letter dated October 21, 2009 for issuance of SIM cards on fake ID in Punjab Service Area, wherein 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 period ended March 31, 2016.

(g) As per The Telecommunication Interconnect Usage Charges Regulations 2003, intra circle carriage charges payable per minute for all intra circle calls irrespective of the distance between originating and terminating points, however, Bharat Sanchar Nigam Limited ('BSNL') was charging additional amounts based on distance for the period October 2007 to March 2009 which was against the telecommunication Interconnect Usage Charges Regulations 2003 of TRAI. The matter was raised to Hon'ble TDSAT by service providers to which Hon'ble TDSAT vide it's order dated May

21, 2010 upheld the demand of BSNL. The liability of the Company on basis of BSNL demand amounted to Rs 4,110,959. Subsequently TRAI appealed against the order of TDSAT in the Hon'ble Supreme Court vide C,A No. 271-281 of 2011. The matter is sub-judice and the final decision of the Hon'ble Supreme Court in the matter is still awaited.

(h) The Company was in receipt of a Show Cause Notice amounting to Rs 1,020,00,000 dated May 17, 2013 from Department of Telecommunications ('DOT') purportedly for the non-compliance with Electro Magnetic Frequency Radiation Norms ('EMF Radiation Norms') prescribed by DOT. The Company on May 21, 2013 has represented to DOT that the Company is fully compliant with the specified limits of the EMF Radiation Norms and the Company has also submitted the 'Self Certifications' in respect of all the 204 Base Transceiver Station ('BTS') set up in the Punjab Telecom Circle as mentioned in the Show Cause Notice well within the stipulated last date of March 31, 2011 as prescribed by DOT. Company filled petition in TDSAT vide petition No. 294 of 2013. The matter tagged with Petition No. 271 of 2013 and the arguments are over in the case and the order is reserved. The Company is confident that no such liability will arise and no further communication is received from DOT with this regard.

(i) The DOT (Term Cell) Punjab has issued another Show Cause Notice to the company making a demand for Rs. 3,23,500,000 DOT vide letter number 8-8/EMR-QTL/TERM-PB/2013/15C dated December 30,2013, wherein the TERM Cell, Punjab has imposed a penalty for alleged non compliance for Emission Magnetic Frequency ("EMF') radiation norms with respect to 647 Base Transreceiver Stations ('BTSs') as per list attached with said letter, in terms of the Unified Access Services ('UAS') License granted to the company. The Company has since submitted its response to the TERM Cell vide letter dated January 8, 2014, in reply to above, the Term Cell had issued an amended Show Cause Notice vide letter no. 8-8/EMR-QTL/TERM-PB/2013/24C dated August 7, 2014 superseding its earlier Show Cause Notice and revising the amount of penalty to Rs. 2,670,00,000 for 534 BTS sites (in place of earlier show cause demanding 32,35,00,000 for 647 BTS sites). We filed a case in TDSAT and the matter is listed vide Petition No. 423 of 2014.

(j) The Company had received a Show Cause Notice/ Demand Letter dated 11-08-2015 pertaining to the SAF Non compliance of about 5317 SAFs for the year 2013 with penalty of Rs. 18,46,25,000/-. We have got examined all the SAFs pointed out by DOT/TERM and the number of non compliant SAFs reduced to 4564. In the meantime we have represented the case with DDG (TERM) to re examine all the referred cases. The non compliance has been occurred due to one of the distributor in Punjab who manipulated the large no. of IDs which were beyond the control of Operators. In the present case all the SAFs of one of the distributors of all the operators in Punjab are non complied due to the Id problem. The matter is being re-examined by TERM and other departments to assess as how to protect the TSPs interest in case of such non compliance is done by the Distributors. Industry is working on it by taking appropriate checking mechanisms in place to avoid such non compliance happening henceforth in any manner. Also industry is taking appropriate legal action against the defaulting distributors without affecting the normal business of the companies. DOT Term reduced the penalty CAF to Rs.154,225,000 for 3956 no of CAFs in default. So QTL has filed petition in TDSAT vide petition No.13 of 2016. The case was adjourned till 25-May'2016.

(k) BSNL has raised demand for Infra charges levied and Point of Interconnection (POI) augmentation. QTL had filled petition vide petition No. 503 of 2014. The matter was admitted and stay was granted and POI augmentation was allowed. Further there was two weeks time given to BSNL and BSNL revised Demand note for Rs. 1,600,000 for infra charges from 2009 onwards. But it was not paid and challenged in TDSAT. Further date is awaited and the Company is confident that no liability would accrue regarding the same in future.

(l) BSNL had raised demand of Rs. 269,000,000 on the Company under Clause 6.4.6 of the Interconnect Agreement in connection with the FWT Services being provided by the Company. The Company had challenged the demand through Petition No. 232 of 2006. The TDSAT vide order dated 21-05-2010 had set aside the demand raised by BSNL. BSNL therefore filed an Appeal the Hon'ble Supreme Court.

(m) The Company was in receipt of a Show Cause Notice for assessment of Spectrum Charges from Department of Telecommunications ('DOT') purportedly for disallowance of deductions claimed in audited AGR for the year 2007-08 amounting to Rs 45,485,603 vide letter no. CCA/PB/Verification/HFCL/2007-08/782 dated January 15, 2015, for the year 2008-09 amounting to Rs 30,214,809 vide letter no. CCA/PB/Verification/ HFCL/2007-08/782 dated January 5, 2015, for the year 2012-13 amounting to Rs 3,028,932 vide letter no. 17-8/2014/LFA-Quadrant dated April 20, 2015 and for the year 2013-14 amounting to Rs. 16,823,603 vide letter no. CCA/PB/Verification/Quadrant/2013-14/2217 dated April 04, 2016. The Company had made a written representations for the year 2007-08 and 2008-09 vide its letter no CCA/PB/Verification/HFCL/2008-09/2053 dated February 19, 2016, for the year 2013-14 vide its letter no QTL/DOT/LF/F29/2846 dated May 26, 2015 and for the year 2013-14 vide its letter no. QTL/CCA-PB/Verification/2013-14/2 dated April 18, 2016. The company was also in receipt of demand of Spectrum Charges of the year 2012-13 in respect of CDMA service amounting to Rs. 6,279,256 vide letter no. Spec/2013-14/538 and GSM Service amounting to Rs. 229,12,294 vide letter no. Spec/2013-14/540 dated July 25, 2014 on account of MWA spectrum charges, for the year 2013-14 in respect of GSM Service amounting to Rs. 14,677,526 vide letter no. CCA/PB/Verification/Quadrant/Assessment/Spec/2013-14/2024 dated February 03, 2016 and CDMA service amounting to Rs. 66,463 vide letter no. CCA/PB/Verification/Quadrant/Assessment/Spec/2013-14/2028 dated February 05, 2016, for the year 2014-15, for the year 2014-15 in respect of CDMA Service amounting to Rs. 31,242 vide letter no. CCA/PB/Verification/Quadrant/Assessment/Spec/2013-14/2042 dated February 12, 2016 and GSM service amounting to Rs. 1,385,874 vide letter no. CCA/PB/Verification/Quadrant/Assessment/Spec/2013-14/2043 dated February 12, 2016. The Company had made a written representation for the year 2012-13 vide letter no. QTL/Spectrum/12-13/04 for CDMA and QTL/Spectrum/12-13/05 for GSM dated August 5, 2014, for the year 2013-14 vide its letter no. QTL/Spectrum/13-14/01 dated February 17, 2016 and for the year 2014-15 vide its letter no. QTL/Spectrum/14-15/01 dated February 23, 2016. The Company is confident that no liability would accrue regarding the same in future.

(n) The Company's pending litigations comprise of claims against the Company and proceedings pending with Tax Authorities / Statutory Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial position.

(o) The Company periodically reviews all its long term contracts to assess for any material foreseeable losses. Based on such review wherever applicable, the Company has made adequate provisions for these long term contracts in the books of account as required under any applicable law/accounting standard.

(p) As at March 31, 2016 the Company did not have any outstanding long term derivative contracts.

29. During the year ended March 31, 2016, the Holding Company has incurred losses of Rs 1,348,104,827/- resulting into accumulated loss of Rs 17,638,407,752/- as at March 31, 2016 which has completely eroded its net worth and has a net current liability of Rs 12,713,562,129/-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.

30. In the opinion of the Board and to the best of their knowledge and belief, the value of realization in respect of the Current assets, loans and advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet and the provision for all known and determined liabilities is adequate and not in excess of amount reasonably required.

31. In absence of any taxable income, no provision for the current tax has been made. Also, in view of losses and unabsorbed depreciation, considering the grounds of prudence, deferred tax assets is recognized to the extent of deferred tax liabilities and balance deferred tax assets have not been recognized in the books of accounts.

32. The Holding Company has carried out Impairment Test on its Fixed Assets as on March 31, 2016 and the Management is of the opinion that there is no asset for which impairment is required to be made as per Accounting Standard-28 on Impairment of Assets issued by ICAI . (Previous year Rs. Nil).

33. **Loans**

1. Secured Loans – Holding Company

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

On the request of the Company, Corporate Debt Restructuring Cell ('CDR') vide their letter no CDR (JCP)

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

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

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

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

The Company has complied with all the terms and conditions of Corporate Debt Restructuring Scheme as approved by the CDR Cell letter dated August 13, 2009.

The above mentioned security has been further extended to the amount of secured loans and working capital assistance, together with the interest, compound interest, additional interest, default interest, costs, charges, expenses and any other monies payable by the Company in relation thereto and in terms with MRA and STA entered into between the lenders and ITSL.

2. Unsecured Loans – Holding Company

On October 16, 2004, the Company issued 1,667,761 zero percent Non Convertible Debentures ('NCDs') of Rs 100 each in lieu of interest accrued on term loans from a financial institution and a bank for the period April 1, 2003 to December 31, 2003. The 'NCD's earlier redeemable at par on March 31, 2014, then at par on March 31, 2016, are now redeemable at par on March 31, 2024 after repayment of the term loans as per CDR Schemes.

The Company under the terms of the agreement dated May 1, 2007 had taken convertible loan to facilitate expansion and development of businesses amounting to Rs 499,499,886 from Infotel Digicomm Private Limited. The convertible loan was repayable on demand with an option to convert the Loan into Equity Shares, subject to getting necessary approvals and subject to applicable pricing guidelines as per SEBI and other laws and regulations. On September 16, 2009 Infotel Digicomm Private Limited ('IDPL') had entered into an assignment agreement with Domebell Electronics India Private Limited ('DEIPL'), wherein IDPL had assigned the above convertible loan of Rs 499,499,886 to DEIPL. All the terms and conditions relating to the convertible loan remained the same. The interest accrues at the end of each quarter. During the year ended March 31, 2010 the Company has provided for interest amounting to Rs 14,984,997 @ 12% to IDPL 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, 2016, therefore no provision for such interest has been made by the Company. Consequent to the addendum to the assignment agreement, the convertible loan from DEIPL is now repayable after 7 years from the date of assignment agreement dated September 16, 2009.

The Company under the terms of the agreement dated May 1, 2007 had taken buyer's credit facility to facilitate funding of the telecom project amounting to Rs 410,740,832 from Infotel Business Solutions Limited. The loan carries 12% interest and was repayable on demand. Infotel Business Solutions Limited had the option to convert the loan including interest accrued into equity shares, subject to applicable pricing guidelines as per SEBI and other laws and regulations. On September 16, 2009 Infotel Business Solutions Limited ('IBSL') has entered into an assignment agreement with Domebell Electronics India Private Limited ('DEIPL'), wherein IBSL has assigned the above buyer's credit facility of Rs 410,700,000 to DEIPL. All the terms and conditions relating to the buyer's credit facility remained the same. The interest accrues at the end of each quarter. During the year ended March 31, 2010 the Company has provided for interest amounting to Rs 12,322,225 @ 12% to IBSL for the three months ended June 30, 2009. and accordingly DEIPL on the basis of the assignment agreement dated September 16, 2009 has a right on the interest accruing from July 1, 2009 onwards DEIPL has agreed to waive off the interest from July 1, 2009 till March 31, 2016, therefore no provision for such interest has been made by the Company. Consequent to the addendum to the assignment agreement, the convertible loan from DEIPL is now repayable after 7 years from the date of assignment agreement dated September 16, 2009.

The Company had taken an unsecured loan on July 06, 2010 of Rs.1,598,500,000 @ 8% per annum, the interest accrues at the end of each quarter. The lender has agreed to waive off the interest from July 06, 2010 to March 31, 2016, therefore no provision for said interest has been made by the Company. The aforesaid unsecured loan is repayable on demand after 7 years from the commencement of the unsecured loan.

34. Trade Payables include amount payable to Micro and Small Enterprises as at March 31, 2016 of Rs 215,507 (March 31, 2015 – Rs. 405,264). 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, 2016 is as under –

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Principal amount	215,507	405,264
Interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
The amount of interest paid by the buyer in terms of Section 16 of Micro, Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each account year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small & Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of accounting year.	-	-

35. The Company had received advance of Rs 11,900,191,685 (March 31, 2015 Rs. 9,164,986,433) to fund the entry fee for using GSM Technology under the existing Unified Access Services License (UASL) and business operations for Punjab Service Area. The same is included in Other Current Liabilities. No interest is payable on the said advance.

36. **Earning Per Share**

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

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Loss for the year (in Rs)	1,314,928,758	2,406,623,553
Weighted average number of equity shares	612,260,268	612,260,268
Nominal value per equity share (in Rs)	1	1
Earning per share – basic and diluted (in Rs)	(2.15)	(3.93)

37. **Operating leases**

<u>**Company as a Lessee**</u>

The Company has entered into various cancelable lease agreements for leased premises. Gross rental expenses for the year ended March 31, 2016 is Rs 115,075,794 (March 31, 2015 – Rs 89,807,810).

The Company has entered into site sharing agreements with other operators for sharing of their infrastructure sites. During the year, the Company has incurred Rs 629,277,088 (March 31, 2015 – Rs 577,608,841) towards infrastructure sharing expenses.

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

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Payable not later than one year	404,326,731	442,749,892
Payable later than one year and not later than five years	608,668,742	837,970,817
Payable more than five years	51,003,733	88,984,103
Total	**1,063,999,206**	**1,369,704,812**

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.

<u>**Company as a Lessor**</u>

a. The Company has entered into cancellable site sharing agreements with other operators for sharing of its infrastructure sites. During the year, the Company has accrued Rs 47,688,706 (March 31, 2015 – Rs 30,239,700) towards site sharing revenue.

b. The Company has entered into a non-cancellable lease arrangement to provide approximately 8,680.67 Fiber pair kilometers of dark fiber on indefeasible right of use (IRU) basis for a period of 15 years. The gross block, accumulated depreciation and depreciation expense of the assets given on IRU basis is not readily determinable and hence not disclosed. In respect of such leases, rental income of Rs 62,774,063 (March 31, 2015 – Rs 51,735,329) has been recognized in the Statement of Profit and Loss for the period ended March 31, 2016.

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

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Receivable not later than one year	38,806,906	38,806,906
Receivable later than one year and not later than five years	115,500,453	135,723,186
Receivable later than five years	45,959,810	64,650,304
Total	**200,267,170**	**239,180,396**

38. **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.

39. **Related Party Disclosures**

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

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

Name	Relationship
Quadrant Enterprises Private Limited	Holding Company
(Company Secretary & Manager) Mr. Kapil Bhalla till 23-June'2015 Mr. Amit Verma w.e.f. 01-July'2015	Key Managerial Persons (KMPs)
(Chief Financial Officer) Mr. Suniljit Singh from 01-Apr'2014 to 22-Nov'2014 Mr. Ashu Ratan Khare 22-Nov-2014 to 15-Apr-2015 Mr. Munish Bansal w.e.f. 15-Apr-2015	Key Managerial Persons (KMPs)

b) **Transactions / Outstanding balances with Related Parties.**

Particulars	2015-16 KMP	2014-15 KMP
Sale of Material	--	--
Debit notes received by us	--	--
Credit note received by us	--	--
Purchase of Services	--	--
Remuneration paid*	2,496,099	4,415,496
Closing Balance as at Balance Sheet date		
Amount receivable	--	--

** Managerial remuneration paid to KMP include Rs 84,644 paid to Mr. Ashu Ratan Khare (P.Y.– Rs 582,506), Rs. 12,42,839 paid to Mr. Munish Bansal (P.Y. – Rs Nil) and Rs. Nil paid to Mr. Sunijit Singh (P.Y. – Rs 2,167,190) as Chief Financial Officer and Rs 668,862 paid to Mr. Kapil Bhalla (P.Y. – Rs 1,665,800) and Rs. 4,99,754 paid to Mr. Amit Verma (P.Y. – Rs Nil) as to Manager.

40. **Debenture Redemption Reserve**

Pursuant to the CDR scheme on October 16, 2004, the Company had issued unsecured Zero% Non Convertible Debenture ('NCD') (Erstwhile OFCDs) aggregating to Rs 166,776,100. Pursuant to the new restructuring scheme dated August 13, 2009 the Company had allotted secured Non Convertible Debenture ('NCD') for Rs 3,196,909,043 to Financial institution and Banks on January 21, 2013, equivalent to 50% of their outstanding loans as on April 01,2009. As per section 71(4) of the Companies Act, 2013, 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 ended March 31, 2016, the Company has incurred loss of Rs 1,314,928,758/- due to which the Company has not created Debenture redemption reserve.

41. **Employee Benefits**

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

Defined Contribution Plans

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Employer's Contribution to Provident Fund *	17,928,055	17,006,466
Employer's Contribution to ESI *	351,568	557,078

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

Defined Benefit Plans

The employee's gratuity fund scheme managed by Life Insurance Corporation of India and ICICI Lombard General Insurance Company Limited is a defined benefit plan and the same is 100% funded. The present value of obligation is determined based on actuarial valuation using Project Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized 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	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current service cost	5,101,211	7,425,717	4,856,648	14,247,882
Interest cost	2,359,490	2,594,663	2,322,490	4,560,681
Expected Return on plan assets	(95,934)	-	(115,918)	-
Actuarial (gain) / loss	3,387,222	(6,608,592)	(560,406)	(11,082,897)
Past service cost	-	-	-	-
Curtailment and Settlement cost / (credit)	-	-	-	-
Net cost	**10,751,989**	**3,411,788**	**6,502,814**	**7,725,666**

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

Particulars	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount Rate	8.00%	8.00%	8.00%	8.00%
Expected Rate of increase in Compensation levels	6.00%	6.00%	6.00%	6.00%
Expected Rate of Return on Plan Assets	8.00%	8.00%	8.00%	8.00%
Expected Average remaining working lives of employees (years)	7.77Years	7.77Years	7.86Years	7.86Years

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

Particulars	2015-16		2014-15	
	Gratuity	**Leave Encashment**	**Gratuity**	**Leave Encashment**
Change in Projected Benefit Obligation (PBO)				
Projected benefit obligation at beginning of year	27,749,003	31,443,113	23,847,153	48,038,355
Current service cost	5,101,211	7,209,268	4,856,648	14,247,882
Interest cost	2,359,490	2,594,663	2,322,490	4,560,681
Benefits paid	(3,479,061)	(3,886,565)	(2,759,869)	(2,905,225)
Past service cost	-	-	-	-
Actuarial (gain) / loss	3,004,786	(6,608,592)	(517,419)	(11,082,897)
Projected benefit obligation at year end	**34,735,429**	**30,751,887**	**27,749,003**	**52,858,796**
Change in plan assets :				
Fair value of plan assets at beginning of year	1,055,380	-	856,344	-
Expected return on plan assets	95,934	-	115,918	-
Actuarial gain / (loss)	(382,436)	-	42,987	-
Employer contribution	-	-	-	-
Contribution by plan participants	5,000,000	-	2,800,000	-
Settlement cost	-	-	-	-
Benefits paid	(3,479,061)	-	(2,759,869)	-
Fair value of plan assets at year end	**2,289,817**	**-**	**1,055,380**	**-**
Net funded status of the plan	**(32,445,612)**	**(30,751,887)**	**(26,693,623)**	**(52,858,796)**
Net amount recognized	**(32,445,612)**	**(30,751,887)**	**(26,693,623)**	**(52,858,796)**

Particulars	2015-16		2014-15	
	Gratuity	**Leave Encashment**	**Gratuity**	**Leave Encashment**
Fair value of plan assets :				
Fair value of plan assets at beginning of year	1,055,380	-	856,344	-
Actual return on plan assets	(286,502)	-	158,905	-
Employer contribution	5,000,000	-	2,800,000	-
Contribution by plan participants	-	-	-	-
Settlement cost	-	-	-	-
Benefits paid	(3,479,061)	-	(2,759,869)	-
Fair value of plan assets at year end	**2,289,817**	**-**	**1,055,380**	**-**

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		
	2015-16	2014-15	2013-14	2015-16	2014-15	2013-14
Defined benefit obligation	34,735,429	27,749,003	23,847,153	30,751,887	52,858,796	48,038,355
Plan assets	2,289,817	1,055,380	856,344	-	-	-
Surplus / (deficit)	(32,445,612)	(26,693,623)	(22,990,809)	(30,751,887)	(52,858,796)	(48,038,355)
Experience adjustments on plan liabilities	-	-	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-	-

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

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Travel Expenses	4,015,295	500,040
Others	1,439,338	1,441,770
Total	**5,454,633**	**19,41,810**

43. **Foreign Currency Exposure that have not been hedged by derivative instrument at the year end is given below: -**

Particulars	Currency	For the year ended 31.03.2016		For the year ended 31.03.2015	
		Foreign Currency	Equivalent Rs.	Foreign Currency	Equivalent Rs.
Trade Payable	US$	1,954,435	131,728,908	451,722	28,187,462
Advance given to Supplier	US$	246,794	16,633,902	228,709	14,271,426
Total		**2,201,929**	**148,362,810**	**680,431**	**42,458,888**

44. **CIF value of imports**

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Import of capital equipment (other than telephone instruments)	362,454,722	154,567,430
Import of telephone instruments	4,936,749	9,624,426
Components and Spares	1,059,711	588,101
Total	**368,451,182**	**164,779,956**

45. **Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary /Associates / Joint Ventures.**

Name of the Enterprises	Relationship	Net Assets i.e. total assets minus total liabilities		Share in Profit or Loss	
		As % of total consolidated net assets	Amounts (In Rs.)	As % of total consolidated Profit or Loss	Amounts (In Rs.)
QTL	Parent Company	99.99%	(14,709,126,676)	102.52%	(1,348,104,827)
QTSPL	Indian subsidiary	(0.01)%	1,00,000	N.A.	Nil

46. **Consumption of Stores & Spares**

Particulars	For the year ended 31.03.2016		For the year ended 31.03.2015	
	Value	%	Value	%
Indigenous	132,317,098	99.90	100,367,058	98.72
Imported	129,605	0.10	1,299,533	1.28
Total	**132,446,703**	**100.00**	**101,666,591**	**100.00**

47. Balances of some of the trade receivables and trade payables are subject to confirmations from the respective parties and consequential reconciliations/adjustments arising there from, if any. The management however doesn't expect any material variances.

48. Previous year's figures have been regrouped and reclassified wherever necessary and the figures have been rounded off to the nearest rupee.

As per our report of even date	**For and on behalf of the Board**	
For Khandelwal Jain & Co. **Chartered Accountants** **Firm registration number: 105049W**	**Mitu Mehrotra Goel** Director **(DIN No. 05188846)**	**Babu Mohanlal Panchal** Director **(DIN No. 01806193)**
Naveen Jain Partner Membership No. 511596	**Amit Verma** Company Secretary & Manager	**Munish Bansal** Chief Financial Officer

Place : Mohali
Date : May 27, 2016

Notes

PROXY FORM

[Pursuant to Section 105 (6) of the Companies Act 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

QUADRANT TELEVENTURES LIMITED

CIN: L00000MH1946PLC197474

Regd. Office: Autocars Compound, Adalat Road, Aurangabad – 431005 (Maharashtra)

Phone No. 91-240-2320754, **E-mail:** secretarial@infotelconnect.com, **Website**: www.connectzone.in

69th Annual General Meeting – Thursday, 21st July, 2016

Name of the Member(s)	
Registered address	
Email ID	
Folio No. / Client ID	
DP ID	

I/We, being the Member(s) of …………………………………………………………… shares of the above named company, hereby appoint

Name : …………………………………………………………………………… Email ID : ……………………………………………

Address : ……

……………………………………………………………………………Signature: ……………………………………………

Or failing him/her

Name : …………………………………………………………………………… Email ID : ……………………………………………

Address : ……

……………………………………………………………………………Signature: ……………………………………………

Or failing him/her

Name : …………………………………………………………………………… Email ID : ……………………………………………

Address : ……

……………………………………………………………………………Signature: ……………………………………………

(contd…….)

As my/our proxy attend and vote (on a poll) for me /us and on my/our behalf at the 69th Annual General Meeting of the Company scheduled to be held on Thursday, 21st July, 2016 at 2.30 P.M. at the Registered Office of the Company at Autocars Compound, Adalat Road, Aurangabad – 431 005 Maharashtra and at any adjournments thereof in respect of such resolutions as are indicated below: -

Resolution Number	Resolution
Ordinary Business	
1.	To adopt the Standalone and Consolidated Audited Statement of Profit and Loss for the Financial Year ended on 31st March, 2016 and the Audited Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2.	To appoint a Director in place of Ms. Mitu Mehrotra Goel (DIN No.05188846), who retires by rotation and being eligible offers herself for reappointment.
3.	To ratify the appointment of Auditors and fixation of their remuneration.
Special Business	
4.	To consider and approve the related party transactions in terms of the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
5.	To appoint Mr. Amit Verma as Manager of the Company for a period of 3 (Three) years in terms of the provisions of Section 196, 197 and 203 read with Schedule V of Companies Act 2013
6.	To ratify and confirm the payment of remuneration to Cost Auditors of the Company.

Signed this…………………………….. day of 2016

Affix
Revenue
Stamp
Re. 1

…………………………………
Signature of the shareholder

…...……………………………
Signature of the Proxy Holder

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
3. In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated

ATTENDANCE SLIP

QUADRANT TELEVENTURES LIMITED

CIN: L00000MH1946PLC197474
Regd. Office: Autocars Compound, Adalat Road, Aurangabad – 431005 (Maharashtra)
Phone No. 91-240-2320754, E-mail: secretarial@infotelconnect.com, Website: www.connectzone.in

69th Annual General Meeting – Thursday, 21st July, 2016

Regd.Folio No. / Client ID No	
DP ID No.	
No of shares held	

I certify that I am a registered shareholder / proxy for the registered Shareholder of the Company.

I hereby record my presence at the **69th Annual General Meeting** of the Company held on Thursday, 21st July, 2016 at 2.30 P.M. at the Registered Office of the Company at Autocars Compound, Adalat Road, Aurangabad – 431005, Maharashtra.

Member's/proxy's Name in Block Letters

Member's/Proxy signature

Note: Please fill in this attendance slip and hand it over at the ENTRANCE OF THE HALL

Registered Post / Speed Post / Courier

If undelivered, please return to

Quadrant Televentures Limited
Regd. Office : Autocars Compound, Adalat Road, Aurangabad - 431005, Maharashtra