

Telesonic Network Limited

Ind AS Financial Statements for the year ended

March 31, 2017

Telesonic Networks Limited

Ind AS Financial Statements - March 2017

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INDEPENDENT AUDITOR'S REPORT

To the Members of Telesonic Network Limited

Report on the Ind AS financial statements

We have audited the accompanying Ind AS financial statements of Telesonic Network Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 3 of the Companies (Accounts) Rules, 2015 and the Companies (Indian Accounting Standards) Rules, 2016 issued by Ministry of Corporate Affairs. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS 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 thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as 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 these Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these Ind AS financial statements.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, these Ind AS 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, 2017, its profit including other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

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 Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, these Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 3 of the Companies (Accounts) Rules, 2015 and the Companies (Indian Accounting Standards) Rules, 2016 issued by Ministry of Corporate Affairs.;
 - (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
 - (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 dated May 26, 2017 in "Annexure 2" to this report;
 - (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 and Companies (Audit and Auditors) Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 27 to the Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;



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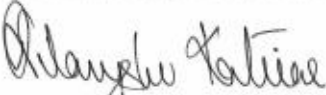
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- iv. As per books of accounts of the Company and as represented by the management of the Company, the Company did not have cash balance as on November 8, 2016 and December 30, 2016 and has no cash dealings during this period. Refer Note 10 to the Ind AS financial statements.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Nilangshu Katriar
Partner

Membership Number: 58814



Place: Gurgaon

Date: June 12, 2017

Annexure 1

**Annexure referred to in paragraph 1 of 'Report on other Legal and Regulatory Requirements'
Re: [Telesonic Network Limited] ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in fixed assets of the company and accordingly, the requirements under paragraph 3(is)(c) of the Order are not applicable to the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- (vii)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, value added tax, cess and other material statutory dues applicable to it. The provisions relating to duty of excise is not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, value added tax, cess and other material undisputed statutory dues were outstanding as at the year end, for a period of more than six months from the date they became payable.



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- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of customs, value added tax and cess on account of any dispute, are as follows:

Name of Statute	Nature of Dues	Period to which it relates	Amount Disputed	Forum where dispute is pending
			(In Rs.'000)	
INCOME TAX ACT, 1961	Income Tax	FY 2009-10	11.01	Commissioner of Income Tax (Appeals)
INCOME TAX ACT, 1961	Income Tax	2009-10, 2012-15	4.44	Assessing Officer
	Total		15.45	
Finance Act, 1994 (Service tax provisions)	Value added Tax	2009-14	82.70	CESTAT
The West Bengal VAT Act, 2003	Value added Tax	2009-12	3.70	SR. Joint Commissioner (Commercial Taxes)
The Karnataka VAT Act, 2003	Value added Tax	2010-11	2.46	Assistant Commissioner
The Madhya Pradesh VAT Act, 2002	Value added Tax	2011-12	2.32	Tribunal
The Haryana VAT Act, 2003	Value added Tax	2014-15	0.24	VATO
The Maharashtra VAT Act, 2002	Value added Tax	2012-13	0.27	VATO
	Total		91.69	

The above mentioned figures represent the total amount of disputed cases without any assessment of probable, possible and remote, as done in case of contingent liabilities. Of the above cases, total amount deposited in respect of income- tax is Rs.11.01 mn and value added tax is Rs. 1.21 mn.

- (viii) In our opinion and according to the information and explanations given by the management, the Company did not have any dues payable to a financial institution, bank, Government or dues to debenture holders during the current year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.



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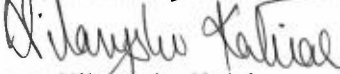
Chartered Accountants

- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xi) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004


per Nilangshu Katriar
Partner
Membership No.:58814



Place: Gurgaon

Date : June 12, 2017

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF TELESONIC NETWORK LIMITED

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 Telesonic Network Limited

We have audited the internal financial controls over financial reporting of Telesonic Network Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS 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 Controls 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 Act.

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 Act, to the extent applicable to an audit of internal financial controls and, both issued by the 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 was 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 controls 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 judgement, 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 that, 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 generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

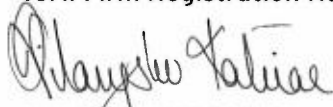
Inherent Limitations of Internal Financial Controls Over Financial Reporting

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, 2017, 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 **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004


per **Nilangshu Katriar**
Partner
Membership Number: 58814



Place: Gurgaon
Date: June 12, 2017

Telesonic Networks Limited
Balance Sheet
(All amounts are in millions of Indian Rupees)

	Notes	As of		
		March 31, 2017	March 31, 2016	April 1, 2015
Assets				
Non-current assets				
Property, plant and equipment	5	104	103	92
Capital work-in-progress		7	44	52
Intangible assets	6	4	28	59
Financial assets				
- Loans and security deposits		27	18	20
- Others		1	2	1
Deferred tax assets (net)	7	146	99	
Other non-current assets		-	1	1
		289	295	225
Current assets				
Inventories	8	323	220	135
Financial assets				
- Trade receivables	9	891	411	531
- Cash and cash equivalents	10	98	625	130
- Others	11	1,552	992	714
Current tax assets (net)		180	213	164
Other current assets	12	212	210	170
		3,256	2,671	1,844
Total Assets		3,545	2,966	2,069
Equity and Liabilities				
Equity				
Share capital	13	892	892	892
Other Equity		(544)	(776)	(1,099)
		348	116	(207)
Non-current liabilities				
Financial liabilities				
- Borrowings	14	-	-	36
- Others		-	-	1
Provisions	15	202	193	140
		202	193	177
Current liabilities				
Financial liabilities				
- Current portion of long term Borrowings		-	-	54
- Trade Payables	17	2,544	2,148	1,724
- Others	18	245	360	216
Provisions	16	135	95	59
Other current liabilities		71	54	46
		2,995	2,657	2,099
Total Liabilities		3,197	2,850	2,276
Total Equity and Liabilities		3,545	2,966	2,069

The accompanying notes form an integral part of these financial statements.

For S.R. Batliboi & Associates LLP

Chartered Accountants

Firm Registration No: 101049W/E300004

Nilangshu Katriar
per Nilangshu Katriar

Partner

Membership No. 58814



Date : June 12, 2017

Place: Gurgaon

For and on behalf of the Board of Directors of the Company

Ravi K Kaushal

Ravi K Kaushal

Director

DIN: 02814471

Jitendra Vyas

Jitendra Vyas
Chief Financial Officer

Srikanth Balachandran

Srikanth Balachandran

Director

DIN: 02815932

Nikhil Shah

Nikhil Shah
Company Secretary

Telesonic Networks Limited
Statement of Profit and Loss
(All amounts are in millions of Indian Rupees - except per share data)

	Notes	For the year ended	
		March 31, 2017	March 31, 2016
Income			
Revenue from operations	19	7,380	7,031
Other income		1	6
		7,381	7,037
Expenses			
Network operating expenses	20	4,676	4,121
Consumption Of material		238	330
Employee benefits	21	1,611	1,626
Other expenses	22	416	522
		6,941	6,599
Profit from operating activities before depreciation and amortisation			
		440	438
Depreciation and amortisation	23	87	88
Finance costs		-	6
Finance income	24	(22)	(16)
Profit before tax		375	360
Tax expense			
Current tax	7	172	112
Deferred tax	7	(40)	(98)
Profit for the Year		243	346
Other comprehensive income ('OCI')			
Items not be reclassified to profit or loss:			
Re-measurement (losses) on defined benefit plans		(17)	(24)
Income tax credit / (charge)		6	1
Other comprehensive (loss) for the year		(11)	(23)
Total comprehensive income for the year		232	323
Earnings per share (In Rupees)			
Basic and Diluted	25	2.72	3.88

The accompanying notes form an integral part of these financial statements.

For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm Registration No. 101049W/E300004

Nilangshu Katriar
per Nilangshu Katriar
Partner
Membership No. 58814

Date : June 12, 2017
Place: Gurgaon



For and on behalf of the Board of Directors of the Company

Ravi K Kaushal
Ravi K Kaushal
Director
DIN: 02814471

Jitendra Vyas
Jitendra Vyas
Chief Financial Officer

Srikanth Balachandran
Srikanth Balachandran
Director
DIN: 02815932

Nikhil Shah
Nikhil Shah
Company Secretary

Telesonic Network Limited

Ind AS Financial Statements for the year ended

March 31, 2017