

Sterlite Technologies Limited

Subsidiary Financial Statements- FY 2015-16

Speedon Network Limited

Financial Statements- FY 2015-16

INDEPENDENT AUDITOR'S REPORT

To the Members of Speedon Network Limited

Report on the Financial Statements

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

Management's Responsibility for the 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 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 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 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 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 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 the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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, its loss, and its cash flows 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, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, 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 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its 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.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares
Partner
Membership Number: 105754

Place of Signature: Pune
Date: May 02, 2016

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: Speedon Network Limited (the "Company")

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except for location-wise details of Optical Network Terminal (ONT) devices and telecom boxes installed in societies/apartments, telecom devices lying with subscribers/customers and certain other fixed assets which the Company is in the process of updating.
- b. Fixed assets such as, Optical Network Terminal (ONT) devices and telecom boxes installed in societies/apartments and telecom devices lying with subscribers/customers have not been physically verified during the year. Further, certain assets like cables, etc. cannot be physically verified due to the manner in which they have been installed/laid. In respect of other assets verified, no material discrepancies were noticed on such verification.
- c. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to 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(i)(c) of the Order are not applicable to the Company.
- ii. The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- 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, provisions of section 186 of the Companies Act, 2013 in respect of investments made have been complied with by the Company. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 of the Companies Act 2013 are applicable and hence not commented upon.
- v. The Company has not accepted any deposits from the public. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company and hence not commented upon.
- vi. To the best of our knowledge and as explained, the cost records prescribed by the Central Government under section 148(1) of the Companies Act, 2013, are not applicable to the Company for the year ended March 31, 2016.
- vii. a. The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, value added tax, service tax, cess and other material statutory dues applicable to it. The Company did not have any statutory dues towards provident fund, sales-tax, custom duty, excise duty and employees' state insurance.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales tax, custom duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- c. According to the information and explanations given to us, there are no dues of income tax, service tax, sales-tax, custom duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

- viii. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to bank. The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or debenture holders or to government during the year.
- ix. Based on the information and explanation given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- xi. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- xiii. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 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. The Company is required to constitute an audit committee under section 177 of Companies Act, 2013. However, audit committee has not been constituted and hence we are unable to comment on the compliance required under section 177 of Companies Act, 2013 for the transactions with related parties.
- 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. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and 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.

- 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 B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares
Partner
Membership Number: 105754

Place of Signature: Pune
Date: May 02, 2016

ANNEXURE 2 TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SPEEDON NETWORK LIMITED (ERSTWHILE 'STERLITE NETWORKS 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 Speedon Network Limited (Erstwhile 'Sterlite Network Limited')

We have audited the internal financial controls over financial reporting of Speedon Network 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 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 Companies Act, 2013.

Auditors' 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 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, 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.

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Explanatory paragraph

We also have audited, 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, the standalone financial statements of the Company, which comprise the Balance Sheet as at March 31, 2016, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated May 02, 2016 expressed unqualified opinion thereon.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E /E300003

per Paul Alvares

Partner

Membership Number: 105754

Place of Signature: Pune

Date: May 02, 2016

ANNEXURE 2 TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SPEEDON NETWORK LIMITED (ERSTWHILE 'STERLITE NETWORKS 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 Speedon Network Limited (Erstwhile 'Sterlite Network Limited)

We have audited the internal financial controls over financial reporting of Speedon Network 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 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 Companies Act, 2013.

Auditors' 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 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, 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.

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Explanatory paragraph

We also have audited, 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, the standalone financial statements of the Company, which comprise the Balance Sheet as at March 31, 2016, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated May 02, 2016 expressed unqualified opinion thereon.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E /E300003

per Paul Alvares

Partner

Membership Number: 105754

Place of Signature: Pune

Date: May 02, 2016

SPEEDON NETWORK LIMITED (Erstwhile 'STERLITE NETWORKS LIMITED')
BALANCE SHEET AS AT 31 MARCH 2016

	Note	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
EQUITY AND LIABILITIES			
Shareholders' Funds		155.00	155.00
Share Capital	3	(6,706.67)	(2,712.79)
Reserves and Surplus	4	(6,551.67)	(2,557.79)
Non-current liabilities		14,574.10	13,629.70
Long-term borrowings	5	-	-
Deferred tax liabilities (net)	6	1,183.13	990.46
Other long term liabilities	7	26.44	44.37
Long-term provisions	8	15,783.67	14,664.53
Current liabilities		3,243.84	887.46
Short-term borrowings	9	247.88	184.27
Trade payables	10	2,408.45	1,449.56
Other current liabilities	10	28.80	42.29
Short-term provisions	8	5,928.97	2,563.58
TOTAL		15,160.97	14,670.32
ASSETS			
Non-current assets			
Fixed assets		11,337.72	11,441.95
Tangible assets	11	307.01	360.10
Intangible assets	11	775.19	1,023.69
Capital work-in-progress		12,419.92	12,825.74
Non-current investments	12	2.00	-
Long-term loans and advances	13	1,204.40	886.30
Other non-current assets	15	36.50	41.97
		13,662.82	13,754.01
Current assets		230.45	126.07
Trade receivables	14	729.53	5.56
Cash and bank balances	16	387.82	662.00
Short-term loans and advances	13	150.35	122.68
Other current assets	15	1,498.15	916.31
TOTAL		15,160.97	14,670.32

Summary of Significant Accounting Policies 2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R B C & CO. LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

For and on behalf of the board of directors of Speedon Network Limited

per Paul Alvares
Partner
Membership Number: 105754

K S Rao
Director
DIN:00022533

Anupam Jindal
Director
DIN: 03040078

Place: Pune
Date: May 02, 2016

Place: Mumbai
Date: May 02, 2016

Place: Mumbai
Date: May 02, 2016

SPEEDON NETWORK LIMITED (Erstwhile 'STERLITE NETWORKS LIMITED')
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

	Note	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
INCOME			
Revenue from operations (gross)	17	1,647.19	1,369.53
Less: Excise duty	17	-	-
Revenue from operations (net)		1,647.19	1,369.53
Other income	18	16.68	71.21
Total Income (I)		1,663.87	1,440.74
EXPENSES			
Purchase of traded goods		28.23	-
Employee benefits expense	19	1,118.09	970.39
Other expenses	20	1,216.30	1,136.84
Total (II)		2,362.62	2,107.23
Earnings before interest, tax, depreciation and amortization (EBITDA)		(698.75)	(666.49)
Depreciation and amortization expense	21	1,444.28	1,220.10
Finance costs	22	1,850.85	1,431.63
Loss before tax		(3,993.88)	(3,318.22)
Tax Expense:			
Current tax		-	-
Deferred tax		-	-
Total tax expenses		-	-
Loss for the year		(3,993.88)	(3,318.22)
Earnings per equity share [nominal value of share Rs. 10 (31 March 2015: Rs. 10)]	23		
Basic and diluted			
Computed on the basis of Loss for the year		(257.67)	(214.08)

Summary of Significant Accounting Policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R B C & CO. LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

For and on behalf of the board of directors of Speedon Network Limited

per Paul Alvares
Partner
Membership Number: 105754

K S Rao
Director
DIN:00022533

Anupam Jindal
Director
DIN: 03040078

Place: Pune
Date: May 02, 2016

Place: Mumbai
Date: May 02, 2016

Place: Mumbai
Date: May 02, 2016

SPEEDON NETWORK LIMITED (Erstwhile 'STERLITE NETWORKS LIMITED')
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

Particulars	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
A. Cash flow from Operating Activities		
Net Loss as per Statement of Profit and Loss	(3,993.88)	(3,318.22)
Adjustments for:		
Depreciation and amortization expense	1,444.28	1,220.10
Net gain on sale of investments	-	(70.63)
(Profit) / loss on sale of assets, net	5.48	(0.31)
Interest and finance charges	1,850.85	1,431.63
	<u>3,300.61</u>	<u>2,580.79</u>
Operating loss before working capital changes	<u>(693.27)</u>	<u>(737.43)</u>
Movements in working capital :		
Increase/(decrease) in trade payables	63.61	(201.26)
Increase/(decrease) in long-term provisions	(17.94)	18.83
Increase/(decrease) in short-term provisions	(13.49)	10.44
Increase/(decrease) in other long-term liabilities	(7.19)	(11.41)
Increase/(decrease) in other current liabilities	21.47	(27.43)
Decrease/(increase) in trade receivables	(104.38)	172.32
Decrease/(increase) in other current assets	(27.67)	(39.52)
Decrease/(increase) in long-term loans and advances	(318.10)	(41.12)
Decrease/(increase) in short-term loans and advances	274.18	(188.78)
Change in working capital	<u>(129.51)</u>	<u>(307.93)</u>
Cash used in operations	<u>(822.78)</u>	<u>(1,045.36)</u>
Direct tax refunds received	-	20.71
Net cash used in Operating Activities	<u>(822.78)</u>	<u>(1,024.65)</u>
B. Cash flow from Investing Activities		
Purchase of Fixed Assets (including capital work in progress and capital advances)	(1,676.65)	(2,822.97)
Proceeds from sale of fixed assets	5.73	2.73
(Purchase)/Sale of current investments, net	-	1,728.72
Purchase of non-current investments	(2.00)	-
Net cash used in Investing Activities	<u>(1,672.92)</u>	<u>(1,091.52)</u>
C. Cash flow from Financing Activities		
Proceeds of short term loan from holding company	2,098.83	13.60
Proceeds of term loan from bank	2,172.00	2,698.40
Proceeds from other short term borrowings, net	257.55	489.26
Interest paid	(1,308.71)	(1,097.03)
Net Cash flow from Financing Activities	<u>3,219.67</u>	<u>2,104.23</u>
Net Increase/(decrease) in cash and cash equivalents	<u>723.97</u>	<u>(11.94)</u>
Cash and cash equivalents as at beginning of year	<u>5.56</u>	<u>17.49</u>
Cash and cash equivalents as at year end	<u>729.53</u>	<u>5.56</u>
Components of Cash and cash equivalents:		
Balances with banks on current accounts	729.53	5.56
Cash and cash equivalents in Cash Flow Statement	<u>729.53</u>	<u>5.56</u>

As per our report of even date

For S R B C & CO. LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

per Paul Alvares
Partner
Membership Number: 105754

Place: Pune
Date: May 02, 2016

For and on behalf of the board of directors of
Speedon Network Limited

K S Rao
Director
DIN:00022533

Place: Mumbai
Date: May 02, 2016

Anupam Jindal
Director
DIN: 03040078

Place: Mumbai
Date: May 02, 2016

NOTE 1. CORPORATE INFORMATION

Speedon Network Limited (erstwhile 'Sterlite Networks Limited') (the 'Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is a wholly owned subsidiary of Sterlite Technologies Limited. The business of the Company is to lay telecom network i.e. to deploy active and passive equipments of last mile and backhaul telecom infrastructure (wire-line) aimed at facilitating the delivery of Voice, Video, Text, Data Services and other related telecom and media services by various service providers to business and households on

NOTE 2. BASIS OF PREPARATION

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except for the change in accounting policy explained below.

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in accounting policy

The Company has adopted component accounting as required under Schedule II to the Companies Act, 2013 from 1 April 2015. The Company was previously not identifying components of fixed assets separately for depreciation purposes; rather, a single useful life/ depreciation rate was used to depreciate each item of fixed assets.

Due to application of Schedule II to the Companies Act, 2013, the Company has changed the manner of depreciation for its fixed assets. Now, the Company identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset. These components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

The above change does not have any material impact on the financial statements of the Company.

(a) Use of estimates

The preparation of financial statements in conformity with the Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Tangible fixed assets

Fixed assets, are stated at cost (net of cenvat), net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

The company adjusts exchange differences arising on translation/settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated 09 August 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the construction costs to the extent the expenditure can be attributable to construction activity or is incidental there to. Income earned during the construction period is deducted from the total of the indirect expenditure.

The company identifies and determines cost of asset significant to the total cost of the asset having useful life that is materially different from that of the remaining life. Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

(c) Depreciation on tangible fixed assets

Based on the applicability of Schedule II to the Companies Act, 2013, the management has estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II.

SPEEDON NETWORK LIMITED (Erstwhile 'STERLITE NETWORKS LIMITED')
Notes to financial statements for year ended 31 March 2016

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The company has used the following rates to provide depreciation on its fixed assets.

Tangible assets	Useful lives estimated by the management (years)	Useful lives as per Schedule II of Companies Act, 2013 (years)
Plant and machinery	1-18 *	Plant and machinery other than continuous process plant - 15 years and for continuous process plant - 25 years
Optical fibre cable (included in Plant and machinery)	18	18
Furniture and fixtures	5 *	10
Office equipment	6 *	5
Data processing equipments	4-6 *	Servers and networks 6 years and desktops and laptops 3 years
Electrical fittings	5 *	10

* Considered on the basis of management's estimation, supported by technical advice, of the useful lives of the respective assets.

Cost of leasehold improvement is amortised over the estimated useful life or the period of lease whichever is less, on a straight line basis.

(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Duct taken on Indefeasible Right of Use (IRU) is amortized over the agreement period on a straight line basis.

Customer acquisition costs consist of payments made to obtain consents/permissions for laying of fiber cables and other telecom infrastructure in residential and commercial complexes/townships. Such cost is amortized over the period of the consent/permission on a straight line basis.

Software/ Licences are amortised on a straight line basis over a period of 5 years. Intangible assets not yet available for use and intangible assets amortised over a period exceeding 10 years from the date they are available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

(e) Leases

Where the company is lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(f) Borrowing costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(g) Impairment of tangible and intangible assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognised in the statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

(h) Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

(i) Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the company and that the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Income from services

Revenues from services are recognised pro-rata over the period of the contract as and when services are rendered. The company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue. Revenue from one time charges billed to service providers is recognized over the related estimated customer relationship period.

Amount received as one-time cost from developers towards setting up of telecom infrastructure in their premises is recognized as revenue over the period of the agreement with the developers.

Unbilled revenue represents revenue recognized from the bill cycle date to the end of the reporting period. It is billed in subsequent periods as per the agreed terms of billing.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate

(j) Foreign currency translation

Foreign currency transactions and balances

(i) 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.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

The company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
2. All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of point 1 above, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated 09 August 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

(k) Retirement and other employee benefits

Retirement benefit in the form of provident fund and superannuation fund are defined contribution schemes. The Company recognises contribution payable to provident fund and superannuation fund as an expenditure, when an employee renders the related service. The Company has no obligation, other than the contribution payable to the provident fund and superannuation fund.

The company operates a defined benefit plan in the form of gratuity for its employees. The cost of providing benefits under the plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for the defined benefit plan are recognised in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method as at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability

(l) Income Tax

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences 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. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each reporting date, the company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

(m) Earning Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(n) Provisions

A provision is recognised when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss, net of any reimbursement.

(o) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial

(p) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less.

(q) Measurement of EBITDA

The company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortisation expense, finance costs and tax expense.

SPEEDON NETWORK LIMITED (Erstwhile 'STERLITE NETWORKS LIMITED')
Notes to financial statements for the year ended 31 March 2016

NOTE 3: SHARE CAPITAL

	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Authorised shares		
5,000,000 (31 March 2015: 5,000,000) Equity Shares of Rs. 10 each	500.00	500.00
Issued, Subscribed and fully paid-up shares		
1,550,000 (31 March 2015: 1,550,000) Equity Shares of Rs. 10 each fully paid - up	155.00	155.00
TOTAL	155.00	155.00

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	31 March 2016		31 March 2015	
	Nos.	(Rs. in Lacs)	Nos.	(Rs. in Lacs)
At the beginning of the period	15,50,000	155.00	15,50,000	155.00
Issued during the period	-	-	-	-
Outstanding at the end of the period	15,50,000	155.00	15,50,000	155.00

b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company and their subsidiaries/associates:

	31 March 2016		31 March 2015	
	Nos.	% holding	Nos.	% holding
Sterlite Technologies Limited, Holding Company	15,50,000	100%	15,50,000	100%

d. Details of shareholders holding more than 5% of shares in the company

	31 March 2016		31 March 2015	
	Nos.	% holding	Nos.	% holding
Sterlite Technologies Limited, Holding Company	15,50,000	100%	15,50,000	100%

NOTE 4 : RESERVES AND SURPLUS

	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Securities Premium account	3,595.00	3,595.00
Deficit in the Statement of Profit and Loss		
Balance as per last financial statements	(6,307.79)	(2,989.57)
Loss for the year	(3,993.88)	(3,318.22)
Net deficit in the Statement of Profit and Loss	(10,301.67)	(6,307.79)
TOTAL	(6,706.67)	(2,712.79)

NOTE 5: LONG-TERM BORROWINGS

	Non Current		Current maturities	
	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
From Holding Company (Unsecured) #	3,750.00	3,750.00	-	-
Term loan from Bank of India (Secured) *	10,824.10	9,879.70	1,546.30	318.70
TOTAL	14,574.10	13,629.70	1,546.30	318.70
Amount disclosed under the head "Other current liabilities" (note 10)	-	-	1,546.30	318.70
Net amount	14,574.10	13,629.70	-	-

The company has obtained unsecured borrowing from holding company which carries interest at 10% p.a. (2014-15: 10.5% p.a.) The loan including the interest is repayable only after final settlement of term loan obtained from Bank of India.

* The term loan represents Indian rupee term loan of Rs.12,370.40 lakhs (31 March 2015: Rs.10,198.40 lakhs) which carries interest at 11.45% to 11.80% p.a. (2014-15: 11.75% p.a.) obtained from Bank of India. Total amount is repayable in 32 equal quarterly instalments calculated on the basis of 3.125% of term loan (principal amount), immediately after expiry of 3 months from COD (i.e. COD was 31 December 2015 as per agreement). The loan carries moratorium of two years i.e. till 31 December 2015 which the entity is in process of extending till December 2017. The term loan is secured by first charge on all immovable assets both present and future pertaining to project, tangible moveable assets, all accounts of the borrower, that may be opened in accordance with the Transaction Documents, and in all funds from time to time deposited therein (including the reserves) and the permitted investments or other securities representing all amounts credited to the Account and a first charge on the receivables.

The loan is also secured by assignment of all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in, to and under all the Project Agreements, duly acknowledged and consented to by the counter parties to the Project Agreements if such Project Agreements requires prior consent of such counter parties before creation of Security Interest as within-mentioned, all as amended, varied or supplemented from time to time; the right, title and interest and benefits of the Borrower in, to and under all the Clearances in the name of the Borrower and pertaining to the Project to the extent the same are assignable; all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in, to and under any letter of credit, guarantee including contractor guarantees and liquidated damages, consent agreements, side letters and performance bond provided by any party to the Project Agreements; and all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in, to and under all Insurance Contracts and Insurance Proceeds pertaining to the Project.

Loan is also secured by non disposable undertaking from sponsor directly/ indirectly to hold at least 51% of equity till final settlement date.

SPEEDON NETWORK LIMITED (Erstwhile 'STERLITE NETWORKS LIMITED')
Notes to financial statements for the year ended 31 March 2016

NOTE 6: DEFERRED TAX LIABILITIES (NET)

	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Deferred Tax Liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization for financial reporting	514.30	424.19
Gross deferred tax liability (A)	514.30	424.19
Deferred tax assets		
On account of losses/unabsorbed depreciation/gratuity and leave encashment provision * (to the extent of deferred tax liability)	514.30	424.19
Gross deferred tax assets (B)	514.30	424.19
Net deferred tax liability (A-B)	-	-

* In the absence of virtual certainty as required by AS-22 'Accounting for taxes on income', the Company has recognised deferred tax asset only to the extent that it has timing differences on depreciation of fixed assets.

NOTE 7: OTHER LONG-TERM LIABILITIES

	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Payables for purchase of fixed assets	225.89	437.83
Unearned revenue	74.83	82.02
Interest payable to holding company	882.41	470.61
TOTAL	1,183.13	990.46

NOTE 8: PROVISIONS

	Long-term		Short-term	
	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Provision for employee benefits				
Provision for gratuity (note 32)	26.44	44.37	1.64	-
Provision for leave benefits	-	-	27.16	42.29
TOTAL	26.44	44.37	28.80	42.29

NOTE 9: SHORT-TERM BORROWINGS

	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Buyer's credit from banks (secured)*	746.81	489.26
Loan from Holding Company (unsecured)#	2,497.03	398.20
TOTAL	3,243.84	887.46

* These are secured by hypothecation of fixed assets, trade receivables and other receivables. Buyer's credit is repaid / rolled over after a period of six months and carry interest @ 0.50-1.50% p.a.

The company has obtained unsecured borrowing from holding company which carries interest at 10% p.a. (2014-15: 10.5% p.a.)

NOTE 10: TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Trade payables		
(i) Micro, small and medium enterprises (refer note 28)	-	0.59
(ii) Others	247.88	183.68
TOTAL	247.88	184.27
Other liabilities		
Current maturities of long-term borrowings (note 5)	1,546.30	318.70
Interest accrued but not due on borrowings	1.66	0.44
Retention money	123.65	-
Payables for purchase of fixed assets	99.72	135.77
TDS payable	354.59	769.64
VAT payable	54.26	15.27
Unearned revenue	0.06	-
Others	95.62	88.93
	132.59	120.81
TOTAL	2,408.45	1,449.56

SPEEDON NETWORK LIMITED (Erstwhile 'STERLITE NETWORKS LIMITED')
Notes to financial statements for the year ended 31 March 2016

NOTE 11: TANGIBLE AND INTANGIBLE ASSETS

(Rs. in Lacs)

Tangible Assets	Leasehold Improvements	Plant and Machinery	Furniture and Fixtures	Data Processing Equipments	Office Equipments	Electrical Fittings	Total
Gross block at 1 April 2014	34.15	9,838.64	12.60	56.46	23.70	0.53	9,966.08
Additions*	-	3,676.21	0.20	9.60	14.98	-	3,701.01
Disposals	-	2.25	-	-	0.76	-	3.01
As at 31 March 2015	34.15	13,512.60	12.80	66.06	37.92	0.53	13,664.08
Additions*	0.14	1,266.92	-	0.05	3.27	-	1,270.38
Disposals	-	8.09	4.87	0.15	5.21	-	18.32
As at 31 March 2016	34.29	14,771.43	7.93	65.96	35.98	0.53	14,916.12
Depreciation as at 1 April 2014	11.11	1,068.33	3.83	14.64	4.68	0.21	1,102.81
Charge for the year	6.83	1,092.96	2.35	11.08	6.59	0.11	1,119.91
Disposals	-	0.31	-	-	0.28	-	0.59
As at 31 March 2015	17.94	2,160.98	6.18	25.72	10.99	0.32	2,222.12
Charge for the year	6.85	1,334.13	1.88	12.33	8.09	0.11	1,363.40
Disposals	-	1.81	2.95	0.10	2.26	-	7.12
As at 31 March 2016	24.79	3,493.30	5.11	37.95	16.82	0.43	3,578.40
Net Block							
At 31 March 2015	16.21	11,351.62	6.63	40.34	26.94	0.21	11,441.95
At 31 March 2016	9.50	11,278.13	2.82	28.01	19.16	0.10	11,337.72

(Rs. in Lacs)

Intangible assets	Software/Licences	Indefeasible Right of Use	Customer Acquisitions	Total
Gross block at 1 April 2014	304.00	98.36	-	402.36
Additions*	36.71	-	90.07	126.78
Disposals	-	-	-	-
As at 31 March 2015	340.71	98.36	90.07	529.14
Additions*	13.29	-	14.50	27.79
Disposals	-	-	-	-
As at 31 March 2016	354.00	98.36	104.57	556.93
Amortization at 1 April 2014	58.49	10.36	-	68.85
Charge for the year	91.20	5.80	3.19	100.19
Disposals	-	-	-	-
As at 31 March 2015	149.69	16.16	3.19	169.04
Charge for the year	64.20	6.62	10.06	80.88
Disposals	-	-	-	-
As at 31 March 2016	213.89	22.78	13.25	249.92
Net Block				
At 31 March 2015	191.02	82.20	86.88	360.10
At 31 March 2016	140.11	75.58	91.32	307.01

* Refer Note 25 for amount of expenses capitalized during the year.

SPEEDON NETWORK LIMITED (Erstwhile 'STERLITE NETWORKS LIMITED')
Notes to financial statements for the year ended 31 March 2016

NOTE 12: NON-CURRENT INVESTMENTS

	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Investment in subsidiaries (Long term, unquoted, valued at cost)		
20,000 (31 March 2015: Nil) Equity shares of Sterlite Telesystems Limited of Rs 10. each fully paid up	2.00	-
TOTAL	2.00	-

NOTE 13: LOANS AND ADVANCES (Unsecured, considered good)

	Non Current		Current	
	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Security deposit	166.82	169.83	-	-
Advances receivable in cash or kind	-	-	7.62	4.96
Advances to related parties (refer note 30)	-	-	1.79	13.89
Other loans and advances				
Advance income taxes, including tax deducted at source [Net of provision Rs. Nil (31 March 2015: Rs. Nil)]	84.42	52.75	-	-
Balances with Central Excise Authorities	953.16	663.72	289.83	573.69
Other advances	-	-	88.58	69.46
	1,037.58	716.47	378.41	643.15
TOTAL	1,204.40	886.30	387.82	662.00

NOTE 14: TRADE RECEIVABLES (Unsecured, considered good)

	Current	
	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Outstanding for a period more than six months from the date they are due for payment	8.68	-
Others	221.77	126.07
TOTAL	230.45	126.07

NOTE 15: OTHER ASSETS (Unsecured, considered good)

	Non Current		Current	
	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Unbilled revenue	-	-	144.87	117.20
Ancillary cost of borrowings	36.50	41.97	5.48	5.48
TOTAL	36.50	41.97	150.35	122.68

NOTE 16: CASH AND BANK BALANCES

	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Cash and cash equivalents		
Balances with banks on current accounts	729.53	5.56
TOTAL	729.53	5.56

SPEEDON NETWORK LIMITED (Erstwhile 'STERLITE NETWORKS LIMITED')
Notes to financial statements for the year ended 31 March 2016

NOTE 17: REVENUE FROM OPERATIONS

	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Sale of Traded goods	28.23	-
Sale of Services	1,618.17	1,369.53
Other operating revenue		
Scrap sales	0.79	-
Revenue from operations (gross)	1,647.19	1,369.53
Less: Excise duty	-	-
Revenue from operations (net)	1,647.19	1,369.53
Details of traded goods	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
	28.23	-
OLT configuration equipments	28.23	-
TOTAL		
Details of services rendered	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
	1,618.17	1,351.09
Provision of telecommunication network	-	18.44
Provision of internet services	1,618.17	1,369.53
TOTAL		

NOTE 18: OTHER INCOME

	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Net gain on sale of current investments	-	70.63
Interest on income tax refund	1.15	0.26
Profit on sale of assets, net	-	0.31
Miscellaneous income	15.53	-
TOTAL	16.68	71.21

NOTE 19: EMPLOYEE BENEFITS EXPENSE

	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Salaries, wages and bonus	1,067.03	884.28
Contribution to provident fund and superannuation fund	31.81	23.53
Gratuity expense (refer note 32)	(16.30)	11.98
Staff welfare expenses	35.55	50.60
TOTAL	1,118.09	970.39

SPEEDON NETWORK LIMITED (Erstwhile 'STERLITE NETWORKS LIMITED')
Notes to financial statements for the year ended 31 March 2016

NOTE 20: OTHER EXPENSES

	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Network expenses		
Annual DOT license fees	476.98	319.79
Power and fuel	-	66.86
Repairs and Maintenance	91.01	73.63
- Building		
Sales promotion and marketing	-	12.41
Rent	104.89	127.00
Rates and taxes	213.42	202.04
Insurance	2.69	23.20
Travelling and conveyance	31.56	29.77
Legal and professional fees	81.87	106.36
Directors Sitting Fee and Commission	80.53	50.83
Internal audit fees	0.10	-
Payment to auditor (refer details below)	17.25	25.00
Loss on sale of fixed assets, net	10.50	9.75
Telephone charges	5.48	-
Membership and subscription expenses	23.59	21.49
Office maintenance charges	3.64	4.23
Recruitment charges	24.12	23.13
Miscellaneous expenses	24.76	14.22
	23.90	27.13
TOTAL	1,216.30	1,136.84
Payment to auditor		
As auditor:	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Audit fee	8.50	7.50
Tax audit fee	1.00	1.00
In other capacity:		
Other Services (certification fees)	1.00	1.25
TOTAL	10.50	9.75

NOTE 21: DEPRECIATION AND AMORTIZATION EXPENSE

	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Depreciation of tangible assets (refer note 11)	1,363.40	1,119.91
Amortization of intangible assets (refer note 11)	80.88	100.19
TOTAL	1,444.28	1,220.10

NOTE 22: FINANCE COSTS

	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Interest		
On term loan from bank	1,334.02	956.39
On other loans from bank	5.69	0.44
On loan from holding company	457.55	456.09
Others	2.42	-
Bank charges	25.84	11.19
Amortization of ancillary borrowing costs	5.48	5.48
Exchange difference to the extent considered as an adjustment to borrowing costs	19.85	2.04
TOTAL	1,850.85	1,431.63

NOTE 23: EARNINGS PER SHARE (EPS)

The following reflects loss and share data used in the basic and diluted EPS computation

	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Loss after tax	(3,993.88)	(3,318.22)
Weighted average number of equity shares in calculating basic and diluted EPS	15,50,000	15,50,000
Earnings Per Share		
Basic and diluted (On Nominal Value of Rs. 10 Per Share) Rupees/share	(257.67)	(214.08)

SPEEDON NETWORK LIMITED (Erstwhile 'STERLITE NETWORKS LIMITED')
Notes to financial statements for the year ended 31 March 2016

NOTE 24: OPERATING LEASE

The Company has taken central office premises and guest house on operating leases. The lease terms are from 1 year to 15 years and renewable at the option of the Company. Escalation clauses for scheduled rent increases have been imposed by certain lease agreement. Disclosures in respect of operating leases of central office premises and guest house as per the requirement of AS-19 on Leases, are as under:

- (a) Lease payments recognised in the Statement of Profit and Loss for the year is Rs.213.42 Lacs (31 March 2015: Rs. 202.04 Lacs).
- (b) The future minimum lease payments payable over the next one year is Rs. 142.53 Lacs (31 March 2015: Rs. 255.44 Lacs).
- (c) The future minimum lease payments payable later than one year but not later than five year is Rs. 243.53 Lacs (31 March 2015: Rs. 230.72 Lacs).
- (d) The future minimum lease payments payable later than 5 years is Rs. 117.06 Lacs (31 March 2015: Rs. 129.77 Lacs)

NOTE 25: CAPITALIZATION OF EXPENDITURE

During the year, the company has capitalised the following expenses to the cost of fixed assets/Capital Work- in-Progress (CWIP), the expenses disclosed under respective notes are net of capitalised by the company.

Particulars	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Opening balance of expenditure included in CWIP	64.08	43.98
<u>Add: Additions to CWIP during the year</u>		
Rent	-	16.36
Employee benefits expense	-	499.42
Finance costs	-	80.45
Insurance	-	3.55
Foreign exchange difference capitalised*	62.50	28.76
Miscellaneous Expenses	-	37.11
	<u>62.50</u>	<u>665.65</u>
Less: Transferred to fixed assets during the year	<u>126.58</u>	<u>645.55</u>
Closing balance of expenditure in CWIP	<u>-</u>	<u>64.08</u>

* The Ministry of Corporate Affairs (MCA) issued the amendment dated 29 December 2011 to AS - 11 "The Effect of Changes in Foreign Exchange Rate", to allow companies deferral / capitalisation of exchange difference arising on long-term foreign currency monetary items. In accordance with the amendment to AS- 11, the Company has adjusted exchange loss arising on long-term foreign currency loan amounting to Rs. 62.50 lacs (31 March 2015: Rs. 28.76 lacs) to the value of plant and machinery.

NOTE 26: CAPITAL AND OTHER COMMITMENTS

- (a) Estimated amount of contracts remaining to be executed on Capital account and not provided for (Net of advances) is Rs. 612.20 Lacs (31 March 2015: Rs. 596.70 Lacs)
- (b) The company has entered into master service agreements (MSAs) with internet service providers pursuant to which the company has committed minimum availability of telecom networks over the period of respective MSAs. The MSAs contain provision for disincentives and penalties in case of certain defaults.

NOTE 27: DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

- (a) There were no derivative instruments taken during the year or outstanding at the end of the year.
- (b) Foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Category	Currency type	31 March 2016		31 March 2015	
		Foreign Currency (in Lacs)	Amount in Rs. (in Lacs)	Foreign Currency (in Lacs)	Amount in Rs. (in Lacs)
Import of goods and services, buyers credit, etc.	US \$	17.90	1,187.15	22.34	1,398.35

SPEEDON NETWORK LIMITED (Erstwhile 'STERLITE NETWORKS LIMITED')
Notes to financial statements for the year ended 31 March 2016

NOTE 28: DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MSMED ACT, 2006

Description	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
(i) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	-	0.59
(ii) The amount of interest paid by the buyer in terms of section 16, of the 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 accounting year.	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of intimations received from the "suppliers" / information available with the Company regarding their status under the Micro, Small and Medium Enterprises Act, 2006.

NOTE 29: VALUE OF IMPORTS CALCULATED ON CIF BASIS

Particulars	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Capital goods	228.07	205.97
TOTAL	228.07	205.97

SPEEDON NETWORK LIMITED (Erstwhile 'STERLITE NETWORKS LIMITED')
Notes to financial statements for the year ended 31 March 2016

NOTE 30: RELATED PARTY TRANSACTIONS

A. Name of related party and nature of relationships:

a Related parties where control exists:

Sterlite Technologies Limited ('STL')	(Immediate holding company)
Twinstar Overseas Limited, Mauritius	(Intermediate holding company)
Volcan Investments Limited, Bahamas	(Ultimate holding company)
Sterlite Telesystems Limited ('STSL')	(Subsidiary) (incorporated on 21/09/2015)

b Other related parties with whom transactions have taken place during the year:

Fellow subsidiary

Maharashtra Transmission Communication Infrastructure Limited ('MTCIL')

Key Managerial Persons ('KMPs')

Mr. Vijay Jain (Executive Director) (ceased to be director from 23 December 2014)

Mr. S. Anand (Whole time Director) (appointed w.e.f. 28 January 2015)

B Transactions with related parties during the year and outstanding balances are as follows:

Particulars	Transactions with STL		Transactions with MTCIL		Transactions with STSL		Transactions with KMPs	
	2015-16 (Rs. in Lacs)	2014-15 (Rs. in Lacs)	2015-16 (Rs. in Lacs)	2014-15 (Rs. in Lacs)	2015-16 (Rs. in Lacs)	2014-15 (Rs. in Lacs)	2015-16 (Rs. in Lacs)	2014-15 (Rs. in Lacs)
Transactions during the year								
Purchase of fixed assets (inclusive of duties and taxes)	188.99	221.48	-	-	-	-	-	-
Investment in equity shares	-	-	-	-	2.00	-	-	-
Loans taken (principal amount)	2,098.83	13.60	-	-	-	-	-	-
Reimbursement of expenses (received or receivable)	146.53	74.84	0.87	7.60	0.91	-	-	-
Sales (exclusive of duties and taxes):								
(a) Services provided	1,460.70	1,295.34	-	-	-	-	-	-
(b) Unbilled revenue	144.87	117.20	-	-	-	-	-	-
Interest on loans taken	457.55	457.18	-	-	-	-	-	-
Remuneration paid to KMPs								
Mr. Vijay Jain	-	-	-	-	-	-	-	106.44
Mr. S Anand	-	-	-	-	-	-	56.18	8.18
Closing balances as at year end								
Long term loan taken	3,750.00	3,750.00	-	-	-	-	-	-
Short term loan taken	2,497.03	398.20	-	-	-	-	-	-
Amount receivable	187.28	115.95	0.87	13.89	0.91	-	-	-
Interest payable	882.41	470.61	-	-	-	-	-	-
Amount payable	44.90	26.84	-	-	-	-	-	-

SPEEDON NETWORK LIMITED (Erstwhile 'STERLITE NETWORKS LIMITED')
Notes to financial statements for the year ended 31 March 2016

NOTE 31: SEGMENT REPORTING

Based on guiding principles given in Accounting Standard - 17 on 'Segment Reporting' (AS-17), the activities of the company fall within single business and geographical segment and accordingly, the disclosures of AS-17 have not been separately made.

NOTE 32: GRATUITY

The Company has a defined benefit gratuity plan which is managed by holding company. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

Changes in the present value of the defined benefit obligation are as follows:

Particulars	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Defined benefit obligation at the beginning of the year	44.37	25.55
Current service cost	8.12	8.02
Interest cost	3.54	2.41
Actuarial (gain)/loss	(27.95)	8.38
Benefits paid	-	-
Defined benefit obligation, at the end of the year	28.08	44.37

Details of defined benefit obligation

Particulars	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Present value of defined benefit obligation	28.08	44.37
Fair value of plan assets	-	-
Plan liability	28.08	44.37

Net employee benefit expense recognised in the Statement of Profit and Loss:

Particulars	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Current Service cost	8.12	8.02
Interest cost on benefit obligation	3.54	2.42
Net actuarial (gain) / loss recognised	(27.95)	8.38
Expected return on plan assets	-	-
Net benefit expense *	(16.30)	18.82

* Out of this, amount of Rs. Nil lacs (31 March 2015: Rs. 6.84 lacs) capitalized during the year. (refer note 25)

Amounts for the current and previous periods are as follows:

Particulars	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)	31 March 2014 (Rs. in Lacs)
Defined benefit obligation	28.08	44.37	25.55
Plan assets	-	-	-
(Surplus) / deficit	28.08	44.37	25.55
Experience adjustments on plan liabilities	(27.95)	8.38	(4.85)
Experience adjustments on plan assets	-	-	-

The principal assumptions used in determining defined benefit obligation are shown under:

Particulars	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Discount rate	8.00%	7.98%
Expected rate of return on plan asset	-	-
Employee turnover	10.00%	10.00%
Expected rate of salary increase	8.00%	8.00%
Actual rate of return on plan asset	-	-

The estimated future salary increase, considered in actuarial valuation, takes into account effect of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

NOTE 33: PREVIOUS YEAR FIGURES

Previous year figures have been regrouped / reclassified where necessary to conform to this year's classification.

As per our report of even date

For S R B C & CO. LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

For and on behalf of the board of directors of Speedon Network Limited

per Paul Alvares
Partner
Membership Number: 105754

K S Rao
Director
DIN:00022533

Anupam Jindal
Director
DIN: 03040078

Place: Pune
Date: May 02, 2016

Place: Mumbai
Date: May 02, 2016

Place: Mumbai
Date: May 02, 2016

Sterlite Telesystems Limited

Financial Statements- FY 2015-16

INDEPENDENT AUDITOR'S REPORT

To the Members of Sterlite Telesystems Limited

Report on the Financial Statements

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

Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows 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 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 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 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 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 the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 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 financial statements.

Opinion

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

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, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, 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 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its 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.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares

Partner

Membership Number: 105754

Place of Signature: Pune

Date: May 02, 2016

Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date

Re: Sterlite Telesystems Limited (the “Company”)

- i. a. There are no fixed assets in the Company, hence the requirements under paragraph 3(i)(a), (b) and (c) are not applicable to the Company.
- ii. The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- 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 from the public. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company and hence not commented upon.
- vi. To the best of our knowledge and as explained, the cost records prescribed by the Central Government under section 148(1) of the Companies Act, 2013, are not applicable to the Company for the period ended March 31, 2016.
- vii. a. The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax and other material statutory dues applicable to it. The Company did not have any statutory dues towards service tax, value added tax, provident fund, sales-tax, custom duty, excise duty, cess and employees' state insurance.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales tax, custom duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the period end, for a period of more than six months from the date they became payable.
- c. According to the information and explanations given to us, there are no dues of income tax, service tax, sales-tax, custom duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

- viii. The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.
- ix. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and 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 according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the period.
- xi. According to information and explanation given by the management, the company has not paid any managerial remuneration during the year hence reporting under clause 3(xi) is not applicable and hence not commented upon.
- xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- xiii. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, there are no related parties transactions entered during the year to which provisions of section 188 are applicable. Further, the provisions of section 177 are not applicable to the company and accordingly reporting under clause 3(xiii) is not applicable to the Company and hence not commented upon.
- 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 period under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- xv. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and 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.

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 B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares
Partner
Membership Number: 105754

Place of Signature: Pune
Date: May 02, 2016

ANNEXURE 2 TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF STERLITE TELESYSTEMS 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 Sterlite Telesystems Limited

We have audited the internal financial controls over financial reporting of Sterlite Telesystems Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the period 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 Companies Act, 2013.

Auditors' 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 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, 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.

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Explanatory paragraph

We also have audited, 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, the standalone financial statements of the Company, which comprise the Balance Sheet as at March 31, 2016, and the related Statement of Profit and Loss and Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information, and our report dated May 02, 2016 expressed unqualified opinion thereon.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E /E300003

per Paul Alvares

Partner

Membership Number: 105754

Place of Signature: Pune

Date: May 02, 2016

STERLITE TELESYSTEMS LIMITED
BALANCE SHEET AS AT 31 MARCH 2016

	Notes	31 March 2016 (Rs. in Lacs)
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	3	2.00
Reserves and Surplus	4	(2.91)
		<u>(0.91)</u>
Current liabilities		
Other current liabilities	5	2.91
		<u>2.91</u>
TOTAL		<u><u>2.00</u></u>

ASSETS		
Non-current assets		
Long-term loans and advances	6	0.55
		<u>0.55</u>
Current assets		
Cash and bank balances	7	1.45
		<u>1.45</u>
TOTAL		<u><u>2.00</u></u>

Summary of Significant Accounting Policies 2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R B C & CO LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

For and on behalf of the board of directors of Sterlite Telesystems Limited

per Paul Alvares
Partner
Membership Number: 105754

K S Rao
Director
DIN:00022533

Anupam Jindal
Director
DIN: 03040078

Place: Pune
Date:

Place: Mumbai
Date:

Place: Mumbai
Date:

STERLITE TELESYSTEMS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM 21 SEPTEMBER 2015 TO 31 MARCH 2016

**21 September 2015
to 31 March 2016
(Rs. in Lacs)**

	Note	
INCOME		
Total Income		-
EXPENSES		
Other expenses	8	2.91
Loss before tax		(2.91)
Tax Expense:		
Current tax		-
Deferred tax		-
Total tax expenses		-
Loss for the period		(2.91)
Earnings per equity share	9	
[nominal value of share Rs. 10]		
Basic and diluted		
Computed on the basis of loss for the period		(14.57)

Summary of Significant Accounting Policies 2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R B C & CO LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

For and on behalf of the board of directors of Sterlite Telesystems Limited

per Paul Alvares
Partner
Membership Number: 105754

K S Rao
Director
DIN:00022533

Anupam Jindal
Director
DIN: 03040078

Place: Pune
Date:

Place: Mumbai
Date:

Place: Mumbai
Date:

STERLITE TELESYSTEMS LIMITED

CASH FLOW STATEMENT FOR THE PERIOD FROM 21 SEPTEMBER 2015 TO 31 MARCH 2016

Particulars	31 March 2016 (Rs. in Lacs)
<u>A. Cash flow from Operating Activities</u>	
Net Loss as per Statement of Profit and Loss	(2.91)
Operating loss before working capital changes	(2.91)
Movements in working capital:	
Increase in other current liabilities	2.91
Decrease in long-term loans and advances	(0.55)
Change in working capital	2.36
Net cash used in Operating Activities	(0.55)
<u>B. Cash flow from Financing Activities</u>	
Proceeds from issue of share capital (including securities premium)	2.00
Net cash flow from Financing Activities	2.00
Net increase in cash and cash equivalents (A-B)	1.45
Cash and cash equivalents as at beginning of period	-
Cash and cash equivalents as at period end	1.45
Components of Cash and cash equivalents:	
Balances with banks on current accounts	1.45

As per our report of even date

For S R B C & CO LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

For and on behalf of the board of directors of
Sterlite Telesystems Limited

per Paul Alvares
Partner
Membership Number: 105754

Place: Pune
Date:

K S Rao
Director
DIN:00022533

Place: Mumbai
Date:

Anupam Jindal
Director
DIN: 03040078

Place: Mumbai
Date:

NOTE 1. CORPORATE INFORMATION

Sterlite Telesystems Limited (the 'Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The Company was incorporated on 21 September 2015 and is a wholly owned subsidiary of Speedon Network Limited.

NOTE 2. BASIS OF PREPARATION

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Use of estimates

The preparation of financial statements in conformity with the Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Difference between the actual result and estimates are recognised in the year in which the results are known / materialised. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(b) Income Tax

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences 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. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each reporting date, the company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

(c) Earning Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(d) Provisions

A provision is recognised when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss, net of any reimbursement.

(e) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

(f) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less.

STERLITE TELESYSTEMS LIMITED

Notes to financial statements for the period from 21 September 2015 to 31 March 2016

NOTE 3: SHARE CAPITAL

	31 March 2016 (Rs. in Lacs)
Authorised shares	
50,000 Equity Shares of Rs. 10 each	5.00
Issued, Subscribed and fully paid-up shares	
20,000 Equity Shares of Rs. 10 each fully paid-up	2.00
TOTAL	2.00

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	31 March 2016	
	Nos.	(Rs. in Lacs)
At the beginning of the period	-	-
Issued during the period	20,000	2.00
Outstanding at the end of the period	20,000	2.00

b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company and their subsidiaries/associates:

	31 March 2016	
	No.	% holding
Speedon Network Limited, Holding Company	20,000	100%

d. Details of shareholders holding more than 5% of shares in the company

	31 March 2016	
	No.	% holding
Speedon Network Limited, Holding Company	20,000	100%

NOTE 4 : RESERVES AND SURPLUS

	31 March 2016 (Rs. in Lacs)
Deficit in the Statement of Profit and Loss	
Loss for the period	(2.91)
Net deficit in the Statement of Profit and Loss	(2.91)
TOTAL	(2.91)

NOTE 5: OTHER CURRENT LIABILITIES

	31 March 2016 (Rs. in Lacs)
Payable to holding company (refer note 10)	0.91
TDS payable	0.20
Others	1.80
TOTAL	2.91

STERLITE TELESYSTEMS LIMITED

Notes to financial statements for the period from 21 September 2015 to 31 March 2016

NOTE 6: LONG-TERM LOANS AND ADVANCES

(Unsecured, considered good)

	31 March 2016 (Rs. in Lacs)
Security deposit	0.55
TOTAL	0.55

NOTE 7: CASH AND BANK BALANCES

	31 March 2016 (Rs. in Lacs)
Cash and cash equivalents	
Balances with banks on current accounts	1.45
TOTAL	1.45

NOTE 8: OTHER EXPENSES

	21 September 2015 to 31 March 2016 (Rs. in Lacs)
Legal and professional fees	0.91
Payment to auditor (as Audit Fees)	2.00
TOTAL	2.91

NOTE 9: EARNINGS PER SHARE

The following reflects loss and share data used in the basic and diluted EPS computation

	31 March 2016 (Rs. in Lacs)
Loss after tax	(2.91)
Weighted average number of equity shares in calculating basic and diluted EPS	20,000
Earnings Per Share	
Basic and diluted (On Nominal Value of Rs. 10 Per Share) Rupees/share	(14.57)

STERLITE TELESYSTEMS LIMITED

Notes to financial statements for the period from 21 September 2015 to 31 March 2016

NOTE 10: RELATED PARTY TRANSACTIONS**A. Name of related party and nature of relationships:****Related parties where control exists:**

Speedon Network Limited ('SNL')	(Immediate holding company)
Sterlite Technologies Limited	(Intermediate holding company)
Twinstar Overseas Limited, Mauritius	(Intermediate holding company)
Volcan Investments Limited, Bahamas	(Ultimate holding company)

B Transactions with related parties during the period and outstanding balances are as follows:

Particulars	Transactions with SNL
	(Rs. in Lacs)
<u>Transactions during the period</u>	
Issue of shares	2.00
Reimbursement of expenses paid/payable	0.91
<u>Closing balances as at period end</u>	
Amount payable	0.91

NOTE 11: PREVIOUS YEAR FIGURES

The Company was incorporated on September 21, 2015. The first financial year of the Company is for the period from September 21, 2015 to March 31, 2016. The Statement of Profit and Loss and Cash Flow Statement have been prepared for the period from September 21, 2015 to March 31, 2016. This being the first financial year of the Company, comparative figures for previous year have not been given.

As per our report of even date

For S R B C & CO LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

For and on behalf of the board of directors of
Sterlite Telesystems Limited

per Paul Alvares
Partner
Membership Number: 105754

Place: Pune
Date:

K S Rao
Director
DIN:00022533

Place: Mumbai
Date:

Anupam Jindal
Director
DIN: 03040078

Place: Mumbai
Date:

Maharashtra Transmission
Communication Infrastructure Limited

Financial Statements- FY 2015-16

INDEPENDENT AUDITORS' REPORT

To the Members of Maharashtra Transmission Communication Infrastructure Limited

Report on the Financial Statements

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

Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows 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 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its loss, and its cash flows 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, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, 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 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its 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.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

 -

per Paul Alvares
Partner
Membership Number: 105754

Place of Signature: Pune
Date: May 03, 2016

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: Maharashtra Transmission Communication Infrastructure Limited (the "Company")

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to 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(i)(c) of the Order are not applicable to the Company.
- ii. The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- 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 from the public. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company and hence not commented upon.
- vi. To the best of our knowledge and as explained, the cost records prescribed by the Central Government under section 148(1) of the Companies Act, 2013, are not applicable to the Company for the year ended March 31, 2016.
- vii. a. The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, service tax, cess and other material statutory dues applicable to it. The Company did not have any statutory dues towards provident fund, sales-tax, custom duty, excise duty, value added tax and employees' state insurance.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales tax, custom duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- c. According to the information and explanations given to us, there are no dues of income tax, service tax, sales-tax, custom duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

- viii. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to bank. The Company did not have any outstanding dues in respect of a financial institution or debenture holders or to government during the year.
- ix. Based on the information and explanation given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- xi. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the provisions of section 197 read with Schedule V to the Companies Act, 2013 pertaining to the managerial remuneration are not applicable to the Company and hence not commented upon.
- xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- xiii. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 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. The Company is required to constitute an audit committee under section 177 of Companies Act, 2013. However, audit committee has not been constituted and hence the Company has not complied with section 177 of Companies Act, 2013 for the transactions with related parties.
- xiv. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment of shares during the year. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.
- xv. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and 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.

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 B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

SD/-

per Paul Alvares
Partner
Membership Number: 105754

Place of Signature: Pune
Date: May 03, 2016

ANNEXURE 2 TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MAHARASHTRA TRANSMISSION COMMUNICATION INFRASTRUCTURE LIMITED

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

We have audited the internal financial controls over financial reporting of Maharashtra Transmission Communication Infrastructure 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 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 Companies Act, 2013.

Auditors' 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 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, 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 S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E /E300003

sd/-

per Paul Alvares
Partner
Membership Number: 105754
Place of Signature: Pune
Date: May 03, 2016

MAHARASHTRA TRANSMISSION COMMUNICATION INFRASTRUCTURE LIMITED
BALANCE SHEET AS AT 31 MARCH 2016

	Note	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	1,872.16	1,228.56
Reserves and Surplus	4	448.50	421.94
		<u>2,320.66</u>	<u>1,650.50</u>
Non Current liabilities			
Long-term borrowings	5	2,198.60	670.00
Deferred tax liabilities	6	-	-
Long-term provisions	7	3.00	1.92
		<u>2,201.60</u>	<u>671.92</u>
Current liabilities			
Trade payables	8	3.06	15.21
Other current liabilities	8	3,149.41	893.87
Short-term provisions	7	2.81	5.24
		<u>3,155.28</u>	<u>914.32</u>
TOTAL		<u>7,677.54</u>	<u>3,236.74</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	2,442.86	-
Intangible assets	9	417.08	442.58
Capital work-in-progress		4,053.79	2,551.49
		<u>6,913.73</u>	<u>2,994.07</u>
Long-term loans and advances	10	483.99	188.77
Other non-current assets	12	29.25	33.40
		<u>7,426.97</u>	<u>3,216.24</u>
Current assets			
Current investments	13	-	15.38
Trade receivables	11	196.94	-
Cash and bank balances	14	21.80	0.94
Short-term loans and advances	10	3.78	-
Other current assets	12	28.05	4.18
		<u>250.57</u>	<u>20.50</u>
TOTAL		<u>7,677.54</u>	<u>3,236.74</u>

Summary of Significant Accounting Policies 2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R B C & CO. LLP
ICAI Firm Registration No. 324982E/E300003
Chartered Accountants

For and on behalf of the Board of Directors of
Maharashtra Transmission Communication Infrastructure Limited

SD/-
Ompakash K. Yempal
Chairman
DIN:03477608

SD/-
K S Rao
Managing Director
DIN:00022533

per Paul Alvares
Partner
Membership Number: 105754

SD/-
Ravindra D. Chavan
Director
DIN:06537224

SD/-
Anupam Jindal
Director
DIN:03040078

SD/-
Ronak Pajwani
Chief Financial Officer

Place: Pune
Date: May 03, 2016

Place: Mumbai
Date: May 03, 2016



MAHARASHTRA TRANSMISSION COMMUNICATION INFRASTRUCTURE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

		01 April 2015 to 31 March 2016 (Rs. in Laacs)	01 April 2014 to 31 March 2015 (Rs. in Laacs)
	Note		
Income			
Revenue from operations (gross)	15	23.90	-
Less : excise duty		-	-
Revenue from operations (net)		23.90	-
Other income	16	1.10	5.98
Total Income (I)		24.99	5.98
Expenses			
Contract expenses		16.08	-
Employee benefits expense	17	-	19.06
Other expenses	18	24.37	16.62
Total Expenses (II)		40.46	35.68
Earning before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)		(15.46)	(29.70)
Depreciation and amortisation expense	19	31.58	25.50
Finance costs	20	10.50	13.63
Loss before tax		(57.55)	(68.83)
Tax Expense:			
Current tax		-	-
Deferred tax	6	-	-
Total tax expenses		-	-
Loss for the year		(57.55)	(68.83)
Earnings per equity share [nominal value of share Rs. 10]			
Basic and Diluted			
Computed on the basis of loss for the year	21	(0.37)	(2.28)
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R B C & CO. LLP
ICAI Firm Registration No. 324982E/E300003
Chartered Accountants

per Paul Alvares
Partner
Membership Number: 105754

For and on behalf of the Board of Directors of
Maharashtra Transmission Communication Infrastructure Limited

SD/-
Omprakash K. Yempal
Chairman
DIN:03477608

SD/-
Ravindra D. Chavan
Director
DIN:06537224

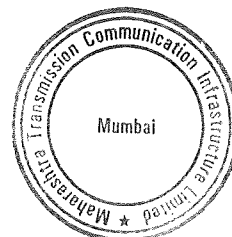
SD/-
K S Rao
Managing Director
DIN:00022533

SD/-
Anupam Jindal
Director
DIN:03040078

SD/-
Ronak Pajwani
Chief Financial Officer

Place: Pune
Date: May 03, 2016

Place: Mumbai
Date: May 03, 2016



MAHARASHTRA TRANSMISSION COMMUNICATION INFRASTRUCTURE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31 MARCH 2016

	1 April 2015 to 31 March 2016 (Rs. in Lacs)	1 April 2014 to 31 March 2015 (Rs. in Lacs)
A. Cash flow from Operating Activities		
Loss for the year	(57.55)	(68.83)
Adjustment for Taxation	-	-
	(57.55)	(68.83)
Adjustments for:		
- Depreciation and amortisation expense	31.58	25.50
- Income from investments	(0.20)	(5.38)
- Finance charges	10.50	13.63
	41.88	33.75
Operating loss before working capital changes	(15.67)	(35.08)
Movements in working capital:		
- Increase in long term loans and advances	(295.22)	(139.02)
- Increase in short term loans and advances	(3.78)	-
- Increase in trade receivables	(196.94)	-
- Increase in other current assets	(23.87)	(0.14)
- Increase in long term provisions	1.08	1.05
- Increase/(decrease) in trade payables	(12.15)	7.51
- Increase/(decrease) in other current liabilities	190.71	(1.85)
- Increase/(decrease) in short-term provisions	(2.43)	4.73
Change in working capital	(342.60)	(127.72)
Cash used in operations	(358.27)	(162.81)
Direct taxes paid	-	-
Net cash used in Operating Activities	(358.27)	(162.81)
B. Cash flow from Investing Activities		
Purchase of fixed assets (including capital work in progress)	(1,760.10)	(1,553.25)
Investments in mutual fund (net)	15.38	(15.38)
Income from investment in mutual fund	0.20	5.38
Net cash used in Investing Activities	(1,744.52)	(1,563.25)
C. Cash flow from Financing Activities		
Proceeds from term loan	1,528.60	670.00
Proceeds from issues of equity shares including securities premium	727.72	1,081.31
Finance charges	(132.67)	(35.09)
Net Cash flow from Financing Activities	2,123.65	1,716.22
Net increase/(decrease) in cash and cash equivalents	20.86	(9.84)
Cash and cash equivalents as at the beginning of year	0.94	10.78
Cash and cash equivalent as at the end of the year	21.80	0.94
Components of Cash and Cash Equivalents:		
Balance with banks on current accounts (refer Note 14)	21.80	0.94
Cash and Cash Equivalents in Cash Flow Statement	21.80	0.94

As per our report of even date

For and on behalf of the Board of Directors of Maharashtra Transmission Communication Infrastructure Limited

For S R B C & CO, LLP
ICAI Firm Registration No. 324982E/E300003
Chartered Accountants

SD/-
Omprakash K. Yempal
Chairman
DIN:03477608

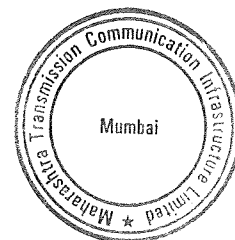
SD/-
K S Rao
Managing Director
DIN:00022533

per Paul Alvares
Partner
Membership Number : 105754

SD/-
Ravindra D. Chavan
Director
DIN:06537224

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Anupam Jindal
Director
DIN:03040078

SD/-
Ronak Pajwani
Chief Financial Officer



Place: Pune
Date: May 03, 2016

Place: Mumbai
Date: May 03, 2016

MAHARASHTRA TRANSMISSION COMMUNICATION INFRASTRUCTURE LIMITED
Notes to financial statements for the year ended 31 March 2016

NOTE 1. CORPORATE INFORMATION

Maharashtra Transmission Communication Infrastructure Limited ('MTCIL' or 'the Company') is a joint venture between Sterlite Technologies Limited ('STL') and Maharashtra State Electricity Transmission Company Limited ('MSETCL'). The Company was incorporated on 9 August 2012. The principal commercial activity of the Company is to make available fibre capacity on lease rental to retail, wholesale and enterprise/corporate customers, drawn from Optical Power Ground Wire (OPGW) network.

NOTE 2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP).

The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Use of estimates

The preparation of financial statements in conformity with the Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Difference between the actual result and estimates are recognised in the year in which the results are known / materialised. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(b) Tangible fixed assets

Fixed assets, are stated at cost (net of cenvat), net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the construction costs to the extent the expenditure can be attributable to construction activity or is incidental there to. Income earned during the construction period is deducted from the total of the indirect expenditure.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

The company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

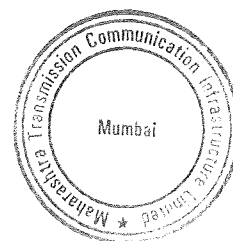
(c) Depreciation on tangible fixed assets

Depreciation on the item of property, plant and equipment is calculated on a straight line basis using the rates arrived at based on the useful lives estimated by the management which are equal to the life prescribed under the schedule II to the Companies Act, 2013.

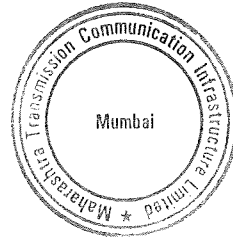
(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Right of way (ROW) pertains to the right granted by Maharashtra State Electricity Transmission Company Limited to the Company to establish communication network in the state of Maharashtra. ROW is amortized on a straight line basis over a period of 20 years for which the right has been granted.



Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.



MAHARASHTRA TRANSMISSION COMMUNICATION INFRASTRUCTURE LIMITED
Notes to financial statements for the year ended 31 March 2016

(e) Leases

Where the company is lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(f) Borrowing costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(g) Impairment of tangible and intangible assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognised in the statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss.

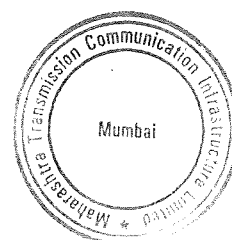
(h) Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.



(i) Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the company and that the revenue can be reliably measured.

Income from services

Revenues from services are recognised pro-rata over the period of the contract as and when services are rendered. The company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

Revenue from projects

Fixed Price Contracts :

Revenue from fixed price contracts of last mile connectivity is recognised based on the stage of completion of the individual contract using the percentage completion method, provided the order outcome as well as expected total costs can be reliably estimated. Where the profit from a contract cannot be estimated reliably, revenue is only recognised equalling the expenses incurred to the extent that it is probable that the expenses will be recovered. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses.

The estimates of contract cost and the revenue thereon are reviewed periodically by management and the cumulative effect of any changes in estimates is recognised in the period in which such changes are determined. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised immediately as an expense in the statement of profit and loss.

Prepayments from customers are recognised as liabilities. A contract in progress for which the selling price of the work performed exceeds interim billings and expected losses is recognised as an asset. Contracts in progress for which interim billings and expected losses exceed the selling price are recognised as a liability. Expenses relating to sales work and the winning of contracts are recognised in the statement of profit and loss as incurred.

(j) Foreign currency translation

Foreign currency transactions and balances

(i) 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.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

The company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as income or as

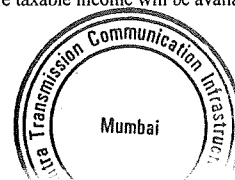
(k) Income Tax

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences 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. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each reporting date, the company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.



MAHARASHTRA TRANSMISSION COMMUNICATION INFRASTRUCTURE LIMITED
Notes to financial statements for the year ended 31 March 2016

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

(l) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(m) Provisions

A provision is recognised when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss, net of any reimbursement.

(n) Contingent liabilities

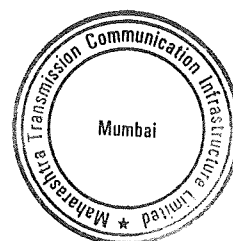
A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

(o) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise of cash at bank and in hand and short-term investments with

(p) Measurement of EBITDA

The company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortisation expense, finance costs and tax expense.



MAHARASHTRA TRANSMISSION COMMUNICATION INFRASTRUCTURE LIMITED
Notes to financial statements for the year ended 31 March 2016

NOTE 3: SHARE CAPITAL

	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Authorised shares 100,000,000 (31 March 2015: 100,000,000) Equity Shares of Rs. 10 each	10,000.00	10,000.00
Issued, Subscribed and fully paid-up shares 18,721,579 (31 March 2015: 12,285,559) Equity Shares of Rs. 10 each fully paid - up	1,872.16	1,228.56
TOTAL	1,872.16	1,228.56

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	31 March 2016		31 March 2015	
	Nos.	Rs. in Lacs	Nos.	Rs. in Lacs
At the beginning of the year	12,285,559	1,228.56	762,788	76.28
Issued during the year	6,436,020	643.60	11,522,771	1,152.28
Outstanding at the end of the year	18,721,579	1,872.16	12,285,559	1,228.56

b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

A Shareholders' agreement is being executed between STL and MSETCL which provides that capital structure ratio between MSETCL and STL would be 51:49. The composition of MSETCL share would be 24.5% in Equity shares and 24.5% in non-cumulative redeemable preference shares whereas STL's contribution would be 51% in equity only.

Because of the above, the effective equity shareholding ratio would be 67.55% and 32.45%. Out of the equity shareholding of 32.45% of MSETCL, 5.96% of equity shares in the Company shall be allotted to it for consideration other than cash (cashless component).

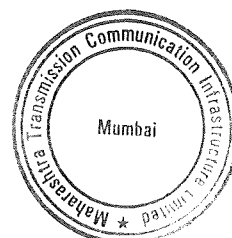
MSETCL shall also be allotted non-cumulative redeemable preference shares of Rs.13.475 Crs carrying a preference dividend of 15% p.a. Out of these preference shares to be allotted, preference shares of Rs. 2.475 Crs shall be allotted for consideration other than cash (cashless component).

c. Shares held by holding company and their subsidiaries/associates:

	31 March 2016			31 March 2015		
	Nos.	Rs. in Lacs	% holding	Nos.	Rs. in Lacs	% holding
Sterlite Technologies Limited (holding company)	13,497,853	1,349.79	72.10%	8,824,838	882.48	71.83%

d. Detail of shareholders holding more than 5 % of shares in the Company

	31 March 2016			31 March 2015		
	Nos.	Rs. in Lacs	% holding	Nos.	Rs. in Lacs	% holding
1. Sterlite Technologies Limited	13,497,853	1,349.79	72.10%	8,824,838	882.48	71.83%
2. Maharashtra State Electricity Transmission Co. Ltd.	5,223,726	522.37	27.90%	3,460,721	346.07	28.17%
TOTAL	18,721,579	1,872.16	100.00%	12,285,559	1,228.56	100.00%



MAHARASHTRA TRANSMISSION COMMUNICATION INFRASTRUCTURE LIMITED
Notes to financial statements for the year ended 31 March 2016

NOTE 4 : RESERVES AND SURPLUS

	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Capital Reserve*	510.00	510.00
Securities Premium account		
Balance as per last financial statements	133.11	-
Add: Premium on issue of equity shares	84.11	133.11
Closing Balance	217.22	133.11
Deficit in the Statement of Profit and Loss		
Balance as per last financial statements	(221.17)	(152.34)
Loss for the year	(57.55)	(68.83)
Net deficit in the Statement of Profit and Loss	(278.72)	(221.17)
Total reserves and surplus	448.50	421.94

* STL (holding company) had paid an amount of Rs.510 lacs to MSETCL in respect of the Right of Way (ROW) granted by MSETCL to the Company for a period of 20 years to establish communication network in the state of Maharashtra which has been accounted for as Capital contribution from the holding company (also refer Note 9)

NOTE 5: LONG-TERM BORROWINGS

	Non - current portion		Current maturities	
	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Term loan (secured) from Bank of India	2,198.60	670.00	-	-
	2,198.60	670.00	-	-

The company has obtained Indian rupee term loan amounting to Rs. 2,198.60 Lakhs (31 March 2015: Rs. 670.00 lakhs) which carries interest at base rate plus 1.50% p.a from Bank of India. Total amount is repayable in 32 equal quarterly instalments calculated on the basis of 3.125% of term loan (principal amount) immediately after expiry of 6 months from the date of COD (i.e. 31 December 2017).

The loan is secured by the charge on entire network of OPGW telecom network facility running along the MSETCL's 2,801 kms of transmission network, including but not limited to right of way, equipment, stocks and optical fibre cables, whether installed or lying loose or at site or in transit or acquired, relating to the project or which may at any time during the continuance of the term loan facility, being installed or lying loose or in case being in or upon the borrower's premises in the state of Maharashtra, excluding machinery or equipment owned by the Company's contractor.

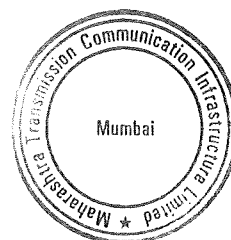
All the present and future book debts, outstanding, money receivables, claims, bills which are now due and owing or which may any time hereafter during continuance of this term loan facility and owing to the company in course of its business by any person, firm, company or body corporate or by any central or state government or any government body or authority or local authority. All insurance contracts/ proceeds relating to or pertaining to the project and aforementioned project assets

NOTE 6: DEFERRED TAX

The Company has not recognised net deferred tax asset as at March 31, 2016 in the absence of virtual certainty that sufficient future taxable income will be available for realization of such asset.

NOTE 7: PROVISIONS

	Long-term		Short-term	
	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Provision for employee benefits				
Provision for gratuity (refer note no 26)	3.00	1.92	-	-
Provision for leave benefit	-	-	2.81	5.24
TOTAL	3.00	1.92	2.81	5.24



MAHARASHTRA TRANSMISSION COMMUNICATION INFRASTRUCTURE LIMITED
Notes to financial statements for the year ended 31 March 2016

NOTE 9: FIXED ASSETS

(Rs. in Lacs)

Particulars	Tangible assets		Intangible assets	
	Plant & Machinery		Right of Way (RoW) *	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Gross block				
Opening balance	-	-	510.00	510.00
Additions	2,448.94	-	-	-
Disposals	-	-	-	-
Closing balance	2,448.94	-	510.00	510.00
Accumulated depreciation and amortisation				
Opening balance	-	-	67.42	41.92
Charge for the year	6.08	-	25.50	25.50
Disposals	-	-	-	-
Closing balance	6.08	-	92.92	67.42
Net Block				
As at year end	2,442.86	-	417.08	442.58

* The Right of Way (RoW) pertains to the right granted by MSETCL to the Company for a period of 20 years to establish communication network in the state of Maharashtra. (Also refer Note 4)



MAHARASHTRA TRANSMISSION COMMUNICATION INFRASTRUCTURE LIMITED
Notes to financial statements for the year ended 31 March 2016

NOTE 8: TRADE PAYABLE AND OTHER CURRENT LIABILITIES

	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Trade payables#	3.06	15.21
Other liabilities		
Interest accrued and due on borrowings	17.87	-
Unearned revenue on IRU contract	171.97	-
Retention Money - Vendors	1,011.57	-
Payables for purchase of fixed assets	1,923.49	888.12
Payable to STL	-	0.73
Payable to MSETCL	1.19	-
TDS payable	4.45	2.89
Others	18.87	2.13
	3,149.41	893.87
TOTAL	3,152.47	909.08

The company has not received any intimation from its suppliers regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at year end together with interest paid / payable as required under the said Act have not been given.

NOTE 10: LOANS AND ADVANCES
(Unsecured, considered good)

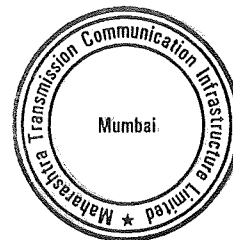
	Non-current		Current	
	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Security deposit	0.25	0.25	-	-
Advances receivable in cash or kind	-	-	3.78	-
Balances with central excise authorities	483.74	188.52	-	-
TOTAL	483.99	188.77	3.78	-

NOTE 11: TRADE RECEIVABLES
(unsecured, considered good)

	Current	
	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Other receivables	196.94	-
TOTAL	196.94	-

NOTE 12: OTHER ASSETS

	Non-current		Current	
	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Ancillary cost of arranging the borrowings	29.25	33.40	4.18	4.18
Unbilled revenue	-	-	23.87	-
TOTAL	29.25	33.40	28.05	4.18



MAHARASHTRA TRANSMISSION COMMUNICATION INFRASTRUCTURE LIMITED
Notes to financial statements for the year ended 31 March 2016

NOTE 13: CURRENT INVESTMENTS

	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Other than Trade investments (Quoted) (valued at lower of cost and fair value)		
Nil (31 March 2015: 461.887) units of Reliance liquid fund treasury plan	-	15.38
	-	15.38
Market value of investment: Rs. Nil (31 March 2015: 15.49 lacs)		

NOTE 14: CASH AND BANK BALANCES

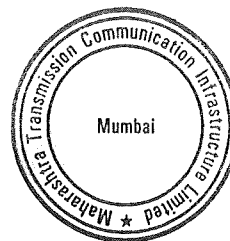
	Current	
	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Balances with banks on current accounts	21.80	0.94
TOTAL	21.80	0.94

NOTE 15: REVENUE FROM OPERATIONS

	1 April 2015 to 31 March 2016 (Rs. in Lacs)	1 April 2014 to 31 March 2015 (Rs. in Lacs)
Service income under IRU contract	0.03	-
Contract revenue for last mile connectivity (refer note no 23)	23.87	-
Revenue from operations (net)	23.90	-

NOTE 16: OTHER INCOME

	1 April 2015 to 31 March 2016 (Rs. in Lacs)	1 April 2014 to 31 March 2015 (Rs. in Lacs)
Net gain on sale of current investments	0.20	5.38
Miscellaneous income	0.90	0.60
TOTAL	1.10	5.98



MAHARASHTRA TRANSMISSION COMMUNICATION INFRASTRUCTURE LIMITED
Notes to financial statements for the year ended 31 March 2016

NOTE 17: EMPLOYEE BENEFITS EXPENSE

	1 April 2015 to 31 March 2016 (Rs. in Lacs)	1 April 2014 to 31 March 2015 (Rs. in Lacs)
Salaries, wages and bonus	-	17.88
Contribution to provident fund and superannuation fund	-	0.64
Gratuity expenses (refer Note 26)	-	0.25
Staff welfare expenses	-	0.29
TOTAL	-	19.06

NOTE 18: OTHER EXPENSES

	1 April 2015 to 31 March 2016 (Rs. in Lacs)	1 April 2014 to 31 March 2015 (Rs. in Lacs)
Telephone expense	-	1.34
Sales promotion	-	0.14
Rent	-	5.02
Rates and taxes	0.61	1.41
Insurance	0.16	-
Travelling and conveyance	-	0.43
Legal and professional fees	16.04	4.59
Payment to auditor (refer details below)	3.25	1.75
Advertisement for tender	1.19	1.10
Revenue Share to MSETCL	1.19	-
Miscellaneous expenses	1.93	0.84
TOTAL	24.37	16.62

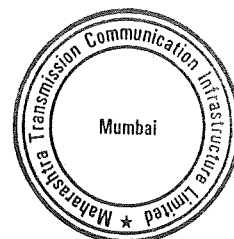
	1 April 2015 to 31 March 2016 (Rs. in Lacs)	1 April 2014 to 31 March 2015 (Rs. in Lacs)
As auditor:		
Audit fee	3.00	1.50
In other capacity:		
Other services (certification fees)	0.25	0.25
Total	3.25	1.75

NOTE 19: DEPRECIATION AND AMORTISATION EXPENSE

	1 April 2015 to 31 March 2016 (Rs. in Lacs)	1 April 2014 to 31 March 2015 (Rs. in Lacs)
Depreciation of tangible assets (refer Note 9)	6.08	-
Amortisation of intangible assets (refer Note 9)	25.50	25.50
TOTAL	31.58	25.50

NOTE 20: FINANCE COST

	1 April 2015 to 31 March 2016 (Rs. in Lacs)	1 April 2014 to 31 March 2015 (Rs. in Lacs)
Interest		
- On Term loans	6.31	9.55
- Others	0.01	0.12
Bank charges	-	0.02
Amortization of ancillary borrowing costs	4.18	3.94
TOTAL	10.50	13.63



MAHARASHTRA TRANSMISSION COMMUNICATION INFRASTRUCTURE LIMITED
Notes to financial statements for the year ended 31 March 2016

NOTE 22: RELATED PARTY TRANSACTIONS

A. Name of related party and nature of relationships:

a Related parties where control exists:

Sterlite Technologies Limited (STL)	Immediate Holding Company
Twinstar Overseas Limited, Mauritius	Intermediate holding company
Volcan Investments Limited, Bahamas	Ultimate holding company

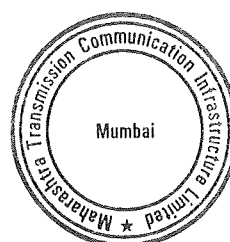
b Other related parties with whom transactions have taken place during the year

Speedon Network Limited (SNL) (Erstwhile 'Sterlite Networks Fellow subsidiary
Maharashtra State Electricity Transmission Co. Ltd (MSETCL) Entity exercising significant influence

B. The transactions with related parties during the year and their outstanding balances are as follows:

Particulars	31 March 2016 (Rs. in Lacs)			31 March 2015 (Rs. in Lacs)		
	STL	MSETCL	SNL	STL	MSETCL	SNL
Transactions during the period						
Issue of equity shares	467.30	176.30	-	843.58	308.70	-
Securities premium on issue of equity shares	84.11	-	-	133.11	-	-
Purchase of fixed assets*	3,985.35	-	-	1,927.42	-	-
Revenue Share to MSETCL	-	1.19	-	-	-	-
Reimbursement of expenses paid or payable	-	-	0.87	-	-	7.60
Closing balances :						
Other payables	-	1.19	0.87	0.73	-	13.89

* Purchases have been made from Consortium with KEC International Ltd as the lead partner and Sterlite Technologies Ltd. as the consortium member. As at the year end, an amount of Rs.2,764.96 lacs (31 March 2015: Rs. 888.12 lacs) in respect of the purchases made is payable to KEC International Ltd as lead partner of the consortium.



MAHARASHTRA TRANSMISSION COMMUNICATION INFRASTRUCTURE LIMITED
Notes to financial statements for the year ended 31 March 2016

NOTE 21: EARNINGS PER SHARE

The following reflects the loss and share data used in the basic and diluted EPS computation:

	31 March 2016 (Rs. in Lacs)	31 March 2015 (Rs. in Lacs)
Total operations for the year		
Loss after tax	(57.55)	(68.83)
Weighted average number of equity shares in calculating basic and diluted EPS	15,635,816	3,013,665
Earnings/(loss) Per Share (Weighted Average)		
Basic and diluted (On nominal value of Rs. 10 per share) (Rs)	(0.37)	(2.28)

NOTE 23: DISCLOSURES PURSUANT TO ACCOUNTING STANDARD (AS) 7 (REVISED) "CONSTRUCTION CONTRACTS":

Particulars	1 April 2015 to 31 March 2016 (Rs. in Lacs)	1 April 2014 to 31 March 2015 (Rs. in Lacs)
Amount of contract revenue recognised during the period	23.87	-
The aggregate amount of costs incurred and recognised profits (less recognised losses) for all contracts in progress up to the reporting date	23.87	-
Amount of customer advances outstanding for contracts in progress up to the reporting date	-	-
Retention amount due from customers for contracts in progress up to the reporting date	-	-
Gross amount due from customers for contract work as an asset	23.87	-
Gross amount due to customers for contract work as a liability	-	-

NOTE 24 : CAPITALIZATION OF EXPENDITURE

The expenditure incidental to the setting up of the project is treated as pre-operative expenditure and included in Capital Work in Progress which will be apportioned to the assets on completion of the project and commencement of commercial operations.

Details of pre-operative expenses included in capital work in progress are as follows:

EXPENSE HEADS	1 April 2015 to 31 March 2016 (Rs. in Lacs)	1 April 2014 to 31 March 2015 (Rs. in Lacs)
Opening balance of expenditure included in CWIP	227.72	125.40
Salaries	80.34	71.12
Other expenses	12.26	6.76
Finance cost	142.44	24.45
	235.04	102.32
Less: Transferred to fixed assets during the year	211.13	-
Closing balance of expenditure in CWIP	251.63	227.72

NOTE 25: CAPITAL AND OTHER COMMITMENTS

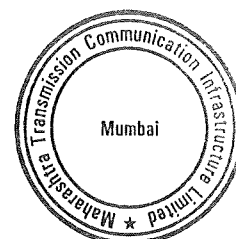
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) is Rs.4,458.60 Lacs (31 March 2015: 3,818.40 Lacs)

NOTE 26 : GRATUITY

The Company has a defined benefit gratuity plan which is managed by the Holding Company. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The principal assumptions used in determining defined benefit obligation are shown under:

Particulars	31 March 2016	31 March 2015
Discount rate	8.00%	7.98%
Expected rate of return on plan asset	-	-
Employee turnover	10.00%	10.00%
Expected rate of salary increase	8.00%	8.00%
Actual rate of return on plan asset	-	-



MAHARASHTRA TRANSMISSION COMMUNICATION INFRASTRUCTURE LIMITED
Notes to financial statements for the year ended 31 March 2016

NOTE 27: SEGMENT DISCLOSURES

The Company's primary business segment comprises of establishing communication network in the state of Maharashtra, India. Based on the guiding principles given in Accounting Standard - 17 (AS-17) "Segment Reporting", this activity falls within a single primary business and geographical segment and accordingly the disclosures of AS-17 have not separately been given.

NOTE 28: PREVIOUS YEAR FIGURES

Previous year figures have been regrouped / reclassified where necessary to conform to this year's classification.

As per our report of even date

For S R B C & CO. LLP
ICAI Firm Registration No. 324982E/E300003
Chartered Accountants

per Paul Alvares
Partner
Membership Number : 105754

Place: Pune
Date: May 03, 2016

For and on behalf of the Board of Directors of Maharashtra Transmission
Communication Infrastructure Limited

SD/-
Omprakash K. Yempal
Chairman
DIN:03477608

SD/-
Ravindra D. Chavan
Director
DIN:06537224

Place: Mumbai
Date: May 03, 2016

SD/-
K S Rao
Managing Director
DIN:00022533

SD/-
Anupam Jindal
Director
DIN:03040078

SD/-
Ronak Pajwani
Chief Financial Officer



Sterlite Power Technologies
Private Limited

Financial Statements- FY 2015-16

INDEPENDENT AUDITOR'S REPORT

To the Members of Sterlite Power Technologies Private Limited

Report on the Financial Statements

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

Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows 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 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 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 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 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 the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 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 financial statements.

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required under 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, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, 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 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - 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

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares
Partner
Membership Number: 105754
Place of Signature: Pune
Date: August 22, 2016

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

- (i) The Company did not have any fixed assets during the year and, accordingly, the requirements under clause 3(i) of the Order are not applicable to the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (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 given 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 from the public.
- (vi) Since the Company has not commenced commercial production, 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 income-tax, service tax and other statutory dues applicable to it. The Company did not have any statutory dues towards provident fund, sales tax, duty of customs, and duty of excise, value added tax and cess. The provisions relating to employees' state insurance are not applicable to the Company.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, service tax and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- (viii) The Company did not have any outstanding dues in respect of a financial institution or bank or to government or dues to debenture holders during the 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 according to the information and explanations given by the management, we report that no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (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(xii) 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 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. The provisions of sec 177 are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- (xiv) According to the information and explanations given by the management, 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 accordingly reporting requirements under clause 3(xiv) are not applicable to the company and hence 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 B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares
Partner
Membership Number: 105754
Place of Signature: Pune
Date: August 22, 2016

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF STERLITE POWER TECHNOLOGIES PRIVATE LIMITED

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

We have audited the internal financial controls over financial reporting of Sterlite Power Technologies Private Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the 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 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 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, 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 S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares
Partner
Membership Number: 105754
Place of Signature: Pune
Date: August 22, 2016

STERLITE POWER TECHNOLOGIES PRIVATE LIMITED**BALANCE SHEET AS AT 31 MARCH 2016**

(All amounts in Rupees unless otherwise stated)

	Note	31 March 2016 (Rupees)	31 March 2015 (Rupees)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,00,000	1,00,000
Reserves and surplus	4	(2,26,974)	(1,12,360)
		(1,26,974)	(12,360)
Current liabilities			
Other current liabilities	5	2,26,860	1,12,360
		2,26,860	1,12,360
TOTAL		99,886	1,00,000
ASSETS			
Current assets			
Cash and bank balances	6	99,886	1,00,000
TOTAL		99,886	1,00,000
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & Co LLP

Firm Registration No. 324982E / E300003
Chartered Accountants

**For and on behalf of the board of directors of Sterlite Power Technology
Private Limited**

per Paul Alvares

Partner
Membership Number : 105754

Place : Pune
Date : 22 August 2016

Pravin Agarwal

Director
DIN Number : 00022096

Place : Pune
Date : 22 August 2016

Ankit Agarwal

Director
DIN Number : 03344202

Place : Pune
Date : 22 August 2016

STERLITE POWER TECHNOLOGIES PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

(All amounts in Rupees unless otherwise stated)

	Note	31 March 2016	30 October 2014 to 31 March 2015
		(Rupees)	(Rupees)
INCOME			
Income		-	-
EXPENSES			
Other expenses	7	1,14,614	1,12,360
Total expenses		1,14,614	1,12,360
Loss before tax		(1,14,614)	(1,12,360)
Tax expense		-	-
Loss for the period		(1,14,614)	(1,12,360)
Earnings per equity share			
[Nominal value of shares Rs. 10 (31 March 2015: Rs. 10)]			
Basic and Diluted			
Computed on the basis of loss for the period	8	(11.46)	(11.24)
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & Co LLP

Firm Registration No. 324982E / E300003
Chartered Accountants

**For and on behalf of the board of directors of Sterlite Power Technology
Private Limited**

per Paul Alvares

Partner
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Date : 22 August 2016

Place : Pune
Date : 22 August 2016

STERLITE POWER TECHNOLOGIES PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016
(All amounts in Rupees unless otherwise stated)

	31 March 2016	30 October 2014 to 31 March 2015
	(Rupees)	(Rupees)
A. Cash flow from operating activities		
Loss before tax	(1,14,614)	(1,12,360)
Operating loss before working capital changes	(1,14,614)	(1,12,360)
Movements in working capital :		
- Increase in other current liabilities	1,14,500	1,12,360
Change in working capital	1,14,500	1,12,360
Net cash flow from operating activities	(114)	-
B. Cash flow from investing activities	-	-
C. Cash flow from financing activities		
Proceeds of issue of equity shares	-	1,00,000
Net cash flow from financing activities	-	1,00,000
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(114)	1,00,000
Cash and cash equivalents as at beginning of period	1,00,000	-
Cash and cash equivalents as at end of the period	99,886	1,00,000

Components of cash and cash equivalents:

	31 March 2016	31 March 2015
	(Rupees)	(Rupees)
Balances with banks:		
On current accounts	99,886	1,00,000
Cash and cash equivalent in cash flow statement (Note 6)	99,886	1,00,000

Summary of significant accounting policies

2.1

As per our report of even date

For S R B C & Co LLP

Firm Registration No. 324982E / E300003
Chartered Accountants

For and on behalf of the board of directors of Sterlite Power Technology Private Limited

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Date : 22 August 2016

STERLITE POWER TECHNOLOGIES PRIVATE LIMITED
Notes to financial statements for the period ended 31 March 2016

NOTE 1. CORPORATE INFORMATION

Sterlite Power Technologies Private Limited (the Company) is a private company domiciled in India incorporated under the provisions of the Companies Act, 2013. The Company was incorporated on 30

NOTE 2. BASIS OF PREPARATION

accounting principles in India (Indian GAAP). The Company has prepared these financial statement comply in all material respects with the accounting standards notified under section 133 of the Compa Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The finan statements have been prepared on an accrual basis and under the historical cost convention.

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Use of estimates

The preparation of financial statements in conformity with the Indian GAAP requires the managemer make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, as and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although tl estimates are based on the management's best knowledge of current events and actions, uncertainty al these assumptions and estimates could result in the outcomes requiring a material adjustment to

(b) Income Tax

to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax r and tax laws used to compute the amount are those that are enacted or substantively enacted, at reporting date.

income originating during the current year and reversal of timing differences for the earlier years. Defe tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting c Deferred income tax relating to items recognized directly in equity is recognized in equity and not in statement of profit and loss.

for deductible timing differences only to the extent that there is reasonable certainty that sufficient fu taxable income will be available against which such deferred tax assets can be realised. In situations wl the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recogn only if there is virtual certainty supported by convincing evidence that they can be realised against fu taxable profits.

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

the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtu certain, as the case may be, that sufficient future taxable income will be available against which defe tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably cer or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same tax authority.

(c) Earning Per Share

shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares that have changed the number of equity shares outstanding, without a corresponding change in resource).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted.

(d) Provisions

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss, net of any reimbursement.

(e) Contingent liabilities

A contingent liability is a liability that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

(f) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less.

STERLITE POWER TECHNOLOGIES PRIVATE LIMITED
Notes to financial statements for the period ended 31 March 2016

NOTE 3: SHARE CAPITAL

	31 March 2016 (Rupees)	31 March 2015 (Rupees)
Authorised shares		
10,000 (31 March 2015: 10,000) equity shares of Rs. 10 each.	1,00,000	1,00,000
Issued, subscribed and fully paid-up shares		
10,000 (31 March 2015: 10,000) equity shares of Rs. 10 each fully paid - up.	1,00,000	1,00,000
Total issued, subscribed and fully paid-up share capital	1,00,000	1,00,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	31 March 2016		31 March 2015	
	No's	(Rupees)	No's	(Rupees)
At the beginning of the period	10,000	1,00,000	-	-
Issued during the period	-	-	10,000	1,00,000
Outstanding at the end of the period	10,000	1,00,000	10,000	1,00,000

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion of the number of equity shares held by the share holders.

c. Shares held by holding company and their subsidiaries/associates:

	31 March 2016		31 March 2015	
	No's	% holding	No's	% holding
Sterlite Technologies Limited (Immediate holding company)*	10,000	100%	10,000	100%

d. Detail of shareholders holding more than 5% of shares in the company

	31 March 2016		31 March 2015	
	No's	% holding	No's	% holding
Sterlite Technologies Limited (Immediate holding company)	10,000	100%	10,000	100%

*Subsequent to year end, entire share capital of the Company held by Sterlite Technologies Limited has been acquired by Sterlite Power Transmission Limited on July 01, 2016.

NOTE 4 : RESERVES AND SURPLUS

	31 March 2016 (Rupees)	31 March 2015 (Rupees)
Deficit in the statement of profit and loss		
Balance as per last financial statements	(1,12,360)	-
Loss for the year / period	(1,14,614)	(1,12,360)
Net deficit in the statement of profit and loss	(2,26,974)	(1,12,360)
Total	(2,26,974)	(1,12,360)

NOTE 5: OTHER CURRENT LIABILITIES

	31 March 2016 (Rupees)	31 March 2015 (Rupees)
Others		
- Audit fees payable	1,14,500	1,12,360
Expenses to be reimbursed	1,12,360	
Total	2,26,860	1,12,360

NOTE 6: CASH AND BANK BALANCES

	31 March 2016 (Rupees)	31 March 2015 (Rupees)
Cash and cash equivalents		
Balance with banks:		
On current accounts	99,886	1,00,000
Total	99,886	1,00,000

NOTE 7: OTHER EXPENSES

	31 March 2016 (Rupees)	30 October 2014 to 31 March 2015 (Rupees)
Payment to auditor (including service tax)		
- Statutory audit fees	1,14,500	1,12,360
Bank Charges	114	
Total	1,14,614	1,12,360

NOTE 8: EARNINGS PER SHARE

The following reflects the loss and share data used in the basic and diluted EPS computation

	31 March 2016 (Rupees)	30 October 2014 to 31 March 2015 (Rupees)
Total operations for the period		
Loss after tax for calculating basic and diluted EPS	(1,14,614)	(1,12,360)
Weighted average number of equity shares in calculating basic EPS and diluted EPS	10,000	10,000
Earnings per share		
Basic and Diluted (on nominal value of Rs. 10 per share) Rupees/share	(11.46)	(11.24)

STERLITE POWER TECHNOLOGIES PRIVATE LIMITED
Notes to financial statements for the period ended 31 March 2016
NOTE 9: RELATED PARTY DISCLOSURES

(A) Name of related party and nature of its relationship:

(a) Related parties where control exists

Holding company

Sterlite Technologies Limited (Immediate holding company)
Twin Star Overseas Limited, Mauritius (Intermediate holding company)
Volcan Investments Limited, Bahamas (Ultimate holding company)

(b) Other related parties with whom transactions have taken place during the period

None

(B) The transactions with related parties during the period and their outstanding balances are as follows:-

Particulars	Related Party	31 March 2016 (Rupees)	30 October 2014 to 31 March 2015 (Rupees)
<u>Transactions during the year</u>			
Expenses to be reimbursed	Sterlite Technologies Limited (Immediate holding company)	1,12,360	-
<u>Closing balances at the year end</u>			
Payable to holding company	Sterlite Technologies Limited (Immediate holding company)	1,12,360	-
Allotment of equity shares	Sterlite Technologies Limited (Immediate holding company)	-	1,00,000

NOTE 10: SEGMENT INFORMATION

Based on the guiding principles given in Accounting Standard on "Segment Reporting" (AS-17), the activities of the Company fall within a single primary business and geographical segment and accordingly the disclosures under AS-17 have not been separately given.

NOTE 11: COMPARATIVE FIGURES

The Company was incorporated on 30 October 2014. Hence the comparative figures for the Statement of Profit and Loss and Cash Flow Statement are prepared from 30 October 2014 to 31 March 2015.

As per our report of even date

For S R B C & Co LLP

Firm Registration No. 324982E / E300003
Chartered Accountants

**For and on behalf of the board of directors of Sterlite Power Technology
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Director
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