# Sterlite Technologies Limited

## Subsidiaries Financial Statements

Financial Year 2017-18

# Speedon Networks Limited

Financial Statements for FY 2017-18

# Price Waterhouse Chartered Accountants LLP

## INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF SPEEDON NETWORK LIMITED

### Report on the Indian Accounting Standards Ind AS Financial Statements

1. We have audited the accompanying financial statements of **Speedon Network Limited** (the "Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. 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 design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including 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.

5. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

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

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

## Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its total comprehensive income (comprising of loss and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

## Other Matter

9. The Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated May 10, 2017, expressed an unmodified opinion on those Ind AS financial statements. Our opinion is not qualified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

(c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with

Price Waterhouse & Co Chartered Accountants LLP
LLPIN AAC-4362
FRN 304026E/E-300009
Pune

# Price Waterhouse Chartered Accountants LLP



Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its standalone Ind AS financial statements - Refer Note 37;

ii. The Company has long-term contracts as at March 31, 2018 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2018;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018;

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: FRN 012754N/N500016
Chartered Accountants

Neeraj Sharma
Partner
Membership Number: 108391

Place: Pune
Date: June 25, 2018

**Annexure A to Independent Auditors' Report**
Referred to in paragraph 11 (f) of the Independent Auditors' Report of even date to the members of Speedon Network Limited on the financial statements for the year ended March 31, 2018


## Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Speedon Network Limited (the "Company") as of March 31, 2018 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

2. 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 deemed to be prescribed under section 143(10) of the Act 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 ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Price Waterhouse & Co Chartered Accountants LLP
LLPIN AAC-4362
FRN 304026E / E-300009
Pune

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# Price Waterhouse Chartered Accountants LLP

**Annexure A to Independent Auditors' Report**
Referred to in paragraph 11 (f) of the Independent Auditors' Report of even date to the members of Speedon Network Limited on the financial statements for the year ended March 31, 2018


## Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls over with reference to financial statements were operating effectively as at March 31, 2018, 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 Price Waterhouse Chartered Accountants LLP
Firm Registration Number: FRN 012754N/N500016
Chartered Accountants

Neeraj Sharma
Partner
Membership Number: 108391

Place: Pune
Date: June 25, 2018

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Speedon Network Limited on the financial statements as of and for the year ended March 31, 2018

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets except for location-wise details of Optical Network Terminal devices and telecom boxes installed in societies/apartments, telecom devices lying with subscriber /customers and certain other assets.

(b) The fixed assets are physically verified by the Management according to a planned programme designed to cover all the items once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, fixed assets has been physically verified by the Management in earlier year and no material discrepancies have been noticed on such verification. Assets in the nature of Optical Network Terminal devices and telecom boxes installed in societies/ apartments and telecom devices lying with subscribers/customers are not physically verified. As informed by management these assets are under continuous operational surveillance.

(c) The Company does not own any immovable properties as disclosed in Note 3 on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.

ii. The Company is in the business of rendering of services and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

iii. 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 Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including income tax, sales tax, service tax, duty of customs, cess, goods and service tax (with effect from July 1, 2017) and other material statutory dues, as applicable, with the appropriate authorities.

Price Waterhouse & Co Chartered Accountants LLPIN ACC-4362 FRN 304026E / E-300009 Pune

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Registered office and Head office: Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

**Annexure B to Independent Auditors' Report**
Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Speedon Network Limited on the financial statements for the year ended March 31, 2018


(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, service-tax, duty of customs, cess and goods and service tax which have not been deposited on account of any dispute. The particulars of dues of sales tax as at March 31, 2018 which have not been deposited on account of a dispute, is as follows:

| Name of the statute | Nature of dues | Amount (Rs. In lacs) | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---|---|---|
| The Tamilnadu Value Added Act 2006 | Sales Tax | 34.86* | 2013-2014 | Appellate Deputy Commissioner (CT) (FAC) Chennai 6 |

*Amount disclosed above is net off of amount paid under protest of Rs. 8.71 lacs

viii. The Company does not have any loans or borrowings from any financial institution or bank or Government. The Company has compulsorily convertible debentures as at the balance sheet date. Therefore the provisions of Clause 3(viii) of the Order are not applicable to the Company.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has not paid/ provided for managerial remuneration during the year, hence the provisions of Section 197 read with Schedule V to the Act is not applicable.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

Price Waterhouse & Co Chartered Accountants LLPIN AAC-4362 FRN 304026E/E-300009 Pune

**Annexure B to Independent Auditors' Report**
Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Speedon Network Limited on the financial statements for the year ended March 31, 2018


xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: FRN012754N/N500016.
Chartered Accountants

Neeraj Sharma
Partner
Membership Number: 108391

Place: Pune
Date: June 25, 2018

SPEEDON NETWORK LIMITED
BALANCE SHEET AS AT 31 MARCH 2018

| | Note | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|---|
| **ASSETS** | | | |
| Non-current assets | | | |
| Property, plant & equipment | 3 | 2,350.83 | 2,414.31 |
| Capital work-in progress | 3 | 134.55 | 351.65 |
| Other intangible assets | 3A | 124.86 | - |
| Investments | 4 | 2.00 | 2.00 |
| Deffered tax assets (net) | 6 | 34.12 | 24.12 |
| Other non-current assets | 7 | 18.11 | 298.53 |
| | | 2,664.47 | 3,090.61 |
| Current assets | | | |
| Financial assets | | | |
| Trade receivables | 8 | 171.34 | 44.39 |
| Cash and cash equivalents | 9 | 3.19 | 12.77 |
| Other bank balances | 9A | 35.84 | 23.26 |
| Loans | 10 | 10.61 | 6.44 |
| Other current financial assets | 5 | 7.49 | 14.31 |
| Other current assets | 7 | 338.56 | - |
| | | 567.03 | 100.57 |
| Total Assets | | 3,231.50 | 3,191.18 |
| **EQUITY AND LIABILITIES** | | | |
| Equity | | | |
| Equity share capital | 11 | 155.00 | 155.00 |
| Other Equity | 12 | 877.70 | (263.21) |
| Total Equity | | 1,032.70 | (108.21) |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 13 | 2,051.89 | 2,119.96 |
| Other financial liabilities | 14 | 38.84 | 568.34 |
| Employee benefit obligations | 15 | - | 1.40 |
| Other non-current liabilities | 16 | 9.07 | 6.76 |
| | | 2,099.80 | 2,696.46 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Trade payables | | | |
| -Total outstanding dues of micro enterprises & small enterprises | 17 | 3.79 | - |
| -Total outstanding dues of creditors other than micro enterprises & small enterprises | | 93.43 | 47.93 |
| Other financial liabilities | 14 | 0.90 | 546.39 |
| Other current liabilities | 16 | 1.08 | 0.96 |
| Employee benefit obligations | 15 | - | 1.66 |
| | | 99.20 | 602.93 |
| Total liabilities | | 2,199.00 | 3,299.39 |
| Total Equity & Liabilities | | 3,231.50 | 3,191.18 |
| Summary of significant accounting policies | 2 | | |

The accompanying notes are an integral part of the financial statements
As per our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. FRN 012754N/N500016
Chartered Accountants

Neeraj Sharma
Partner
Membership Number : 108391

Place : Pune
Date : 25 June 2018

For and on behalf of the Board Of Directors of Speedon Network Limited

K S Rao
Director
DIN:00022533

Anupam Jindal
Director
DIN: 03340078

Alok Mukopadhyay
Chief Executive Officer

Abhijeet Marathe
Chief Financial Officer

Place : Pune
Date : 22 June 2018

Place : Pune
Date : 22 June 2018

**SPEEDON NETWORK LIMITED**
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018**

| | Note | 31 March 2018 (Rs. In lacs) | 31 March 2017 (Rs. In lacs) |
|---|---|---|---|
| INCOME | | | |
| Revenue from operations | 18 | 306.44 | 185.01 |
| Other income | 20 | 0.88 | - |
| Total Income (I) | | 307.32 | 185.01 |
| EXPENSES | | | |
| Purchase of traded goods | | - | 1.00 |
| Employee benefits expense | 21 | - | 51.58 |
| Other expenses | 22 | 261.97 | 116.02 |
| Total Expense (II) | | 261.97 | 168.60 |
| Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II) | | 45.35 | 16.32 |
| Depreciation and amortization expense | 23 | 364.84 | 307.04 |
| Finance costs | 24 | 144.09 | 145.93 |
| Finance income | 19 | (3.39) | (2.94) |
| Profit before tax | | (459.59) | (406.28) |
| **Tax expense** | | | |
| **Current tax** | | - | - |
| **Deferred tax** | | - | 6.47 |
| **Total tax expense** | | - | 6.47 |
| Profit for the year | | (459.09) | (102.25) |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods : | | | |
| Re-measurement loss defined benefits plans | | - | 0.82 |
| Income tax effect | | - | (0.28) |
| | | - | 0.54 |
| **Net other comprehensive income not to be reclassified to profit or loss in subsequent periods** | | | |
| **Other comprehensive income for the year, net of tax** | | - | 0.54 |
| **Total comprehensive income for the year, net of tax** | | (459.09) | (101.71) |
| **Earnings per equity share** | 25 | | |
| **Basic & Diluted** | | | |
| Computed on the basis of profit for the year (Rs) | | (23.17) | (45.51) |
| Summary of significant accounting policies | 2 | | |

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. FRN 012754N/N500016
Chartered Accountants

Neeraj Sharma
Partner
Membership Number 108391

Place : Pune
Date : 25 June 2018

For and on behalf of the Board Of Directors of Speedon Network Limited

K S Rao
Director
DIN [illegible]

Anupam Jindal
Director
DIN [illegible]

Alok Mahapatra
Chief Executive Officer

Abhishek Maheshwari
Chief Financial Officer

Place : Pune
Date : 25 June 2018

Place : Pune
Date : 25 June 2018

SPEEDON NETWORK LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ENDED 31 MARCH 2018

A. Equity Share Capital

| Particulars | No. in lacs | Rs. in lacs |
|---|---|---|
| At April 01, 2016 (Refer note 11) | 15.50 | 155.00 |
| Issue during the year | - | - |
| At March 31, 2017 (Refer note 11) | 15.50 | 155.00 |
| Issue during the year | - | - |
| At March 31, 2018 | 15.50 | 155.00 |

B. Other Equity

For the year ended March 31, 2017 (Rs. in lacs)

| Particulars | Securities Premium | Retained Earnings | Equity Portion of Compulsorily Convertible Debentures | Equity Contribution from Parent | Total Equity |
|---|---|---|---|---|---|
| At April 01, 2016 | 3,595.00 | (12,645.71) | - | 257.45 | (8,793.26) |
| Loss for the year | - | (702.25) | - | - | (702.25) |
| Equity component related debentures issued during the year | - | - | 12,070.00 | - | 12,070.00 |
| Other comprehensive income | - | 0.54 | - | - | 0.54 |
| Adjustment on account of demerger (Refer note no 32) | (3,249.46) | 9,584.51 | (9,099.41) | (73.88) | (2,838.24) |
| At March 31, 2017 | 345.54 | (3,762.91) | 2,970.59 | 183.57 | (263.21) |
| Loss for the year | - | (359.09) | - | - | (359.09) |
| Equity component related debentures issued during the year | - | - | 1,500.00 | - | 1,500.00 |
| At March 31, 2018 | 345.54 | (4,122.00) | 4,470.59 | 183.57 | 877.70 |

The accompanying notes are an integral part of the financial statements
As per our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. (FRN 012754N/N500016)
Chartered Accountants

Neeraj Sharma
Partner
Membership Number: 108391

Place : Pune
Date : 25 June 2018

For and on behalf of the Board of Directors of Speedon Network Limited

K S Rao
Director
DIN:[illegible]

Anupam [illegible]
Director
DIN: [illegible]

[illegible]
Chief Executive Officer

[illegible]
Chief Financial Officer

Place : Pune
Date : 22 June 2018

Place : Pune
Date : 22 June 2018

STERLITE TECHNOLOGIES LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

| | Note | March 31, 2018 (Rs. In lacs) | March 31, 2017 (Rs. In lacs) |
|---|---|---|---|
| **A. Operating activities** | | | |
| Profit before tax | | (359.09) | (695.78) |
| Adjustments to reconcile profit before tax to net cash flows | | | |
| Depreciation and impairment of property, plant & equipment | 23 | 263.93 | 366.73 |
| Amortization & impairment of intangible assets | 23 | 0.21 | 0.25 |
| Finance costs | 24 | 144.09 | 345.93 |
| Finance income | 19 | (3.39) | (0.22) |
| | | 404.84 | 712.74 |
| Operating profit before working capital changes | | 45.75 | 16.96 |
| Working capital adjustments: | | | |
| Increase/(Decrease) in trade payables | 17 | 49.25 | 37.18 |
| Increase/( Decrease) in other current liabilities | 16 | (5.83) | (6.75) |
| Increase/(Decrease) in other current financial liabilities | 14 | (59.19) | - |
| Increase/(Decrease) in other non-current financial liabilities | 14 | - | 285.38 |
| Increase/( Decrease) in non current employee benefit obligations | 15 | (1.40) | (1.66) |
| Increase/( Decrease) in current employee benefit obligations | 15 | (1.46) | - |
| Increase/( Decrease) in non current liabilities | 16 | 2.31 | (1.83) |
| Decrease/(increase) in current trade receivable | 8 | (125.77) | (53.86) |
| Decrease (increase) in current assets | 7 | (338.56) | 25.82 |
| Decrease/(increase) in other current financial assets | 5 | (5.76) | (2.32) |
| Decrease/(increase) in short-term loans | 10 | (4.17) | (1.16) |
| Decrease/(increase) in other non-current assets | 7 | 270.42 | - |
| Changes in working capital | | (220.16) | 271.80 |
| Cash generated from operations | | (174.41) | 288.76 |
| Direct taxes paid | 6 | - | - |
| **Net cash flow from operating activities** | | (174.41) | 288.76 |
| **B. Investing activities** | | | |
| Purchase of property, plant & equipments | | (600.98) | (194.93) |
| Proceeds from sale of property, plant & equipment | | - | 1.15 |
| Interest received (finance income) | 19 | 2.60 | - |
| Investment in bank deposits | | - | 5.91 |
| **Net cash flow used in investing activities** | | (598.38) | (187.87) |
| **C. Financing activities** | | | |
| Proceeds of long term borrowings | 13 | 765.41 | (3,132.14) |
| Issue of Compulsorily Convertible Debentures | 13 | - | 2,970.43 |
| Proceeds/(repayment) of short term borrowings (net) | | - | (189.62) |
| Proceeds/(repayment) of short term borrowings Holding company | | - | 473.02 |
| Interest Income | | - | 1.36 |
| Interest paid | 24 | (1.20) | (231.69) |
| **Net cash flow used in financing activities** | | 764.21 | (108.64) |
| Net Increase/(decrease) in cash and cash equivalents | | (8.58) | (7.75) |
| Cash and cash equivalents as at beginning of year | | 11.77 | 19.52 |
| Reduction in cash and cash equivalent on account of demerger (Refer note 32) | | - | - |
| Cash and cash equivalents as at year end | | 3.19 | 11.77 |

| Components of cash and cash equivalents | | March 31, 2018 | March 31, 2017 |
|---|---|---|---|
| Balances with banks: | | | |
| On current accounts | 9 | 3.19 | 11.77 |
| On unpaid dividend account | | - | - |
| Cash in hand | 9 | - | - |
| Total cash and cash equivalents | | 3.19 | 11.77 |

The accompanying notes are an integral part of the financial statements
As per our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. (FRN 012754N/N500016)
Chartered Accountants

Neeraj Sharma
Partner
Membership Number : 108391

Place: Pune
Date: 25 June 2018

For and on behalf of the Board Of Directors of Speedon Network Limited

K S Rao
Director
DIN:00022533

Anupam Jindal
Director
DIN: 03440078

Alok Mahapatra
Chief Executive Officer

Abhishek Maheshwari
Chief Financial Officer

Place : Pune
Date : 22 June 2018

Place : Pune
Date : 22 June 2018

**Speedon Network Limited**
Notes to financial statements for the year ended 31 March 2018

### 1. Corporate information

Speedon Network 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 equipments of last mile 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 payment basis.

### 2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The standalone financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The standalone Ind AS financial statements have been prepared on a historical cost basis.

The standalone Ind AS financial statements are presented in Indian Rupees in Lakhs, except when otherwise indicated.

**Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle of the Company is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of products and the time between the acquisitions of assets for processing and their realisation in cash and cash equivalents, the company has ascertained operating cycle of 12 months for the purpose of current and non-current classification of assets and liabilities.

**a) Business combinations - Common Control Transaction**

Business combinations involving entities that are controlled by the company are accounted for using the pooling of interests method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies.

The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, where the business combination had occurred after that date, the prior period information is restated only from that date.

The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.

The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.

The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

**b) Business Combination**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred; liabilities incurred to the former owners of the acquired business; equity interests issued by the company and fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Company recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred; amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

**c) Foreign currency translation**

**Functional and presentation currency**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is company's functional and presentation currency.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**d) Revenue Recognition**

Revenue is recognised to the extent specific criteria have been met for each of the activities as described below, it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, it has pricing latitude and is also exposed to inventory and credit risks.

**Rendering of services**
Revenues from services are recognised pro-rata over the period of the contract as and when services are rendered. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses incurred which are expected to be recovered.
as the related services are performed. Revenue in excess of billings is classified as unbilled revenue while billing in excess of revenue is classified as unearned revenue in the Balance Sheet.

**e) Other Income**

1. **Interest income**
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Interest income is included in finance income in the statement of profit and loss.

**f) Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

**g) Income Taxes**

**Current income tax**
The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**Deferred tax**
Deferred tax is provided in full, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. When the deferred tax asset relating to the deductible temporary difference arises from

the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled by the Company and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- In respect of deductible temporary differences between the carrying amount and tax bases of investments in subsidiaries, branch, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date and are expected to apply in the year when the asset is realised or the liability is settled.

Current and Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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 taxes relate to the current tax assets and tax liabilities are offset when the entity has a legally enforceable right to offset and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**h) Property, plant and equipment**

All property, plant and equipment and Capital work in progress are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Such historical cost includes the cost of replacing part of the property, plant and equipment and borrowing costs if the recognition criteria are met. When significant parts of the property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss as incurred. No decommissioning liabilities are expected or be incurred on the assets of plant and equipment.

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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. The Company, based on technical assessments made by technical experts and management estimates, depreciates the certain items of tangible assets over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Table below provide the details of the useful life which are different from useful life prescribed under Schedule II of the Companies Act, 2013:

| Asset Category | Useful Life considered | Useful life (Schedule II#) |
|---|---|---|
| Plant and Machinery | 1 - 18 Years * | Continous process plant -25 Years<br><br>Others - 15 Years |
| Optical fibre cable (included in plant and machinery) | 18 Years * | 18 Years |
| Furniture and fixtures | 5 | 10 |
| Office equipments | 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.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

The assets residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

### i) 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. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the expenditure is recognised in the Statement of Profit and Loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

The Company does not have any intangible assets with indefinite useful lives.

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 or loss when the asset is derecognised.

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.

Softwares are amortised on a straight line basis over a period of five years.

### j) Borrowing Costs

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 asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### k) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly stated in the arrangement.

**Company as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the leases inception at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases in which a significant portion of the risk and rewards of ownership are not transferred to the Company are classified as operating lease. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the payment are structured to increase inline with the expected general inflation to compensate for the lessors expected inflationary cost increases.

**l) Impairment of non-financial assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**m) Provisions**

**General**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a 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. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. Provisions are not recognised for future operating losses.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**n) Investment and Other Financial assets**

**i) Classification:**

The company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- Those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The company reclassifies debt investments when and only when its business model for managing those assets changes.

**ii) Measurement:**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**Debt instruments**

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

**Equity instruments**

The company subsequently measures all equity investments at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Equity investment in subsidiaries and joint venture are carried at historical cost as per the accounting policy choice given by IND AS 27.

The Company makes investments in certain joint ventures and associates with the objective to generate growth in the medium term and with identified exit strategies. Such investments are managed on a fair value basis. The company has elected to measure investments in such joint ventures and associates in accordance with Ind AS 109.

iii) **Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance;

b) Lease receivables under Ind AS 17

c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument;
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

**iv) Derecognition of financial asset**

A financial asset is derecognised only when the Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**v) Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

**o) Financial liabilities**

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 3o days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

**p) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalent, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**q) Earnings per share**

**Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

**r) Presentation of EBITDA**

The Company presents Earnings before interest, tax, depreciation and amortisation ('EBITDA') in the statement of profit or loss; this is not specifically required by Ind AS 1. The term EBITDA is not defined in Ind AS. Ind AS compliant Schedule III allows companies to present line items, sub-line items and sub-totals to be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the company's financial position or performance.

Accordingly, the Company has elected to present 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 amortization expense, finance income, finance costs and tax expense

**s) Accounts receivable**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**t) Segment Reporting**

Operating segments are report in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). The Board of Directors has been identified as being the CODM.

**u) Rounding of amount**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

**2.2 Going Concern Assumption**

During the year the company has incurred losses of INR 349.82 Lakhs and is carrying accumulated losses of INR 3,762.91 Lakhs pertaining to prior years. The outstanding loan has been obtained from the holding company and there is no outstanding loan to other parties.

Basis the terms of the payable balances, which requires the Company to repay only as and when it has funds to repay and the management's intention is to continue with the entity. Hence the financial statements have been prepared on going concern basis.

**Speedon Network Limited**
Notes to financial statements for the year ended 31 March 2018

### 2.3 Recent accounting pronouncements

#### a) Ind AS 115- Revenue from Contract with Customers:

Ind AS 115, Revenue from contracts with customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard replaces Ind AS 18 Revenue and Ind AS 11 Construction contracts and related appendices.

A new five-step process must be applied before revenue can be recognised:

1. identify contracts with customers
2. identify the separate performance obligation
3. determine the transaction price of the contract
4. allocate the transaction price to each of the separate performance obligations, and
5. recognise the revenue as each performance obligation is satisfied.

The new standard is mandatory for financial years commencing on or after 1 April 2018 and early application is not permitted.

The company is in the process of assessing the detailed impact of Ind AS 115. Presently, the company is not able to reasonably estimate the impact that application of Ind AS 115 is expected to have on its financial statements, except that adoption of Ind AS 115 is not expected to significantly change the timing of the company's revenue recognition for product sales. Consistent with the current practice, recognition of revenue will continue to occur at a point in time when products are dispatched to customers, which is also when the control of the asset is transferred to the customer under Ind AS 115.

The company intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 April 2018 and that comparatives will not be restated.

#### b) Appendix B to Ind AS 21 Foreign currency transactions and advance consideration

The MCA has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration. The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, date of transaction should be determined as above for each payment or receipt.

The appendix can be applied:

- retrospectively for each period presented applying Ind AS 8;
- prospectively to items in scope of the appendix that are initially recognised

- on or after the beginning of the reporting period in which the appendix is first applied (i.e. 1 April 2018 for entities with March year-end); or
- from the beginning of a prior reporting period presented as comparative information (i.e. 1 April 2017 for entities with March year-end).

Management has assessed the effects of applying the appendix to its foreign currency transactions for which consideration is received in advance. The Company expects this change to impact its accounting for long-term revenue contracts involving multiple advance payments in foreign currency.

c) **Other pronouncements**

Following accounting pronouncements are not expected to have significant impact on the company's financial statement.

- Amendments to Ind AS 12 Income taxes regarding recognition of deferred tax assets on unrealised losses which clarify the accounting for deferred taxes where an asset is measured at fair value and that fair value is below the asset's tax base
- Amendments to Ind AS 40 Investment property - Transfers of investment property which clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence.

**SPEEDON NETWORK LIMITED**
Notes to financial statements for the year ended 31 March 2018

**NOTE 3: PROPERTY,PLANT & EQUIPMEMT**

(Rs. in Lacs)

| | Leasehold Improvements | Plant & machinery | Furniture & fixtures | Data processing equipments | Office equipments | Electrical fittings | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| **At 1 April 2016** | 34.29 | 11,124.68 | 7.93 | 65.96 | 35.98 | 0.53 | 11,269.37 |
| Additions | - | 794.72 | - | 0.19 | 0.84 | - | 795.75 |
| Disposals | 33.72 | 2.78 | 5.43 | 4.11 | 4.83 | - | 50.87 |
| Transfer on account of demerger (Note no 32) | 0.57 | 8,656.95 | 2.50 | 62.02 | 31.99 | 0.53 | 8,754.56 |
| **At 31 March 2017** | - | 3,259.67 | - | 0.02 | - | - | 3,259.69 |
| Additions | - | 150.09 | - | - | 0.35 | - | 150.44 |
| Disposals | - | - | - | - | - | - | - |
| **At 31 March 2018** | - | 3,409.76 | - | 0.02 | 0.35 | - | 3,410.13 |
| **Depreciation,amortization & Impairment** | | | | | | | |
| **At 1 April 2016** | 24.79 | 3,074.36 | 5.11 | 37.95 | 16.82 | 0.43 | 3,159.46 |
| Additions | 2.31 | 664.99 | 0.57 | 6.07 | 3.59 | 0.04 | 677.57 |
| Disposals | 26.58 | 1.48 | 4.04 | 1.93 | 2.72 | 0.45 | 37.20 |
| Transfer on account of Demerger (Note no 32) | 0.52 | 2,892.51 | 1.64 | 42.07 | 17.69 | 0.02 | 2,954.45 |
| **At 31 March 2017** | - | 845.36 | - | 0.02 | - | - | 845.38 |
| Charge for the year | | 263.86 | | - | 0.07 | | 263.93 |
| **At 31 March 2018** | - | 1,109.22 | - | 0.02 | 0.07 | - | 1,109.31 |
| **Net Book Value** | | | | | | | |
| At 31 March 2018 | - | 2,300.55 | - | - | 0.28 | - | 2,300.83 |
| At 31 March 2017 | - | 2,414.31 | - | - | - | - | 2,414.31 |

| Movement in Capital work in progress | Rs in lacs |
|---|---|
| **Opening balance as at March 31, 2017** | 351.65 |
| Transfers during the year | (167.10) |
| **Closing balance as at March 31, 2018** | 184.55 |

SPEEDON NETWORK LIMITED
Notes to financial statements for the year ended 31 March 2018

## NOTE 3A: OTHER INTANGIBLE ASSETS

(Rs. In Lacs)

| Intangible assets | Software/ Licences | Indefeasible Right of Use | Customer Acquisitions | Total |
|---|---|---|---|---|
| Cost | | | | |
| At 1 April 2016 | 354.00 | 98.36 | 104.57 | 556.93 |
| Additions | - | 1.17 | - | 1.17 |
| Transfer on account of Demerger (Refer note no 32) | 354.00 | 99.53 | 104.57 | 558.10 |
| As at 31 March 2017 | - | - | - | - |
| Additions | 125.07 | - | - | 125.07 |
| As at 31 March 2018 | 125.07 | - | - | 125.07 |
| Amortisation & Impairment | | | | |
| At 1 April 2016 | 213.89 | 22.78 | 13.25 | 249.92 |
| Charge for the year | 5.16 | 3.32 | 5.16 | 13.64 |
| Disposals | - | - | - | - |
| Transfer on account of Demerger (Refer note no 32) | 219.05 | 26.10 | 18.41 | 263.56 |
| As at 31 March 2017 | - | - | - | (0.00) |
| Charge for the year | 0.21 | - | - | 0.21 |
| As at 31 March 2018 | 0.21 | - | - | 0.21 |
| Net Block | | | | |
| At 31 March 2017 | - | - | - | 0.00 |
| At 31 March 2018 | 124.86 | - | - | 124.86 |

[illegible] NETWORK LIMITED
Notes to financial statements for the year ended 31 March 2018

**NOTE 4: INVESTMENTS**

| | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| Investment in Subsidiaries | | |
| Equity instruments (unquoted) | | |
| 24,000 (31 March 2017 - 20,000) Equity shares of [illegible] Telecommunications Limited of Rs. 10 each fully paid up | 2.00 | 2.00 |
| Total investments | 2.00 | 2.00 |
| Total non-current investments | | |
| Aggregate amount of unquoted investments | 2.00 | 2.00 |

**NOTE 5: OTHER CURRENT FINANCIAL ASSETS**

| | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| Current (unsecured, considered good) | | |
| Unbilled revenue | 7.49 | 13.87 |
| Others | - | 0.64 |
| Total other current financial assets | 7.49 | 14.51 |

**NOTE 6: DEFERRED TAX ASSET**

| | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| **Deferred tax liability** | | |
| On loan from holding company | 22.21 | 22.21 |
| Others | 1.23 | 1.23 |
| Gross deferred tax liability | 23.44 | 23.44 |
| **Deferred tax assets** | | |
| Fair valuation of Plant & Machinery on transition date | 47.42 | 47.42 |
| Others | 0.14 | 0.14 |
| Gross deferred tax assets | 47.56 | 47.56 |
| **Net deferred tax assets** | 24.12 | 24.12 |

Reconciliation of deferred tax asset

| | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| Opening deferred tax asset, net | 24.12 | 292.64 |
| Reversal of deferred tax asset for depreciation with respect to assets fair valued on transition date | - | (68.33) |
| Interest expense recognised on loan from holding company | - | 8.19 |
| Deferred tax asset, recognised on accumulated losses | - | - |
| Other | - | 1.69 |
| Write off on account of merger | - | (210.29) |
| **Closing deferred tax asset, net** | 24.12 | 24.12 |

**NOTE 7: OTHER ASSETS**

| | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| Non-current | | |
| Advance income tax, including TDS (net of provisions) | 27.78 | - |
| Balances with government authorities (including amount paid under protest) | - | 290.53 |
| Others | 0.35 | - |
| **Total other non-current assets** | 28.13 | 290.53 |
| Current | | |
| Balances with government authorities (including amount paid under protest) | 311.92 | - |
| Prepaid expenses | 6.64 | - |
| **Total other current assets** | 318.56 | - |

**NOTE 8: TRADE RECEIVABLES**

| | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| Current | | |
| Trade receivables | 27.36 | 44.79 |
| Receivables from related parties (Refer Note No. 31) | 146.48 | - |
| | 173.84 | 44.79 |
| Break-up for security details | | |
| -Unsecured, considered good | 171.34 | 44.79 |
| -Unsecured, considered doubtful | 2.50 | 2.50 |
| | 173.84 | 47.29 |
| Impairment Allowance (allowance for bad and doubtful debts) | | |
| -Unsecured, considered good | - | - |
| -Unsecured, considered doubtful | 2.50 | 2.50 |
| | 2.50 | 2.50 |
| **Total Current trade receivables** | 171.34 | 44.79 |

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

**NOTE 9: CASH AND CASH EQUIVALENTS**

| | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| **Balances with banks:** | | |
| On current accounts | 3.19 | 11.77 |
| | 3.19 | 11.77 |

**NOTE 9A: OTHER BANK BALANCES**

| | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| Deposits with original maturity for more than 3 months but less than 12 months | 23.84 | 22.26 |
| Total other bank balances | 23.84 | 22.26 |

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[illegible] NETWORK LIMITED

SPARROW NETWORK LIMITED
Notes to financial statements for the year ended 31 March 2018

**NOTE 10: LOANS**

| | 31 March 2018 (Rs. In lacs) | 31 March 2017 (Rs. In lacs) |
|---|---|---|
| Current | | |
| Loans to subsidiary (Refer Note No. 29) | 10.63 | 5.61 |
| Total current loans | 10.63 | 5.61 |

**NOTE 11: SHARE CAPITAL**

| | 31 March 2018 (Rs. In lacs) | 31 March 2017 (Rs. In lacs) |
|---|---|---|
| Authorised shares<br>5,000,000 (31 March 2017: 5,000,000) Equity Shares of Rs. 10 each | 500.00 | 500.00 |
| Issued, subscribed and fully paid-up shares (in lacs)<br>1,550,000 (31 March 2017: 1,550,000) Equity Shares of Rs. 10 each fully paid-up | 155.00 | 155.00 |
| Total issued, subscribed and fully paid-up share capital | 155.00 | 155.00 |

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

| | No. in lacs | Rs. in lacs |
|---|---|---|
| As at 1 April 2016 | 15.50 | 155.00 |
| Changes during the year | - | - |
| At 31 March 2017 | 15.50 | 155.00 |
| Changes during the year | - | - |
| Outstanding at the end of the year | 15.50 | 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 2018 | |
|---|---|---|
| | No. in lacs | % holding |
| Immediate holding company<br>Sterlite Technologies Limited | 15.50 | 100% |

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

| | 31 March 2018 | |
|---|---|---|
| | No. in lacs | % holding |
| Sterlite Technologies Limited | 15.50 | 100% |

**NOTE 12 : OTHER EQUITY**

| | 31 March 2018 (Rs. In lacs) | 31 March 2017 (Rs. In lacs) |
|---|---|---|
| **Equity Portion of Compulsorily Convertible Debentures** | | |
| Opening balance | 2,970.59 | - |
| Add: Issued during the year | 1,530.00 | 12,370.00 |
| Less: Transfer on account of demerger (Refer note no 32) | - | (9,399.41) |
| Equity Portion of Compulsorily Convertible Debentures | 4,500.59 | 2,970.59 |
| **Securities premium account** | | |
| Opening balance | 318.54 | 3,508.00 |
| Less: Adjustment on account of demerger (Refer note no 32) | - | (3,189.46) |
| Securities premium account | 318.54 | 318.54 |
| **Equity Contribution from Parent** | | |
| Opening balance | 185.57 | 257.45 |
| Less: Transfer on account of demerger (Refer note no 32) | - | (71.88) |
| Equity Contribution from Parent | 185.57 | 185.57 |
| **Retained earnings** | | |
| Opening balance | (3,752.91) | (12,045.73) |
| Add: Net profit for the year | (359.99) | (702.25) |
| Add: Remeasurement of post employment benefit obligation, net of tax | - | 4.54 |
| Add: Transfer on account of demerger (Refer note no 32) | - | 8,990.53 |
| Total retained earnings | (4,112.90) | (3,752.91) |
| Total other equity | 891.80 | (278.21) |

**Nature and Purpose of reserves other than retained earnings**

Securities premium reserve
Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

Equity Contribution from Parent
This reserve is attributable to the fair value difference at inception for loan obtained from the holding company.

Equity Portion of Compulsorily Convertible Debentures
During the year, the Company has issued unsecured Compulsorily Convertible Debentures ('CCDs') of Rs. 10 each at a value of Rs. 10 each to its holding Company for Rs. 2,970.59 lacs (after considering the effect of demerger as explained in note 32). These CCDs are compulsorily convertible into equity shares after 3 years from the date of allotment and convertible into equity shares at any time after allotment at the option of the holder. Interest payable on the CCDs is 0.01% per annum. Each CCD is convertible into 1 equity share of face value of Rs. 10.

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SPEEDON NETWORK LIMITED
Notes to financial statements for the year ended 31 March 2018

**NOTE 13: BORROWINGS**

| | 31 March 2018 (Rs. In lacs) | 31 March 2017 (Rs. In lacs) |
|---|---|---|
| Non-current borrowings | | |
| Term loans | | |
| Loan from holding Company (unsecured) (refer note below) | 2,051.69 | 2,119.96 |
| | 2,051.69 | 2,119.96 |
| The above amount includes | | |
| Secured borrowings | - | - |
| Unsecured borrowings | 2,051.69 | 2,119.96 |
| Total Non-current borrowings | 2,051.69 | 2,119.96 |

Notes:
The Company has obtained unsecured borrowing from holding company which carries interest at [illegible] p.a. (2016-17: [illegible] p.a.)

**NOTE 14: OTHER FINANCIAL LIABILITIES**

| | 31 March 2018 (Rs. In lacs) | 31 March 2017 (Rs. In lacs) |
|---|---|---|
| Non-current | | |
| Other financial liabilities at amortised cost | | |
| Capital creditors | 38.84 | [illegible] |
| Payable to holding company (Refer note below) | - | 203.15 |
| Total non-current financial liabilities | 38.84 | 264.31 |

Note: The balance reflects the amount payable to [illegible] Technologies Limited on account of transfer of [illegible] in accordance with the [illegible]. (Refer note 30 for more details)

| | 31 March 2018 (Rs. In lacs) | 31 March 2017 (Rs. In lacs) |
|---|---|---|
| Current | | |
| Other financial liabilities at amortised cost | | |
| Interest accrued and due on borrowings | - | 58.64 |
| Payable for purchase of Plant, Property & Equipment | - | 486.51 |
| Statutory dues payable | 0.91 | 1.44 |
| | 0.91 | 546.59 |
| Total current financial liabilities | 0.91 | 546.59 |

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

**NOTE 15: EMPLOYMENT BENEFIT OBLIGATION**

| | 31 March 2018 (Rs. In lacs) | 31 March 2017 (Rs. In lacs) |
|---|---|---|
| Non Current | | |
| Provision for gratuity | - | 1.40 |
| Total non-current employee benefit obligation * | - | 1.40 |
| Current | | |
| Provision for gratuity | - | 0.70 |
| Provision for leave obligations | - | 0.35 |
| Total current employee benefit obligation* | - | 1.05 |

* As explained in note no. 30, as a part of [illegible] business all the employees of the company have been transferred to holding company and therefore employee benefit obligation as on March 31, 2018 is nil. Considering the total expense and outstanding liability is insignificant no disclosure is required under Ind AS 19

**NOTE 16: OTHER LIABILITIES**

| | 31 March 2018 (Rs. In lacs) | 31 March 2017 (Rs. In lacs) |
|---|---|---|
| Non Current | | |
| Unearned revenue from services | 9.07 | 6.76 |
| Total other non current liabilities | 9.07 | 6.76 |
| Current | | |
| Unearned revenue | 1.08 | 6.94 |
| Total other current liabilities | 1.08 | 5.80 |

**NOTE 17: TRADE PAYABLES**

| | 31 March 2018 (Rs. In lacs) | 31 March 2017 (Rs. In lacs) |
|---|---|---|
| Total outstanding dues of micro enterprises & small enterprises (refer note 30) | 3.79 | - |
| Total outstanding dues of creditors other than micro enterprises & small enterprises | 93.43 | 47.97 |
| Total Trade Payable | 97.22 | 47.97 |

**NOTE 18: REVENUE FROM OPERATIONS**

| | 31 March 2018 (Rs. In lacs) | 31 March 2017 (Rs. In lacs) |
|---|---|---|
| Sale of services | 396.14 | 585.09 |
| Gross revenue from operations | 396.14 | 585.09 |

**NOTE 19: FINANCE INCOME**

| | 31 March 2018 (Rs. In lacs) | 31 March 2017 (Rs. In lacs) |
|---|---|---|
| Interest income on | | |
| - Bank deposits | 3.60 | - |
| - Loan to related party | 0.79 | 0.64 |
| - Interest on Income Tax Refund | - | 0.22 |
| Total finance income | 4.39 | 0.86 |

**NOTE 20: OTHER INCOME**

| | 31 March 2018 (Rs. In lacs) | 31 March 2017 (Rs. In lacs) |
|---|---|---|
| Net Exchange gain on foreign currency transactions | 6.58 | - |
| Total other income | 6.58 | - |

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Notes to financial statements for the year ended 31 March 2018

**NOTE 21: EMPLOYEE BENEFITS EXPENSE**

| | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| Salaries, wages and bonus | - | 47.31 |
| Contribution to provident fund and superannuation fund | - | 1.17 |
| Gratuity expenses | - | 0.79 |
| Staff welfare expenses | - | 2.42 |
| Total Employee benefits expense | - | 51.69 |

**NOTE 22: OTHER EXPENSES**

| | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| Network Expenses | 203.75 | 63.17 |
| Power, fuel and water | 22.01 | 7.16 |
| Sales promotion and marketing | 1.92 | 4.72 |
| Rent | 29.72 | 12.97 |
| Insurance | 2.36 | 2.59 |
| Legal and professional fees | 3.11 | 2.55 |
| Rates and taxes | 0.47 | 0.73 |
| Travelling and conveyance | 4.94 | 4.02 |
| Loss on sale of fixed assets, net | - | 0.56 |
| Membership and subscription expenses | - | 0.24 |
| Telephone charges | 0.66 | 1.10 |
| Internal audit fees | 4.58 | 0.88 |
| Office maintenance charges | 0.10 | 4.81 |
| Repairs charges | - | 0.33 |
| Director sitting fee and commission | - | 4.00 |
| Payment to auditor (refer details below) | 4.00 | 3.49 |
| Miscellaneous expenses | 9.35 | 7.16 |
| Total other expenses | 281.97 | 116.09 |

| Payment to auditor | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| As auditor: | | |
| Audit fee (including limited review and audit of consolidated financial statements) | 3.00 | 0.85 |
| Tax audit fee | 1.00 | 0.20 |
| In other capacity | | |
| Other services (including certification fees) | - | 0.43 |
| | 4.00 | 1.48 |

**NOTE 23: DEPRECIATION AND AMORTISATION EXPENSE**

| | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| Depreciation of tangible assets | 263.93 | 366.75 |
| Amortisation of intangible assets | 0.21 | 0.29 |
| Total depreciation and amortisation expense | 264.14 | 367.04 |

**NOTE 24: FINANCE COST**

| | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| Interest on financial liabilities measured at amortised cost | | |
| - On term loan from Bank | - | 176.81 |
| - On loan from holding company | 143.07 | 137.30 |
| - Others | - | 9.31 |
| Bank charges | 1.33 | 2.81 |
| Total finance cost | 144.39 | 327.92 |

**NOTE 25: EARNINGS PER SHARE (EPS)**

Basic EPS amounts are calculated by dividing the profit/(loss) for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit/(loss) attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the profit/(loss) and share data used in the basic and diluted EPS computation

| | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| Loss for the year | (350.07) | (707.75) |
| Weighted average number of equity shares in calculating Basic & Diluted EPS | 15.90 | 15.90 |
| Earnings per share | | |
| Basic & Diluted (on nominal value of Rs. 10 per share) Rupees per share | (22.17) | (44.51) |

**NOTE 26 : SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of financial statements requires the use of accounting estimates. Management also needs to exercise judgement in applying the company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

**NOTE 27: LEASES**

Operating lease
Company as lessee:
The Company has taken office buildings on operating lease. The lease term is for periods of three to nine years and renewable at the option of the Company.

(a) Lease payments recognised in the statement of profit and loss for the year is Rs. 19.72 Lacs (31 March 2017: Rs. 33.38 Lacs)

(b) The future minimum lease payments payable not later than one year is Rs. 43.32 Lacs (31 March 2017: Rs. 44.32 Lacs)

(c) The future minimum lease payments payable later than one year but not later than five years is Rs. 126.77 Lacs (31 March 2017: Rs. 130.79 Lacs)

(d) The future minimum lease payments payable later than five years is Rs. 68.28 Lacs (31 March 2017: Rs. 97.64 Lacs).

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SPEEDON NETWORK LIMITED
Notes to financial statements for the year ended 31 March 2018

## NOTE 28: CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts remaining to be executed on Capital account and not provided for (Net of advances) is Rs. 68.42 Lacs (31 March 2017: Rs. 115.50 Lacs)

## NOTE 29: DETAILS OF LOANS AND ADVANCES GIVEN TO SUBSIDIARIES

The details are provided as required by regulation 53(f) read with part A of Schedule V to SEBI (Listing Obligation and Disclosure Requirements) Regulation,2015

(Rs. in lacs)

| Name of Subsidiary | 31-Mar-18 | | 31-Mar-17 | |
|---|---|---|---|---|
| | Outstanding Amount | Maximum Balance | Outstanding Amount | Maximum Balance |
| Sterlite Telesystems Limited | 10.61 | 10.61 | 6.44 | 6.44 |

## NOTE 30: DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MSMED ACT, 2006

| Description | 31 March 2018 (Rs. in lacs) | 31 March 2017 (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. | | |
| Principal amount due to micro and small enterprises | 3.79 | - |
| Interest due on above | - | - |
| (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 | - | - |

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## SPEEDON NETWORK LIMITED
### Notes to financial statements for the year ended 31 March 2018

NOTE 31 : RELATED PARTY TRANSACTIONS

Name of related party and nature of relationships:

Parent entity:

| | |
|---|---|
| Sterlite Technologies Limited ('STL') | (Immediate holding company) |
| Twinstar Overseas Limited, Mauritius | (Intermediate holding company) |
| Volcan Investments Limited, Bahamas | (Ultimate holding company) |

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

Fellow subsidiary

Maharashtra Transmission Communication Infrastructure Limited ('MTCIL')
Sterlite Telesystems Limited ('STSL') (Subsidiary) (incorporated on 21/09/2015)

Director Details

Kalinga Srinivasa Rao
Anupam Jindal
Dharmendra Jain
Pratik Pravin Agarwal
Lalit Narayan Tandon

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

| Particulars | Transactions with STL | | Transactions with STSL | | Transactions with KMPs | |
|---|---|---|---|---|---|---|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| Transactions during the year | | | | | | |
| Purchase of fixed assets (inclusive of duties and taxes) | 31.12 | 44.46 | - | - | - | - |
| Compulsorily convertible Debentures in holding company | 1,500.00* | 2,970.59 | - | - | - | - |
| Loans taken (principal amount) | 989.03 | 569.91 | - | - | - | - |
| Repayment of loans | - | 176.10 | - | - | - | - |
| Reimbursement of expenses (received or receivable) | - | - | 2.74 | 5.50 | - | - |
| Sales (exclusive of duties and taxes): | | | | | | |
| (a) Services provided | 383.44 | 1,002.51 | - | - | - | - |
| (b) Unbilled revenue | - | 13.67 | - | - | - | - |
| Interest on loans taken | 142.89 | 157.30 | - | - | - | - |
| Interest on loans given | - | - | 0.79 | 0.64 | - | - |
| Remuneration paid to KMPs | | | | | | |
| Mr. S Anand | - | - | - | - | - | 18.49 |
| Closing balances as at year end | As at Mar 31, 2018 | As at Mar 31, 2017 | As at Mar 31, 2018 | As at Mar 31, 2017 | As at Mar 31, 2018 | As at Mar 31, 2017 |
| Long term loan taken | 2,051.89 | 2,644.72 | - | - | - | - |
| Compulsorily convertible debentures | 4,470.59 | 2,970.59 | - | - | - | - |
| Investment in equity shares | - | - | 2.00 | 2.00 | - | - |
| Loans & advances receivables | - | - | 10.61 | 6.44 | - | - |
| Trade receivable | 97.22 | 47.97 | - | - | - | - |

* Pertains to conversion of unsecured loan taken from holding company into compulsorily convertible debentures ("CCDs") of Rs 10 each at a price of Rs 10 each for Rs 1,500 Lacs

SPEEDON NETWORK LIMITED
Notes to financial statements for the year ended 31 March 2018

NOTE 32: Demerger of Passive infrastructure business

During the year, the National Company Law Tribunal vide Order dated July 27, 2017 has approved a scheme of demerger of the passive infrastructure business (demerged undertaking) of Speedon Network Limited (the Company), with Shrdha Technologies Limited (Holding company).

The standalone financial results for the current year are excluding the operations of the demerged undertaking. The figures for the previous year ended March 31, 2017 have been restated accordingly to incorporate the impact of the Scheme of Arrangement in accordance with the requirements of the Ind AS 103. Accordingly, the following are the details of key financial statement line items pertaining to passive infrastructure business derecognised in the books of the company

| Balance sheet | March 31, 2017<br>Rs. in lacs |
|---|---|
| Total assets | 11,584.08 |
| Total Liabilities | 7,302.06 |
| Reserves and surplus | (483.13) |

As per the scheme, the excess of book value of assets over the book value of liabilities and reserves of the demerged undertaking has been adjusted against the balance of securities premium account (there being a deficit balance in the retained earnings, hence no adjustment made)

| Particulars | Rs. in lacs |
|---|---|
| Excess of book value of assets over the book value of liabilities | 3,799.45 |
| Adjusted against:<br>Securities premium | 3,799.45 |

Note 33: Financial risk management objectives and policies
The Company's principal financial liabilities, comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, loans, trade and other receivables, cash and short-term deposits and other financial assets that derive directly from its operations. The Company also holds investments and enters into derivative transactions.

The Company is exposed to credit risk and liquidity risk. The Company's senior management oversees the management of these risks. All risk management activities are carried out by specialist teams that have the appropriate skills, experience and supervision. The Company reviews and agrees policies for managing each of these risks, which are summarised below.

The Risk Management policies of the Company are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are approved and reviewed regularly by Board to reflect changes in market conditions and the Company's activities.

Management has overall responsibility for the establishment and oversight of the Company's risk management framework. In performing its operating, investing and financing

Foreign currency risk

The company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and EURO. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

As at year end there are no outstanding foreign currency exposure receivable or payable.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. With all the other variables held constant, the Company's profit before tax is affected through the

| | Change in USD rate | Rs. in lacs<br>Effect on profit before tax/ equity |
|---|---|---|
| March 31, 2018 | +5% | - |
| | -5% | - |
| March 31, 2017 | +5% | (15.52) |
| | -5% | 15.52 |

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by top management subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on credit rating and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.
An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. During the period, the Company made no write-offs of trade receivables. It does not expect to receive future cash flows or recoveries from collection of cash flows previously written off. As significant outstanding trade receivable are outstanding from holding company credit risk related to these receivables is considered to be low.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2018 and 31 March 2017 is the carrying amounts of each class of financial assets.

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Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The Company's objective is to, at all times, maintain optimum levels of liquidity to meet its cash and collateral obligations. The Company requires funds both for short term operational needs as well as for long term investment programs mainly in growth projects. The Company closely monitors its liquidity position and deploys a robust cash management system. It aims to minimise these risks by generating sufficient cash flows from its current operations, which in addition to the available cash and cash equivalents, liquid investments and sufficient committed fund facilities, will provide liquidity. The Company obtains loan from holding company to meet its liquidity requirements.

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 60 - 90 days. The other payables are with short term durations. The carrying amounts are assumed to be reasonable approximation of fair value. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Rs. in lacs

| Particulars | Payable on demand | Less than 3 months | 3 months to 12 months | 1 year to 5 years | > 5 years | Total |
|---|---|---|---|---|---|---|
| As at March 31, 2018 | | | | | | |
| Borrowings | - | - | - | - | - | - |
| Other financial liabilities | - | 6.90 | - | 32.84 | - | 39.74 |
| Trade payables | - | 93.43 | - | - | - | 93.43 |
| Payables for purchase of Property, plant and equipments | - | - | - | - | - | - |
| | - | 100.33 | - | 32.84 | - | 133.17 |
| As at March 31, 2017 | | | | | | |
| Borrowings | - | - | - | - | - | - |
| Other financial liabilities | - | 546.59 | - | 588.34 | | 1,134.93 |
| Trade payables | - | 47.97 | | | | 47.97 |
| Payables for purchase of Property, plant and equipments | - | 42.25 | 244.26 | 44.89 | | 331.40 |
| | - | 636.81 | 244.26 | 633.23 | - | 1,514.30 |

* Based on the maximum amount that can be called for under the financial guarantee contract

Note 34: Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains adequate funds to meet its obligations. The Company currently relies on loan provided by the Parent Company. The terms of this loan require the Company to repay only as and when it has adequate internal accruals for such repayment.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The The Company's policy is to keep the gearing ratio optimum. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables less cash and cash equivalents excluding discontinued operations.

| | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| Net debt | 2,188.68 | 5,282.06 |
| Total Capital | 1,032.70 | (105.38) |
| Capital and net debt | 3,221.38 | 5,176.68 |
| Gearing ratio | 67.96% | 102.04% |

**NOTE 35: FAIR VALUE MEASUREMENTS**

The management assessed that cash and cash equivalents, trade receivables, trade payables, other current assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The management has further assessed that borrowings availed and loans given approximate their carrying amounts largely due to the interest rates being variable or in case of fixed rate borrowings/loans, movements in interest rates from the recognition of such financial instruments till period end not being material.

**NOTE 36: COMPULSORILY CONVERTIBLE DEBENTURES**

During the year, the Company has issued 1,300 lacs unsecured Compulsorily Convertible Debentures ('CCDs') of Rs 10 each at a price of Rs 10 each against loan received from its holding company. These CCDs are compulsorily convertible into equity shares after 2 years from the date of allotment and convertible into equity shares at any time after allotment at the option of the holder. Interest payable on the CCDs is 0.01% per annum. Each CCD is convertible into 1 equity share of face value of Rs 10. As these debentures are compulsorily convertible carrying insignificant interest payment, entire amount has been classified as equity contribution from holding company.

**NOTE 37: CONTINGENT LIABILITIES**

| | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| a) Sales tax | 34.86 | - |

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SPEEDON NETWORK LIMITED
Notes to financial statements for the year ended 31 March 2018

## NOTE 38: SEGMENT REPORTING

The Company's operations predominantly relate to Network service provider through fibre to home concept and accordingly this is the only reportable segment as per Ind AS 108 "Operating Segments".

The significant revenue is generated from holding company which is located in India.

All non-current operating assets of the Company are located in India.

## NOTE 39: NOTE ON PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The company has taken advantage of the exemption in accordance with paragraph 4(a) of Ind AS 110, not to prepare consolidated financial statements as it is a wholly owned subsidiary of Sterlite Technologies Limited ("Sterlite") which is incorporated in Aurangabad, India, under the Companies Act, 2013. Sterlite is regarded by the directors as the immediate holding company and the largest group of undertakings to consolidate these results. The company is consolidated in the Sterlite consolidated financial statements. Copies of these financial statements can be obtained from E-1, MIDC Industrial Area, Waluj, Aurangabad, Maharashtra, India.

## NOTE 40: PREVIOUS YEAR FIGURES

The financial statements for the year ended 31 March 2017 and 31 March 2016 incorporate the impact of the merger as explained in Note 33. Previous year figures have been reclassified to conform to this year's classification.

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The accompanying notes are an integral part of the financial statements
As per our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. FRN 012754N/N500016
Chartered Accountants

Neeraj Sharma
Partner
Membership Number: 108391

Place: Pune
Date: 25 June 2018

For and on behalf of the Board Of Directors of Speedon Network Limited

A. S. Rao
Director
DIN: [illegible]

Anupam Jindal
Director
DIN: [illegible]

Mihir Mohapatra
Chief Executive Officer

Abhishek Nayakwara
Chief Financial Officer

Place: Pune
Date: 22 June 2018

Place: Pune
Date: 23 June 2018

# Sterlite Telesystems Limited

## Financial Statements for FY 2017-18

## INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF STERLITE TELESYSTEMS LIMITED

### Report on the Indian Accounting Standards Ind AS Financial Statements

1. We have audited the accompanying financial statements of **Sterlite Telesystem Limited** (the "Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. 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 design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including 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.

5. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

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

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

## Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its total comprehensive income (comprising of loss and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

## Other Matter

9. The Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated May 10, 2017, expressed an unmodified opinion on those Ind AS financial statements.

   Our opinion is not qualified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

(c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

Price Waterhouse & Co Chartered Accountants LLPIN AAC-4362 FRN 304026E / E-300009 Pune

# Price Waterhouse Chartered Accountants LLP



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

i. The company does not have any pending litigation as at March 31, 2018 which would impact its financial Position;

ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2018;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018;

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: FRN 012754N/N500016
Chartered Accountants

Neeraj Sharma
Partner
Membership Number: 108391

Place: Pune
Date: June 25, 2018

# Price Waterhouse Chartered Accountants LLP

**Annexure A to Independent Auditors' Report**
Referred to in paragraph 11 (f) of the Independent Auditors' Report of even date to the members of Sterlite Telesystems Limited on the financial statements for the year ended March 31, 2018
Page 1 of 2

## Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Sterlite Telesystems Limited (the "Company") as of March 31, 2018 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

2. 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 deemed to be prescribed under section 143(10) of the Act 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 ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Price Waterhouse & Co Chartered Accountants LLP
LLPIN AAC-4362
FRN 304026E / E-300009
Pune

# Price Waterhouse Chartered Accountants LLP



## Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2018, 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 Price Waterhouse Chartered Accountants LLP
Firm Registration Number: FRN 012754N/N500016
Chartered Accountants

Neeraj Sharma
Partner
Membership Number: 108391

Place: Pune
Date: June 25, 2018

# Price Waterhouse Chartered Accountants LLP

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Sterlite Telesystems Limited on the financial statements as of and for the year ended March 31, 2018

i. 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 and not commented upon.

ii. The Company's business does not involve any inventory and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

iii. 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 Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, income tax, service tax and goods and service tax (with effect from July 1, 2017), as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax and service tax which have not been deposited on account of any dispute.

viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has not paid/provided for managerial remuneration during the year hence provisions of Section 197 read with Schedule V to the Act is not applicable.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

Price Waterhouse & Co Chartered Accountants LLPIN AAC-4362 FRN 304026E/E-300009 Pune

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: FRN012754N/N500016
Chartered Accountants

Neeraj Sharma
Partner
Membership Number: 108391

Place: Pune
Date: June 25, 2018

**STERLITE TELESYSTEMS LIMITED**
**BALANCE SHEET AS AT 31 MARCH 2018**

| | Note | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|---|
| **ASSETS** | | | |
| Non-current assets | | | |
| Financial assets | | | |
| Other non-current financial assets | 3 | 3.60 | 3.07 |
| Other non-current assets | 4 | 0.61 | 0.29 |
| | | 4.21 | 3.36 |
| Current assets | | | |
| Financial assets | | | |
| Cash and cash equivalents | 5 | 0.64 | 0.64 |
| | | 0.64 | 0.64 |
| Total Assets | | 4.85 | 4.00 |
| **EQUITY AND LIABILITIES** | | | |
| Equity | | | |
| Equity share capital | 6 | 2.00 | 2.00 |
| Other Equity | | | |
| Retained earnings | 7 | (8.85) | (6.72) |
| Total Equity | | (6.85) | (4.72) |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 8 | 9.18 | 6.44 |
| Other financial liabilities | 9 | 2.52 | 2.28 |
| | | 11.70 | 8.72 |
| Total Equity & Liabilities | | 4.85 | 4.00 |
| Summary of significant accounting policies | 2 | | |

The accompanying notes are an integral part of the financial statements
As per our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration No: FRN 012754N/N500016
Chartered Accountants

Neeraj Sharma
Partner
Membership Number: 108391

Place : Pune
Date : 25 June 2018

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

K S Rao
Director
DIN 00022533

Anupam Jindal
Director
DIN: 03010078

Place : Pune
Date : 18 June 2018

STERLITE TELESYSTEMS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

| | Note | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from operations | | - | - |
| Total Income (I) | | - | - |
| **EXPENSES** | | | |
| Other expenses | 10 | 1.34 | 3.17 |
| Total Expenses (II) | | 1.34 | 3.17 |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) (I) - (II) | | (1.34) | (3.17) |
| Finance costs | 11 | 0.79 | 0.64 |
| Profit before tax | | (2.13) | (3.81) |
| Tax expenses | | | |
| Current tax | | - | - |
| Deferred tax | | - | - |
| Total tax expenses | | - | - |
| Loss for the year | | (2.13) | (3.81) |
| Other comprehensive income | | | |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year, net of tax | | (2.13) | (3.81) |
| Earnings per equity share | | | |
| Basic and diluted | | | |
| Computed on the basis of profit for the year | 12 | (10.65) | (19.05) |
| Summary of significant accounting policies | 2 | | |

The accompanying notes are an integral part of the financial statements
As per our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. FRN 012754N/N500016
Chartered Accountants

Neeraj Sharma
Partner
Membership Number: 108391

Place : Pune
Date : 25 June 2018

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

K S Rao
Director
DIN: 03040078

Anupam Jindal
Director
DIN: 01010978

Place : Pune
Date : 18 June 2018

STERLITE TELESYSTEMS LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2018

A. Equity share capital

| | No. in Lacs | Rs. In Lacs |
|---|---|---|
| At April 01, 2016 | 0.20 | 2.00 |
| Issue of share capital (Note 6) | - | - |
| At March 31, 2017 | 0.20 | 2.00 |
| Issue of share capital (Note 6) | - | - |
| At March 31, 2018 | 0.20 | 2.00 |

B. Other equity

| | (Rs. In Lacs) Retained earnings |
|---|---|
| At April 01, 2016 | (2.91) |
| Loss for the period | (3.81) |
| At March 31, 2017 | (6.72) |
| Loss for the period | (2.13) |
| At March 31, 2018 | (8.85) |

The accompanying notes are an integral part of the financial statements
As per our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. FRN 012754N/N500016
Chartered Accountants

Neeraj Sharma
Partner
Membership Number :108391

Place : Pune
Date : 25 June 2018

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

K S Rao
Director
DIN:00022533

Anupam Jindal
Director
DIN: 03040078

Place : Pune
Date : 18 June 2018

STERLITE TELESYSTEMS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

| | Note | March 31, 2018 (Rs. in lacs) | March 31, 2017 (Rs. in lacs) |
|---|---|---|---|
| A. Operating activities | | | |
| Profit before tax | | (2.13) | (3.81) |
| Adjustments to reconcile profit before tax to net cash flows | | | |
| Finance costs | 14 | 0.79 | 0.64 |
| Operating profit before working capital changes | | (1.34) | (3.17) |
| Working capital adjustments: | | | |
| (Decrease)/increase in other current financial liabilities | 9 | (0.55) | (0.36) |
| Decrease/(increase) in other non-current financial assets | 3 | (0.52) | (2.52) |
| Decrease/(increase) in other assets | 4 | (0.33) | (0.29) |
| Change in working capital | | (1.40) | (3.17) |
| Cash generated from operations | | (2.74) | (6.34) |
| Income tax paid (net of refunds) | | - | - |
| Net cash flow from operating activities | | (2.74) | (6.34) |
| B. Investing activities | | | |
| Net cash flow used from investing activities | | - | - |
| C. Financing activities | | | |
| Proceeds from Short term borrowings from holding company | 8 | 2.74 | 5.53 |
| Interest paid | 14 | - | - |
| Net cash flow used in financing activities | | 2.74 | 5.53 |
| Net increase/(decrease in) cash and cash equivalents | | 0.00 | (0.81) |
| Cash and cash equivalents at beginning of year | 5 | 0.64 | 1.45 |
| Cash and cash equivalents as at year end | 5 | 0.64 | 0.64 |
| Components of cash and cash equivalents | | March 31, 2018 | March 31, 2017 |
| Balances with banks: | | | |
| On current accounts | | 0.64 | 0.64 |
| On unpaid dividend account | | | |
| Cash in hand | | | |
| Total cash and cash equivalents | | 0.64 | 0.64 |

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. (FRN 012754N/N500016)
Chartered Accountants

Neeraj Sharma
Partner
Membership Number :108391

Place: Pune
Date: 25 June 2018

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

K S Rao
Director
(DIN 00022533)

Anupam Jindal
Director
DIN: 03048076

Place: Pune
Date : 18 June 2018

**Sterlite Telesystems Limited**
Notes to financial statements for the year ended 31 March 2018

## 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.
The Ind AS financial Statements were authorised for issue in accordance with resolution passed by the Board of Directors of the Company on July 04, 2017.

## 2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The standalone financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The standalone Ind AS financial statements have been prepared on a historical cost basis.

The standalone Ind AS financial statements are presented in Indian Rupees in Lakhs, except when otherwise indicated.

**Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle of the Company is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of products and the time between the acquisitions of assets for processing and their realisation in cash and cash equivalents, the company has ascertained operating cycle of 12 months for the purpose of current and non-current classification of assets and liabilities.

**a) Foreign currency translation**

**Functional and presentation currency**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is company's functional and presentation currency.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**b) Revenue Recognition**

Revenue is recognised to the extent specific criteria have been met for each of the activities as described below, it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, it has pricing latitude and is also exposed to inventory and credit risks.

**Rendering of services**

Revenues from services are recognised pro-rata over the period of the contract as and when services are rendered. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses incurred which are expected to be recovered.

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Pune

**c) Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

**d) Income Taxes**

**Current income tax**
The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**Deferred tax**
Deferred tax is provided in full, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled by the Company and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- In respect of deductible temporary differences between the carrying amount and tax bases of investments in subsidiaries, branch, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date and are expected to apply in the year when the asset is realised or the liability is settled.

Current and Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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 taxes relate to the current tax assets and tax liabilities are offset when the entity has a legally enforceable right to offset and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**e) Borrowing Costs**

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 asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**f) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly stated in the arrangement.

**Company as a lessee**
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the leases inception at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases in which a significant portion of the risk and rewards of ownership are not transferred to the Company are classified as operating lease. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the payment are structured to increase inline with the expected general inflation to compensate for the lessors expected inflationary cost increases.

**g) Impairment of non-financial assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**h) Provisions**

**General**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a 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. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. Provisions are not recognised for future operating losses.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**i) Investment and Other Financial assets**

**i) Classification:**

The company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- Those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The company reclassifies debt investments when and only when its business model for managing those assets changes.

**ii) Measurement:**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**Debt instruments**

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

**Equity instruments**

The company subsequently measures all equity investments at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Equity investment in subsidiaries and joint venture are carried at historical cost as per the accounting policy choice given by IND AS 27.

The Company makes investments in certain joint ventures and associates with the objective to generate growth in the medium term and with identified exit strategies. Such investments are managed on a fair value basis. The company has elected to measure investments in such joint ventures and associates in accordance with Ind AS 109.

iii) **Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance;

b) Lease receivables under Ind AS 17

c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables, and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument;
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

**iv) Derecognition of financial asset**

A financial asset is derecognised only when the Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**v) Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the

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change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

### j) Financial liabilities

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 3o days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

### k) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalent, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

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**l) Earnings per share**

**Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

**m) Presentation of EBITDA**

The Company presents Earnings before interest, tax, depreciation and amortisation ('EBITDA') in the statement of profit or loss; this is not specifically required by Ind AS 1. The term EBITDA is not defined in Ind AS. Ind AS compliant Schedule III allows companies to present line items, sub-line items and sub-totals to be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the company's financial position or performance. Accordingly, the Company has elected to present 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 amortization expense, finance income, finance costs and tax expense

**n) Rounding of amount**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

**2.2 Going Concern Assumption**

During the year the company has incurred losses of INR 2.13 Lakhs and is carrying accumulated losses of INR 6.72 Lakhs pertaining to prior years. The outstanding loan has been obtained from the holding company and there is no outstanding loan to other parties.
Basis the terms of the payable balances, which requires the Company to repay only as and when it has funds to repay and the management's intention is to continue with the entity. Hence the financial statements have been prepared on going concern basis.

**2.3 Recent accounting pronouncements**

Following accounting pronouncements are not expected to have significant impact on the company's financial statement.

- Amendments to Ind AS 12 Income taxes regarding recognition of deferred tax assets on unrealised losses which clarify the accounting for deferred taxes where an asset is measured at fair value and that fair value is below the asset's tax base
- Amendments to Ind AS 40 Investment property - Transfers of investment property which clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence.
- New Accounting Standard introduced Ind AS 115- Revenue from contract with customers which establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers
- The MCA has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration. The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

NOTE 3: OTHER FINANCIAL ASSETS

| | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| Non-current | | |
| Security deposits | 0.55 | 0.55 |
| Other Receivables | 3.05 | 2.52 |
| Total other non-current financial assets | 3.60 | 3.07 |

NOTE 4: OTHER ASSETS

| | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| Non-current | | |
| Balances with government authorities | 0.61 | 0.29 |
| Total other non-current assets | 0.61 | 0.29 |

NOTE 5: CASH AND CASH EQUIVALENTS

| | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| Balances with banks: | | |
| On current accounts | 0.64 | 0.64 |
| | 0.64 | 0.64 |

NOTE 6: SHARE CAPITAL

| | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| Authorised shares | 5.00 | 5.00 |
| 50,000 (31 March 2017: 50,000) Equity Shares of Rs.10 each | 5.00 | 5.00 |
| 20,000 (31 March 2017: 20,000) Equity Shares of Rs.10 each fully paid up | 2.00 | 2.00 |
| Total issued, subscribed and fully paid-up share capital | 2.00 | 2.00 |

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

| | Nos in lacs | Rs. in lacs |
|---|---|---|
| As at 1 April 2016 | 0.20 | 2.00 |
| Issued during the year | | |
| At 31 March 2017 | 0.20 | 2.00 |
| Issued during the year | - | - |
| Outstanding as at 31 March 2018 | 0.20 | 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.

| | 31 March 2018 | |
|---|---|---|
| | No. in lacs | % holding |
| Immediate holding company | | |
| Speedon Network Limited | 0.20 | 100% |

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

| | 31 March 2018 | |
|---|---|---|
| | No. in lacs | % holding |
| Speedon Network Limited | 0.20 | 100% |

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Notes to financial statements for the year ended 31 March 2018

## NOTE 7 : OTHER EQUITY

| | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| Retained earnings | | |
| Opening balance | (6.72) | (2.91) |
| Add: Net profit for the year | (2.13) | (3.81) |
| Total retained earnings | (8.85) | (6.72) |
| Total other equity | (8.85) | (6.72) |

## NOTE 8: BORROWINGS

| | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| **Current borrowings** | | |
| Loan from related party (Refer Note No. 14) | 9.18 | 6.44 |
| | 9.18 | 6.44 |
| **The above amount includes** | | |
| Secured borrowings | - | - |
| Unsecured borrowings | 9.18 | 6.44 |
| **Net Amount** | 9.18 | 6.44 |

## NOTE 9: OTHER FINANCIAL LIABILITIES

| | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| **Current** | | |
| **Other financial liabilities at amortised cost** | | |
| TDS payable | 0.09 | 0.10 |
| Interest payable to holding company | 1.43 | 0.64 |
| Others | 1.00 | 1.54 |
| **Total current financial liabilities** | 2.52 | 2.28 |

## NOTE 10: OTHER EXPENSES

| | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| Rates and taxes | 0.03 | 0.06 |
| Legal & professional | 0.30 | 0.81 |
| Payment to auditor (As Audit Fees) | 1.00 | 2.25 |
| Other administration and general expenses | 0.01 | 0.05 |
| **Total other expenses** | 1.34 | 3.17 |

| **Payment to auditor** | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| As auditor: | | |
| Audit fees | 1.00 | 2.25 |
| | 1.00 | 2.25 |

## NOTE 11: FINANCE COST

| | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| Interest on financial liabilities measured at amortised cost | | |
| - On loan from holding company | 0.79 | 0.64 |
| **Total finance cost** | 0.79 | 0.64 |

Sterlite Telesystems Limited
Notes to financial statements for the year ended 31 March 2018

## NOTE 12: EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit/(loss) for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.
Diluted EPS amounts are calculated by dividing the profit/(loss) attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the profit/(loss) and share data used in the basic and diluted EPS computation

| | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
|---|---|---|
| Loss for the year | (2.13) | (3.81) |
| **Weighted average number of equity shares in calculating basic and diluted EPS** | 20,000 | 20,000 |
| Earnings per share | | |
| Basic and diluted (on nominal value of Rs. 10 per share) Rupees/share | (10.65) | (19.05) |

## NOTE 13: Fair values

The management assessed that cash and cash equivalents, other financial assets, other assets and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments and therefore carrying value of these instruments is considered to be the same as fair value. All the financial instruments of the entity are classified at amortised cost

## NOTE 14: 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:**

| | Transactions with Speedon Network | |
|---|---|---|
| | 31 March 2018 (Rs. in lacs) | 31 March 2017 (Rs. in lacs) |
| **Transactions during the year** | | |
| Short term loan taken | 2.74 | 5.53 |
| Interest expense | 0.79 | 3.64 |
| **Closing balances as at year end** | | |
| Loan payable | 9.18 | 0.64 |
| Interest payable | 1.43 | 6.44 |

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Notes to financial statements for the year ended 31 March 2018

**Note 15: Financial risk management objectives and policies**

The Company does not have any operations. The Company's principal financial liabilities, comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's cash flow requirements. The Company's principal financial assets include investments, loans, trade and other receivables, cash and short-term deposits and other financial assets.

The Company is exposed to credit risk and liquidity risk. The Company's senior management oversees the management of these risks.
The Risk Management policies of the Company are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are approved and reviewed regularly by Board to reflect changes in market conditions and the Company's activities.

Management has overall responsibility for the establishment and oversight of the Company's risk management framework. In performing its operating, investing and financing activities, the Company is exposed to the Credit Risk, Liquidity Risk and Market risk.

All the transactions are with the financial institutions with good credit rating.The Company's maximum exposure to credit risk for the components of the balance sheet of 31 March 2018 and 31 March 2017 is the carrying amount of each class of financial assets.

**Credit risk**

The company is exposed to credit risk arising from financial assets in the nature of cash and equivalents. The management manages credit risk by keeping its funds with reputed financial institutions with good credit rating.

**Liquidity Risk**

Liquidity risk is the risk that the Company may encounter difficulty in meeting in present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The company's objective is to at all times maintain optimum levels of liquidity to meet liquidity needs. The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities through obtaining funds from holding company on need basis. The carrying amounts are assumed to be reasonable approximation of fair value. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.The company manages its liquidity risk through taking loan from holding company

(Rs. In lacs)

| Particulars | Payable on demand | Less than 3 months | Total |
|---|---|---|---|
| **As at March 31, 2018** | | | |
| Short Term Borrowings | 9.18 | - | 9.18 |
| Other financial liabilities | - | 2.52 | 2.52 |
| | 9.18 | 2.52 | 11.70 |
| **As at March 31, 2017** | | | |
| Short Term Borrowings | 6.44 | - | 6.44 |
| Other financial liabilities | - | 2.28 | 2.28 |
| | 6.44 | 2.28 | 8.72 |

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Pune

STERLITE TELESYSTEMS LIMITED

**NOTE 16: DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MSMED ACT, 2006**

| Description | 31 March 2018 (Rs. in lacs) | 31 March 2017 (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 . | | |
| Principal amount due to micro and small enterprises | - | - |
| Interest due on above | - | - |
| (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 | - | - |

**NOTE 17: Critical estimates and judgements**

The company presently does not have any operations and therefore management has not observe any critical estimates and judgements in preparation of financial statements.

**NOTE 18: Segment reporting**

The company does not have any operations and therefore there are no reportable segments.

**NOTE 19: Previous year figures**

The figures have been rounded off to nearest multiple of rupee. The figures of the previous year have been re-grouped / re-arranged so as to make the figures comparable.

The accompanying notes are an integral part of the financial statements
As per our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration No: FRN 012754N/N500016
Chartered Accountants

**Neeraj Sharma**
Partner
Membership Number: 108391

Place : Pune
Date : 25 June 2018

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

K S Rao
Director
DIN:00022533

Anupam Jindal
Director
DIN: 03040078

Place : Pune
Date : 18 June 2018

# Maharashtra Transmission Communication Infrastructure Ltd

## Financial Statements for FY 2017-18

**S R B C & CO LLP**
Chartered Accountants

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Maharashtra Transmission Communication Infrastructure Limited

### Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Maharashtra Transmission Communication Infrastructure Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

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

S R B C & CO LLP
CHARTERED ACCOUNTANTS

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, of its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

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

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

(c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Companies Act, 2013;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 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.

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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: 29 June 2018

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

**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 property, plant and equipment.

b. All items of property, plant and equipment 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. According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment 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 and hence not commented upon.

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, 2018.

Vii a. Undisputed statutory dues including income-tax, service tax, value added tax and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. 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, undisputed dues in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues

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which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

Statement of Arrears of Statutory Dues Outstanding for More than Six Months:

| Name of the Statute | Nature of the Dues | Amount (Rs.) | Period to which the amount relates | Due Date | Date of Payment |
|---|---|---|---|---|---|
| The Maharashtra Value Added Tax Act, 2002 | Value added tax | 606,672 | June 2017 | July 20, 2017 | Not paid |

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, goods and service 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 Ind AS 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 loans or borrowing in respect of financial institution or debenture holders or 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 no 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 is 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 nichi 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 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.

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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, 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: 29 June 2018

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS 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, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

**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 Ind AS 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 Ind AS 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 Ind AS 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, 2018, 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: 29 June 2018

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

MAHARASHTRA TRANSMISSION COMMUNICATION INFRASTRUCTURE LIMITED
BALANCE SHEET AS AT 31 MARCH 2018

| | Note | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|---|
| **ASSETS** | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 607.32 | 423.50 |
| Capital work-in-progress | 3 | 365.50 | 365.31 |
| Intangible assets | 3 | 36.41 | 34.16 |
| Financial assets | | | |
| i. Other non-current financial assets | 5 | 0.10 | 1.03 |
| Other non-current assets | 6 | 83.03 | 69.34 |
| | | 1,092.36 | 893.34 |
| Current assets | | | |
| Financial assets | | | |
| i. Trade receivables | 4 | 54.13 | 4.61 |
| ii. Cash and cash equivalents | 7 | 12.08 | 3.04 |
| iii. Other bank balances | 7A | 4.53 | - |
| iv. Other financial assets | 5 | 6.25 | 0.69 |
| Other current assets | 6 | 9.84 | - |
| | | 71.79 | 8.34 |
| **TOTAL ASSETS** | | 1,164.15 | 901.68 |
| **EQUITY AND LIABILITIES** | | | |
| Equity | | | |
| Equity share capital | 8 | 218.18 | 137.22 |
| Other equity | | | |
| Securities premium | 9 | - | 21.72 |
| Retained earnings | 9 | (111.11) | (71.15) |
| Other reserves | 9 | 51.00 | 51.00 |
| Total Equity | | 158.07 | 138.79 |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| i. Borrowings | 10 | 326.47 | 223.15 |
| ii. Other financial liabilities | 13 | 4.63 | - |
| Employee benefit obligations | 14 | 0.56 | 1.32 |
| Deferred tax liabilities (net) | 15A | - | - |
| | | 331.66 | 224.47 |
| Current liabilities | | | |
| Financial liabilities | | | |
| i. Borrowings | 11 | 39.77 | 16.90 |
| ii. Trade payables | 12 | 1.47 | 5.52 |
| iii. Other financial liabilities | 13 | 559.21 | 451.80 |
| Employee benefit obligations | 14 | 0.23 | 0.42 |
| Other liabilities | 15 | 73.74 | 16.58 |
| | | 674.42 | 538.42 |
| **TOTAL EQUITY AND LIABILITIES** | | 1,164.15 | 901.68 |

Summary of significant accounting policies 2.2

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
Chartered Accountants
Firm Registration No. 324982E/E300003

per Paul Alvares
Partner
Membership Number : 105754

Place: Pune
Date: 29 June 2018

For and on behalf of the board of directors of
Maharashtra Transmission Communication Infrastructure Limited

Ravindra B. Chavan
Chairman
DIN: 06857228

Nanda K. Pople
Managing Director
DIN. 07738209

[illegible] Gandhi
Chief Financial Officer

Tanu Singh
Company Secretary

Place: Mumbai
Date: 29 June 2018

Place: Mumbai
Date: 29 June 2018

MAHARASHTRA TRANSMISSION COMMUNICATION INFRASTRUCTURE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

| | Note | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from operations | 16 | 20.52 | 2.58 |
| Other income | 17 | 1.69 | 0.01 |
| Total income (I) | | 22.21 | 2.59 |
| | | | |
| **EXPENSES** | | | |
| Contract expenses | | - | 1.13 |
| Purchase of traded goods | | 8.27 | - |
| Employee benefits expense | 18 | 6.27 | 7.21 |
| Other expenses | 22 | 3.75 | 2.67 |
| Total expenses (II) | | 18.29 | 11.01 |
| | | | |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) (I) - (II) | | 3.92 | (8.43) |
| | | | |
| Depreciation and amortisation expense | 19 | 26.11 | 22.22 |
| Finance costs | 21 | 18.78 | 12.75 |
| Finance income | 20 | 0.07 | - |
| Loss before tax | | (40.90) | (43.40) |
| | | | |
| Tax expense: | | | |
| Current tax | | - | - |
| Deferred tax | | - | - |
| Income tax expense | | - | - |
| | | | |
| Loss for the year | | (40.90) | (43.40) |
| | | | |
| **Other comprehensive income** | | | |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods | | - | - |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods: | | | |
| Re-measurement loss defined benefit plans | | 0.94 | 0.13 |
| Other comprehensive income for the year | | 0.94 | 0.13 |
| | | | |
| Total comprehensive income for the year | | (39.96) | (43.27) |
| | | | |
| Earnings per equity share | 23 | | |
| Basic and diluted | | | |
| Computed on the basis of loss for the year (Rupee per share) | | (1.91) | (2.08) |

Summary of significant accounting policies 2.2

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
Chartered Accountants
Firm Registration No. 324982E/E300003

per Paul Alvares
Partner
Membership Number : 105754

Place: Pune
Date: 29 June 2018

For and on behalf of the board of directors of
Maharashtra Transmission Communication Infrastructure Limited

Ravinder D. Chavan
Chairman
DIN: 06517424

Nanda K. Panda
Managing Director
DIN: 07218203

Ashok Gandhi
Chief Financial Officer

Tanu Singh
Company Secretary

Place: Mumbai
Date: 29 June 2018

Place: Mumbai
Date: 29 June 2018

S R B C & CO LLP
CHARTERED ACCOUNTANTS

MAHARASHTRA TRANSMISSION COMMUNICATION INFRASTRUCTURE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31 MARCH 2018

| | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| **A. Cash flow from Operating Activities** | | |
| Net loss before tax as per the statement of profit and loss | (39.96) | (43.40) |
| Adjustment for taxation | - | - |
| **Loss before tax** | **(39.96)** | **(43.40)** |
| Adjustments for: | | |
| - Depreciation and amortization expense | 26.11 | 22.22 |
| - Finance income | (0.07) | - |
| - Finance expense | 17.94 | 12.29 |
| | 43.98 | 34.51 |
| **Operating profit before working capital changes** | **4.02** | **(8.89)** |
| Movements in working capital: | | |
| - (Increase) / decrease in trade receivables | (49.52) | 15.08 |
| - (Increase) / decrease in other financial assets | 0.41 | 2.39 |
| - (Increase) / decrease in other assets | (17.97) | (17.28) |
| - Increase / (decrease) in employee benefit obligation | (0.96) | 1.79 |
| - Increase / (decrease) in trade payables | (2.05) | 5.22 |
| - Increase / (decrease) in other financial liabilities | 4.96 | 0.41 |
| - Increase / (decrease) in other liabilities | 57.46 | (1.57) |
| **Change in working capital** | **(7.67)** | **3.73** |
| Net cash used in operations | (3.65) | (5.16) |
| Direct taxes paid | (0.56) | - |
| Net cash used in operating activities | (4.21) | (5.16) |
| **B. Cash flow from investing activities** | | |
| Purchase of plant and equipment (including capital work in progress) | (143.16) | (2.95) |
| Short term deposits with bank | (4.53) | - |
| Income from deposits with bank | 0.02 | - |
| Net cash used in investing activities | (147.67) | (2.95) |
| **C. Cash flow from financing activities** | | |
| Proceeds from term loan | 90.77 | - |
| Issue of 15% Non Cumulative Redeemable Preference Shares | 52.24 | - |
| Net short term borrowings from related parties | 33.57 | 16.40 |
| Proceeds from issue of equity shares including securities premium | 0.24 | - |
| Finance charges paid | (14.70) | (7.44) |
| Net cash flow from financing activities | 160.87 | 8.96 |
| **Net increase in cash and cash equivalents** | 8.99 | 0.85 |
| **Cash and cash equivalents as at the beginning of period** | 3.04 | 2.18 |
| **Cash and cash equivalents as at the end of the period** | 12.03 | 3.04 |

| | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| Components of cash and cash equivalents: | | |
| Balances with banks on current accounts (refer note 7) | 12.03 | 3.04 |
| Cash and cash equivalents in cash flow statement | 12.03 | 3.04 |

Summary of significant accounting policies (refer note 2.2)

As per our report of even date

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

per Paul Alvares
Partner
Membership Number : 105754

Place: Pune
Date: 29 June 2018

S R B C & CO LLP * CHARTERED ACCOUNTANTS

For and on behalf of the board of directors of
Maharashtra Transmission Communication Infrastructure Limited

Ravindra D. Chavan
Chairman
DIN: 06547274

Nanda Kishor Panda

Nanda K. Panda
Managing Director
DIN: 07738263

Tanu

Ashok Gandhi
Chief Financial Officer

Tanu Singh
Company Secretary

Place: Mumbai
Date: 29 June 2018

Place: Mumbai
Date: 29 June 2018

MAHARASHTRA TRANSMISSION COMMUNICATION INFRASTRUCTURE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

**A. EQUITY SHARE CPITAL**

| Equity shares of Rs. 10 each issued, subscribed and fully paid | No. in Millions | Rs. in Millions |
|---|---|---|
| **At 1 April 2016** | 18.72 | 187.22 |
| Issued during the year | - | - |
| **At 31 March 2017** | 18.72 | 187.22 |
| Issued during the year | 3.10 | 30.97 |
| **At 31 March 2018** | 21.82 | 218.18 |

**B. OTHER EQUITY**

(Rs. in Millions)

| | Capital Contribution (refer note 3 and 9) | Securities Premium | Retained Earnings |
|---|---|---|---|
| As at 1 April 2016 | 51.00 | 21.72 | (27.88) |
| Loss for the year | - | - | (43.40) |
| Other comprehensive income | - | - | 0.13 |
| Total comprehensive income | 51.00 | 21.72 | (71.15) |
| **As at 31 March 2017** | 51.00 | 21.72 | (71.15) |
| Loss for the year | - | - | (40.90) |
| Other comprehensive income | - | - | 0.94 |
| Total comprehensive income | - | - | (39.96) |
| Securities premium utilised for issue of bonus shares | - | (21.72) | - |
| **As at 31 March 2018** | 51.00 | - | (111.11) |

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**
Chartered Accountants
Firm Registration No. 324982E/E300003

per Paul Alvares
Partner
Membership Number 105754

Place: Pune
Date: 29 June 2018

For and on behalf of the board of directors of
**Maharashtra Transmission Communication Infrastructure Limited**

**Ravindra D. Chavan**
Chairman
DIN: 06537224

**Nanda K. Panda**
Managing Director
DIN: 07718203

**Ashok Gandhi**
Chief Financial Officer

**Tanu Singh**
Company Secretary

Place: Mumbai
Date: 29 June 2018

Place: Mumbai
Date: 29 June 2018

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

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 under the provisions of the Companies Act, 1956 on 9 August 2012. The registered office of the Company is located at Prakashganga, Plot No C 19, E-Block, Bandra Kurla Complex, Bandra (East), Mumbai MH 400051.

The principal commercial activity of the Company would be making available fibre capacity on lease rental to retail, wholesale and enterprise/corporate customers, drawn from Optical Power Ground Wire (OPGW) network.

The Ind AS financial Statements were authorised for issue in accordance with resolution passed by the Board of Directors of the Company on June 29, 2018.

2. **Significant accounting policies**

**2.1 Basis of preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended, prescribed under Section 133 of the Companies Act, 2013 ("Ind AS").

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Certain financial assets measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in Indian Rupees Millions, except when otherwise indicated.

**2.2 Summary of significant accounting policies**

The following is the summary of significant accounting policies applied by the Company in preparing its Ind AS financial statements:

a) **Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

The Company classifies all other liabilities as non-current.

Operating cycle of the Company is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. As the Company's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

**b) Foreign currencies**

The Company's financial statements are presented in INR, which is its functional currency. The Company does not have any foreign operation and has assessed the functional currency to be INR.

**Transactions and balances**

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**c) Fair value measurement**

The Company measures financial instruments such as investments in mutual fund at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Ind AS financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

**d) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Value added tax (VAT) / Goods and Service Tax (GST) is not received by the group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

*Sale of goods*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

*Income from services*

Revenues from services are recognised pro-rata over the period of the contract as and when services are rendered.

*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.

S R B C & CO LLP CHARTERED ACCOUNTANTS

*Interest income*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Interest income is included in finance income in the statement of profit and loss.

e) Taxes

**Current income tax**
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. 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 outside of profit or loss is recognised outside of profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised:

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside of profit or loss is recognised outside of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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 taxes relate to the same taxable Company and the same taxation authority.

S R B C & CO LLP * CHARTERED ACCOUNTANTS

### f) Property, plant and equipment

Capital work in progress, property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss as incurred. No decommissioning liabilities are expected or be incurred on the assets of plant and equipment.

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.

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.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

### g) 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. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the expenditure is recognised in the Statement of Profit and Loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

The Company does not have any intangible assets with indefinite useful lives.

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 or loss when the asset is derecognised.

**h) Borrowing Costs**

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 asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**i) Impairment of non-financial 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) fair value less costs of disposal and its value in use. 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. When 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 fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU'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 or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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### j) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a 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. When 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 a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### k) Retirement and other employee benefits

Retirement benefit in the form of provident fund are defined contribution schemes. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company has a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

### l) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

**Initial recognition and measurement**
All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

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**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

i. Debt instruments at amortised cost
ii. Debt instruments at fair value through other comprehensive income (FVTOCI)
iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
iv. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

**Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss. This category generally applies to trade and other receivables. For more information on receivables, refer to note 4.

**Debt instrument at FVTOCI**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's combined balance sheet) when:

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- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Impairment of financial assets**
In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., deposits, trade receivables and bank balance;

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows 'simplified approach' for recogniton of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument;
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

**Financial liabilities**

**Initial recognition and measurement**
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings.

**Subsequent measurement**
The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss**
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

**Loans and borrowings**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer notes 10 and 11.

**Derecognition**
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

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**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**m) 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.

**n) Presentation of EBITDA**

The Company presents Earnings before interest, tax, depreciation and amortisation ('EBITDA') in the statement of profit or loss; this is not specifically required by Ind AS 1. The term EBITDA is not defined in Ind AS. Ind AS compliant Schedule III allows companies to present line items, sub-line items and sub-totals to be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the company's financial position or performance.

Accordingly, the Company has elected to present 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 amortization expense, finance income, finance costs and tax expense.

**2.3 Standards issued but not yet effective:**

The standards and amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standards:

**Ind AS 115 Revenue from Contracts with Customers**

Ind AS 115 was notified on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Ind AS 115 is effective for the Company from April 1, 2018 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1 April 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Company has income primarily from leasing of optical fibre lines to telecom service providers, interest on bank deposits and dividends from liquid mutual funds. The Company continues to evaluate the available transition methods and its contractual arrangements. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation has been completed.

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**Other Amendments to standards, issued but not effective, which are either not applicable to the Company or the impact is not expected to be material:**

a) Amendments to Ind 112 Disclosure of Interests in Other Entities:
The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

b) Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

c) Transfers of Investment Property - Amendments to Ind AS 40
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

d) Ind AS 28 Investments in Associates and Joint Ventures
The amendments clarify that:
- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

e) Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration
The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

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## NOTE 3: PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

| | (Rs. in Millions) | (Rs. in Millions) |
|---|---|---|
| | Property, plant and equipment | Intangible Asset |
| | Plant and Machinery | Right of Way (RoW)* |
| **Cost** | | |
| **As at 31 March 2016** | 244.89 | 51.00 |
| Additions** | 198.89 | - |
| Deletions | - | - |
| **As at 31 March 2017** | 443.79 | 51.00 |
| Additions** | 207.36 | - |
| Deletions | - | - |
| **As at 31 March 2018** | 651.15 | 51.00 |
| **Depreciation and Impairment** | | |
| **As at 31 March 2016** | 0.61 | 9.29 |
| Additions | 19.67 | 2.55 |
| Deletions | - | - |
| **As at 31 March 2017** | 20.28 | 11.84 |
| Additions | 23.56 | 2.55 |
| Deletions | - | - |
| **As at 31 March 2018** | 43.83 | 14.39 |
| **Net Book Value** | | |
| **As at 31 March, 2017** | 423.51 | 39.16 |
| **As at 31 March 2018** | 607.32 | 36.61 |

* 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 9)

** Refer Note 29 for details of expenses capitalised

Capital work in progress of Rs.348.97 million (31 March 2017: Rs.365.31 million) comprises expenditure in respect of the establishing of OPGW network in the state of Maharashtra.

## NOTE 4: TRADE RECEIVABLES

| | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| **Current** | | |
| Trade receivables (Unsecured, considered good) | 51.71 | 4.61 |
| Receivables from related parties (Note 32) | 2.42 | - |
| | 54.13 | 4.61 |

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are generally non-interest bearing and are generally on terms of 30 to 90 days.

## NOTE 5: OTHER FINANCIAL ASSETS

| | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| **Non-current** | | |
| Security deposits | 0.10 | 0.03 |
| | 0.10 | 0.03 |
| **Current** | | |
| Interest accrued on deposits with banks | 0.05 | - |
| Advances recoverable in cash or kind (unsecured) | 0.21 | 0.69 |
| | 0.26 | 0.69 |

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**NOTE 6: OTHER ASSETS**

| | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| **Non- Current** | | |
| Balances with central excise authorities | 80.75 | 63.62 |
| Advance income tax, including TDS (net of provisions -Nil) | 2.28 | 1.72 |
| **Total Non-current** | 83.03 | 65.34 |
| **Current** | | |
| Prepaid expenses | 0.84 | - |
| **Total Current** | 0.84 | - |

**NOTE 7: CASH AND CASH EQUIVALENTS**

| | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| Balance with banks: | | |
| On current accounts | 12.03 | 3.04 |
| | 12.03 | 3.04 |

**NOTE 7A: OTHER BANK BALANCES**

| | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| Deposit with banks with original maturity for less than 12 months | 4.53 | - |
| | 4.53 | - |

**NOTE 8: SHARE CAPITAL**

| | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| Authorised shares (no. million) | | |
| 80 (31 March 2017: 100) Equity Shares of Rs. 10 each | 800.00 | 800.00 |
| Issued, Subscribed and fully paid-up shares (no. million) | | |
| 21.82 (31 March 2017: 18.72) Equity Shares of Rs. 10 each fully paid up | 218.18 | 187.22 |
| **Total issued, subscribed and fully paid-up share capital** | 218.18 | 187.22 |

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

| | 31 March 2018 | | 31 March 2017 | |
|---|---|---|---|---|
| | No. in Millions | Rs. in Millions | No. in Millions | Rs. in Millions |
| At the beginning of the period | 18.72 | 187.22 | 18.72 | 187.22 |
| Issued during the year | 3.10 | 30.97 | - | - |
| Outstanding at the end of the year | 21.82 | 218.18 | 18.72 | 187.22 |

**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.

STL and MSETCL have executed an addendum dated 28 July 2016 to the Joint Venture agreement dated 4 May 2012 which provides that capital structure ratio of the Company between STL and MSETCL would be 51:49. STL's 51% stake would comprise entirely of equity shares allotted against cash consideration. The composition of MSETCL's 49% stake would be as follows:

- 20% in Equity shares allotted against cash consideration;
- 9% in Equity shares allotted as bonus shares without consideration being received in cash;
- 20% in 15% non-cumulative redeemable preference shares allotted against cash consideration.

As a result of the above, the effective equity share capital holding ratio of the Company would be - STL: 63.75% and MSETCL: 36.25%. The effective preference share capital holding ratio of the Company would be - STL: Nil and MSETCL: 100%

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

| | 31 March 2018 | | 31 March 2017 | |
|---|---|---|---|---|
| | No. in millions | % holding | No. in millions | % holding |
| Sterlite Technologies Limited | 13.50 | 61.86% | 13.50 | 72.12% |
| | 13.50 | 61.86% | 13.50 | 72.12% |

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

| | 31 March 2018 | | 31 March 2017 | |
|---|---|---|---|---|
| | No. in millions | % holding | No. in millions | % holding |
| 1. Sterlite Technologies Limited | 13.50 | 61.86% | 13.50 | 72.12% |
| 2. Maharashtra State Electricity Transmission Co. Ltd. | 8.32 | 38.14% | 5.22 | 27.88% |
| | 21.82 | 100.00% | 18.72 | 100.00% |

e. Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

| | 31 March 2018<br>No. in millions | 31 March 2017<br>No. in millions |
|---|---|---|
| Equity shares allotted as fully paid bonus shares by capitalization of securities premium | 2.17 | - |

## NOTE 9: OTHER EQUITY

| | 31 March 2018<br>(Rs. in Millions) | 31 March 2017<br>(Rs. in Millions) |
|---|---|---|
| **Securities premium account** | | |
| Balance as per last financial statements | 21.72 | 21.72 |
| Less: Utilised on issue of bonus shares | (21.72) | |
| Closing balance | - | 21.72 |
| | | |
| **Capital contribution*** | | |
| Balance as per last financial statements | 51.00 | 51.00 |
| Closing balance | 51.00 | 51.00 |
| | | |
| **Deficit in the statement of profit and loss** | | |
| Balance as per last financial statements | (71.15) | (27.88) |
| Loss for the year | (59.96) | (43.27) |
| **Net deficit in the statement of profit and loss** | (131.11) | (71.15) |

* Sterlite Technologies Limited (holding company) had paid an amount of Rs.51 million 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 3)

## NOTE 10: BORROWINGS (Secured)

| | 31 March 2018<br>(Rs. in Millions) | 31 March 2017<br>(Rs. in Millions) |
|---|---|---|
| **Preference shares** | | |
| 15% Non-Cumulative Redeemable Preference Shares of Rs 10 each (refer note A below) | 52.24 | - |
| | | |
| **Term loans** | | |
| Indian rupee loans from banks (secured) (refer note B below) | 274.24 | 223.15 |
| | 326.47 | 223.15 |
| **Current Maturities** | | |
| **Term loans** | | |
| Indian rupee loans from banks (secured) (refer note B below) | 39.64 | - |
| Interest accrued and due on borrowings | 3.24 | - |
| | 42.88 | - |
| | | |
| Amount disclosed under the head 'Other current liabilities' (Refer note 13) | (42.88) | - |
| | | |
| **Net amount** | - | - |

**A Preference shares :**

| | 31 March 2018<br>(Rs. in Millions) | 31 March 2017<br>(Rs. in Millions) |
|---|---|---|
| Authorised shares (no. millions) | | |
| 20 (31 March 2017: Nil) preference shares of Rs. 10 each | 200.00 | 200.00 |
| | | |
| Issued, Subscribed and fully paid-up shares (no. millions) | | |
| 5.22 (31 March 2017: Nil) Preference shares of Rs. 10 each fully paid up | 52.24 | - |
| | | |
| **Total issued, subscribed and fully paid-up share capital** | 52.24 | |

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

| | 31 March 2018 | | 31 March 2017 | |
|---|---|---|---|---|
| | No. in Millions | Rs. in Millions | No. in Millions | Rs. in Millions |
| At the beginning of the period | - | - | - | - |
| Issued during the year | 5.22 | 52.24 | - | - |
| **Outstanding at the end of the year** | 5.22 | 52.24 | - | - |

**b. Terms/rights attached to preference shares**

The Company has issued 5.22 million, 15% non-cumulative, redeemable preference shares of face value of Rs.10 each to Maharashtra State Electricity Transmission Co. Ltd. (MSETCL). The preference shares are redeemable at the end of 20 years from the date of issue and redeemable at Rs.10 per share. The dividend rights are non-cumulative. The preference shares will carry a preferential right vis-à-vis equity shares of the Company with respect to the payment of dividend and repayment of capital in the event of a liquidation.

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

Nil

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

| | 31 March 2018 | | 31 March 2017 | |
|---|---|---|---|---|
| | No. in millions | % holding | No. in millions | % holding |
| Maharashtra State Electricity Transmission Co. Ltd. | 5.22 | 100.00% | - | |
| | 5.22 | 100.00% | - | - |

**B Term loan**

The company has obtained Indian rupee term loan of nominal value of Rs. 305.90 Million (31 March 2017: Rs. 223.15 Million) 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) starting from 01 April 2018.

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 Companys' 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 11: SHORT-TERM BORROWINGS

| | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| Loan from related parties (unsecured) | 39.77 | 16.40 |
| | 39.77 | 16.40 |

## NOTE 12: TRADE PAYABLES

| | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| **Current** | | |
| Trade payables (refer note 28) | 1.47 | 3.52 |
| | 1.47 | 3.52 |

Trade payables are non-interest bearing and are normally settled on 30-90 days terms.

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## NOTE 13: OTHER FINANCIAL LIABILITIES

| | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| **Non Current** | | |
| Deposits from customers | 4.63 | - |
| | 4.63 | - |
| **Current** | | |
| Current maturities of long term borrowings | 39.54 | - |
| Interest accrued but not due on borrowings | 3.24 | - |
| Retention money - vendors | 171.36 | 106.99 |
| Payables for purchase of property, plant and equipment* | 342.02 | 342.39 |
| Payable to MSETCL | 1.03 | 0.23 |
| Payable to related parties | 0.13 | - |
| Others | 1.58 | 2.19 |
| | 559.21 | 451.81 |

* Payables for purchase of property, plant and equipment are non-interest bearing and are normally settled on 90-120 days terms.

## NOTE 14: EMPLOYEE BENEFIT OBLIGATIONS

| | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| Non current | | |
| Provision for gratuity | 0.56 | 1.32 |
| | 0.56 | 1.32 |
| Current | | |
| Provision for leave benefit | 0.23 | 0.42 |
| | 0.23 | 0.42 |

## NOTE 15: OTHER LIABILITIES

| | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| Current | | |
| GST Payable | 5.08 | - |
| TDS payable | 0.58 | 0.09 |
| VAT Payable | 0.61 | - |
| Unearned revenue on IRU/ARC contracts | 67.47 | 16.19 |
| | 73.74 | 16.28 |

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NOTE 15A: DEFERRED TAX LIABILITY

| | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| **Deferred tax liability** | | |
| Property plant & equipment: Impact of difference between tax depreciation and depreciation for the financial reporting | 36.10 | 18.89 |
| **Gross deferred tax liability** | 36.10 | 18.89 |
| Deferred tax assets | | |
| Employee benefit obligations | 0.22 | 0.52 |
| Deferred tax asset on carried forward losses and unabsorbed depreciation to the extent of deferred tax liability | 35.88 | 18.37 |
| **Net deferred tax liability** | - | - |

**Reconciliation of deferred tax assets/liability**

| | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| Opening deferred tax asset, net | - | - |
| Deferred tax credit / (charge) recorded in statement of profit and loss | - | - |
| Deferred tax credit / (charge) recorded in OCI | - | - |
| **Closing deferred tax asset, net** | - | - |

**The major components of income tax expense for the years ended 31 March 2018 and 31 March 2017 are:**

| | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| Deferred tax | | |
| Relating to origination and reversal of temporary differences | - | - |
| **Income tax expenses reported in the statement of profit or loss** | - | - |

**Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2018 and 31 March 2017:**

| | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| **Accounting profit/(loss) before income tax** | (40.90) | (43.46) |
| At India's statutory income tax rate of 27.82% (31 March 2017: 29.87%) | (11.38) | (12.96) |
| Deferred tax asset not recognised on tax losses carried forward | 11.38 | 7.61 |
| Others | - | 5.35 |
| At the effective income tax rate | - | - |
| Income tax expense reported in the statement of profit and loss | - | - |

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## NOTE 16: REVENUE FROM OPERATIONS

| | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| Contract revenue for last mile connectivity (refer note no. 27) | - | 1.15 |
| Service income under IRU/ARC contracts | 8.66 | 1.45 |
| Sale of traded goods | 11.16 | - |
| Other operating revenue | 0.70 | - |
| | 20.52 | 2.60 |

## NOTE 17: OTHER INCOME

| | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| Miscellaneous income | 1.69 | 0.00* |
| | 1.69 | - |

* Amount below Rs. 0.01 million.

## NOTE 18: EMPLOYEE BENEFIT EXPENSE

| | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| Salaries, wages and bonus | 5.78 | 5.76 |
| Contribution to provident fund | 0.17 | 0.19 |
| Gratuity expenses (refer note 25) | 0.18 | 1.15 |
| Staff welfare expenses | 0.14 | 0.12 |
| | 6.27 | 7.22 |

## NOTE 19: DEPRECIATION AND AMORTISATION EXPENSE

| | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| Depreciation of tangible assets | 23.56 | 19.67 |
| Amortisation of intangible assets | 2.55 | 2.55 |
| | 26.11 | 22.22 |

## NOTE 20: FINANCE INCOME

| | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| Interest income | 0.07 | - |
| | 0.07 | - |

## NOTE 21: FINANCE COST

| | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| Interest expense on loan from banks | 17.94 | 12.29 |
| Bank charges | 0.84 | 0.46 |
| | 18.78 | 12.75 |

## NOTE 22: OTHER EXPENSES

| | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| Rates and taxes | 0.21 | 0.17 |
| Travelling and conveyance | 0.50 | 0.77 |
| Legal and professional expenses | 0.86 | 0.38 |
| Revenue share to MSETCL | 1.03 | 0.11 |
| Payment to auditor (refer details below) | 0.25 | 0.58 |
| Miscellaneous expenses | 0.91 | 0.67 |
| | 3.75 | 2.67 |
| **As auditor:** | | |
| Audit fee | 0.25 | 0.58 |
| **In other capacity:** | | |
| Other services | - | - |
| | 0.25 | 0.58 |

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## NOTE 23: EARNINGS PER SHARE

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

| | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| Loss for the year | (40.90) | (43.40) |
| Weighted average number of equity shares in calculating basic and diluted EPS (A) | 21.41 | 20.89 |
| **Earning per share** | | |
| Basic and diluted (on nominal value of Rs.10 per share) Rupees/share | (1.91) | (2.08) |

## NOTE 24: SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Company has Rs.194.41 million (31 March 2017: Rs. 86.97 million) of tax losses carried forward. If the Company was able to recognise all unrecognised deferred tax assets, loss after tax would have decreased and equity would have increased by Rs 18.20 million (31 March 2017: 7.61 million).

## NOTE 25: 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.

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

| Particulars | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| Defined benefit obligation at the beginning of the year | 1.32 | 1.25 |
| Interest Cost | 0.10 | 0.10 |
| Current service cost | 0.10 | 0.10 |
| Actuarial (gain)/loss due to change in financial Assumption | 0.01 | 0.04 |
| Actuarial (gain)/loss on obligation due to Experience | (0.93) | (0.18) |
| Present Value of Benefit Obligation at the end of the Period | 0.60 | 1.32 |

**Details of defined benefit obligation**

| Particulars | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| Present value of defined benefit obligation | 0.60 | 1.32 |
| Fair value of plan assets | - | - |
| **Plan liability** | **0.60** | **1.32** |

**Net employee benefit expense recognised in the statement of profit and loss:**

| Particulars | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| Current service cost | 0.09 | 0.10 |
| Interest cost on benefit obligation | 0.10 | 0.10 |
| Expected return on plan assets | - | - |
| Contribution by employer | - | - |
| Net benefit expense | 0.19 | 0.20 |

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**Expenses recognized in the Other Comprehensive Income (OCI) for Current Period**

| Particulars | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| Actuarial Gains/(Losses) on obligation for the period | (0.94) | (0.13) |
| Return on Plan assets, Excluding Interest Income | - | - |
| Change in Asset Ceiling | - | - |
| Net (Income)/Expense for the period recognized in OCI | (0.94) | (0.13) |

**Amounts for the current and previous periods are as follows:**

| Particulars | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| Defined benefit obligation | 0.60 | 1.32 |
| Plan assets | - | - |
| Surplus / (deficit) | (0.60) | (1.32) |
| Experience adjustments on plan liabilities | (0.93) | (0.16) |
| Experience adjustments on plan assets | - | - |

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

| Particulars | 31 March 2018 | 31 March 2017 |
|---|---|---|
| Discount rate | 7.80% | 7.42% |
| Expected rate of return on plan asset | NA | NA |
| Employee turnover | 10.00% | 10.00% |
| Expected rate of salary increase | 8.00% | 8.00% |
| Actual rate of return on plan assets | NA | NA |

The estimated future salary increase, considered in actuarial valuation, takes into account the effect of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The overall expected rate of return on plan assets is determined based on the market prices prevailing as on balance sheet date, applicable to the period over which the obligation is to be settled.

**Sensitivity Analysis**

| Particulars | 31 March 2018 | 31 March 2017 |
|---|---|---|
| Projected Benefit Obligation on Current Assumptions | 0.60 | 1.32 |
| Delta Effect of +1% Change in Rate of Discounting | (0.05) | (0.06) |
| Delta Effect of -1% Change in Rate of Discounting | 0.04 | 0.07 |
| Delta Effect of +1% Change in Rate of Salary Increase | 0.04 | 0.07 |
| Delta Effect of -1% Change in Rate of Salary Increase | (0.03) | (0.06) |
| Delta Effect of +1% Change in Rate of Employee Turnover* | (0.00) | (0.00) |
| Delta Effect of -1% Change in Rate of Employee Turnover* | 0.00 | 0.00 |

* Amounts below Rs. 0.01 million

**Maturity Analysis of projected benefit obligation: From the Employer**

| Particulars | 31 March 2018 | 31 March 2017 |
|---|---|---|
| Projected Benefits Payable in Future Years From the Date of Reporting | | |
| 1st Following Year | 0.04 | 0.13 |
| 2nd Following Year | 0.43 | 0.12 |
| 3rd Following Year | 0.58 | 0.12 |
| 4th Following Year | 0.56 | 0.12 |
| 5th Following Year | 0.54 | 0.12 |
| Sum of years 6 to 10 | 0.25 | 1.27 |
| Sum of years 11 and above | 0.54 | 0.14 |

**NOTE 26: CAPITAL AND OTHER COMMITMENTS**

Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) is Rs.101.57 Millions (31 March 2017: Rs. 350.50 Millions)

**NOTE 27: DISCLOSURES PURSUANT TO ACCOUNTING STANDARD IND AS 11 "CONSTRUCTION CONTRACTS":**

| Particulars | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| Amount of contract revenue recognised during the period | - | 1.15 |
| The aggregate amount of costs incurred and recognised profits (less recognised losses) for all contracts in progress up to the reporting date | - | 3.54 |
| 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 | - | 3.54 |
| Gross amount due to customers for contract work as a liability | - | - |

**NOTE 28: DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS PER MSMED ACT, 2006**

As at 31 March 2018, no supplier has intimated the company about its status as micro or small enterprises, or its registration, with the appropriate authority under the Micro, Small and Medium Enterprises Development Act, 2006 and hence, the amount due to such suppliers has not been identified

**NOTE 29: CAPITALISATION OF EXPENSES**

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

Details of such expenses included in capital work in progress are as follows:

| | 31 March 2018 (Rs. in Millions) | 31 March 2017 (Rs. in Millions) |
|---|---|---|
| Opening balance of expenditure included in CWIP | 38.64 | 25.16 |
| Additions during the year: | | |
| Finance cost | 9.93 | 13.48 |
| | 9.93 | 13.48 |
| Less: Transferred to property, plant and equipment during the year | 33.45 | - |
| Closing balance of expenditure in CWIP | 15.12 | 38.64 |

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## NOTE 30: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, cash and cash equivalents, other bank balances and other financial assets that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company reviews and agrees policies for managing each of these risks, which are summarised below

The Risk Management policies of the Company are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Management has overall responsibility for the establishment and oversight of the Company's risk management framework. In performing its operating, investing and financing activities, the Company is exposed to the Credit Risk, Liquidity Risk and Market risk.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings. The Company is not exposed to currency risk and other price risk.

The sensitivity analysis in the following sections relate to the position as at 31 March 2018 and 31 March 2017.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt are all constant as at 31 March 2018 and 31 March 2017.

The analyses exclude the impact of movements in market variables on the carrying values of gratuity and provisions.
The following assumption has been made in calculating the sensitivity analysis:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2018 and 31 March 2017.

**Interest rate risk**

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate primarily relates to the Company's long term debt obligations with floating interest rates.

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on loans and borrowings. With all the other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(Rs. In Millions)

| Particulars | Increase/decrease in basis points | Effect on profit before tax / pre-tax equity |
|---|---|---|
| **31 March 2018** | | |
| Base Rate | +50 | 1.35 |
| Base Rate | -50 | (1.35) |
| **31 March 2017** | | |
| Base Rate | +50 | 0.51 |
| Base Rate | -50 | (0.51) |

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and balances with banks.

**Trade receivables**

Customer credit risk is managed through established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. As at 31 March 2018 and 31 March 2017, the outstanding balance relates to very few customers and management expects to collect the amount in near future.

An impairment analysis is performed at each reporting date. The calculation is based on historical data. The maximum exposure to credit risk of the components of balance sheet at the reporting date is the carrying value of each class of financial assets disclosed in note 4, 5, 7 and 7A. The Company does not hold collateral as security.

**Balances with banks**

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

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**(c) Liquidity risk**

Liquidity risk is the risk that the Company may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The Company's objective is to, at all times, maintain optimum levels of liquidity to meet its cash and collateral obligations. The Company requires funds both for short term operational needs as well as for long term investment programs mainly in projects. The Company closely monitors its liquidity position and deploys a robust cash management system. It aims to minimise these risks by generating sufficient cash flows from its current operations, which in addition to the available cash and cash equivalents, liquid investments and sufficient committed fund facilities, will provide liquidity.

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 30 to 90 days. The other payables are with short term durations. The carrying amounts are assumed to be reasonable approximation of fair value. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

(Rs. in Millions)

| Particulars | Payable on demand | Less than 3 months | 3 months to 12 months | 1 year to 5 years | > 5 years | Total |
|---|---|---|---|---|---|---|
| **As at 31 March 2018** | | | | | | |
| Borrowings | 39.77 | 9.91 | 29.73 | 158.56 | 167.91 | 405.88 |
| Other financial liabilities | - | 5.98 | - | - | - | 5.98 |
| Trade payables | - | 1.47 | - | - | - | 1.47 |
| Payables for purchase of Property, plant and equipment | - | 342.02 | 171.56 | - | - | 513.58 |
| | 39.77 | 359.39 | 201.29 | 158.56 | 167.91 | 926.92 |
| **As at 31 March 2017** | | | | | | |
| Borrowings | 16.40 | - | - | 223.15 | - | 239.55 |
| Other financial liabilities | - | 2.42 | - | - | - | 2.42 |
| Trade payables | - | 3.52 | - | - | - | 3.52 |
| Payables for purchase of Property, plant and equipment | - | 342.39 | 106.99 | - | - | 449.39 |
| | 16.40 | 348.34 | 106.99 | 223.15 | - | 694.88 |

## NOTE 31: CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio optimum. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables less cash and cash equivalents and current investments.

| Particulars | As at 31 March 2018 (Rs. In Millions) | As at 31 March 2017 (Rs. In Millions) |
|---|---|---|
| Interest bearing loans and borrowings | 353.65 | 239.55 |
| 15% Non-Cumulative Redeemable Preference shares | 52.24 | - |
| Trade payables | 1.47 | 3.52 |
| Other financial liabilities | 519.57 | 451.80 |
| Less: Cash and cash equivalents and current investments | (16.56) | (3.04) |
| **Net debt** | 910.37 | 691.83 |
| Equity share capital | 218.18 | 187.22 |
| Other equity | (60.11) | 1.57 |
| **Total capital** | 158.07 | 188.79 |
| **Capital and net debt** | 1,068.44 | 880.62 |
| Gearing ratio | 85.21% | 78.56% |

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018 and 31 March 2017.

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## NOTE 32: RELATED PARTY TRANSACTIONS

**A Name of Related Party and nature of relationships**

**a. Related party where control exists:**

| **Name of the related party** | **Nature of relationship** |
|---|---|
| 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**

| | |
|---|---|
| Sterlite Power Transmission Limited (SPTL) | Fellow subsidiary |
| Maharashtra State Electricity Transmission Company Limited (MSETCL) | Entity Exercising Significant Influence |

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

(Rs. in Millions)

| Particulars | 31 March 2018 | | | 31 March 2017 | | |
|---|---|---|---|---|---|---|
| | SPTL | STL | MSETCL | SPTL | STL | MSETCL |
| Transactions during the year | | | | | | |
| Issue of Equity shares (including bonus shares) | - | - | 30.97 | - | - | - |
| Issue of 15% Non-Cumulative, redeemable Preference shares | - | - | 52.24 | - | - | - |
| Purchase of property, plant and equipment* | 267.58 | - | - | 134.55 | - | - |
| Revenue share of MSETCL | - | - | 1.03 | - | - | 0.13 |
| Sale of traded goods | - | - | 11.16 | | | |
| Short term advances | - | 23.37 | - | - | 16.40 | - |
| Reimbursement of expenses paid or payable | 0.12 | - | - | - | 0.20 | - |
| Closing balances | | | | | | |
| Payables | 0.13 | 39.77 | 1.03 | - | 16.60 | 0.23 |
| Receivables | - | - | 2.42 | - | - | - |

* Purchases have been made from Consortium with KEC International Ltd as the lead partner and Sterlite Power Transmission Limited (previous year 'Sterlite Technologies Limited) as the consortium member. As at the year end an amount of Rs.315.90 Millions (31 March 2017: Rs.429.3 Millions) in respect of the purchases made is payable to KEC International Ltd as the lead member of consortium.

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**NOTE 33: FAIR VALUE**

There are no financial instruments which are measured at fair value as at period end. The management assessed that fair value of cash and cash equivalents, other bank balances, trade receivables, trade payables, other current assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The management has further assessed that borrowings availed approximate their carrying amounts largely due to the interest rates being variable or in case of fixed rate borrowings/loans, movements in interest rates from the recognition of such financial instrument till period end not being material.

**NOTE 34: SEGMENT DISCLOSURES**

The Company's primary business activity comprises of establishing communication network in the state of Maharashtra, India. Based on the guiding principles given in Ind AS - 108 "Operating Segments", this activity falls within a single operating segment and accordingly the disclosures of Ind AS -108 have not been given.

As per our report of even date

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

per Paul Alvares
Partner
Membership Number: 105754

Place: Pune
Date: 29 June 2018

**For and on behalf of the board of directors of**
**Maharashtra Transmission Communication Infrastructure Limited**

Nanda kishore Panda

**Ravindra D. Chavan**
Chairman
DIN: 06517324

**Nanda K. Panda**
Managing Director
DIN: 07738202

Tanu

**Ashok Gandhi**
Chief Financial Officer

**Tanu Singh**
Company Secretary

Place: Mumbai
Date: 29 June 2018

Place: Mumbai
Date: 29 June 2018

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

**Sterlite Global Ventures (Mauritius) Limited**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 2018**

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| | | | Date of appointment |
|---|---|---|---|
| **DIRECTORS** | : | Gyaneshwarnath Gowrea | 10-Aug-10 |
| | | Pravin Dwarkaprasad Agarwal | 10-Aug-10 |
| | | Anand Gopaldas Agarwal | 10-Aug-10 |
| | | Doomraj Sooneelall | 30-Jun-15 |

**ADMINISTRATOR & CORPORATE SECRETARY** : **SGG Corporate Services (Mauritius) Ltd**
(formerly known as CIM CORPORATE SERVICES LTD)
33, Edith Cavell Street
Port Louis, 11324
Mauritius

**REGISTERED OFFICE** : **C/o SGG Corporate Services (Mauritius) Ltd**
33, Edith Cavell Street
Port Louis
Mauritius

**AUDITORS** : **Crowe Horwath ATA**
2nd Floor, Ebene Esplanade
24, Bank Street, Cybercity
Ebene 72201
Mauritius

**BANKER** : **Barclays Bank (Mauritius) Limited**
3rd Floor, Barclays House
68-68A Cybercity, Ebene
Mauritius

The directors present their commentary, together with the audited financial statements of **Sterlite Global Ventures (Mauritius) Limited** (the "Company") for the financial year ended 31 March 2018.

## ACTIVITY

The principal activity of the Company is that of investment holding.

## RESULTS AND DIVIDENDS

The results for the year are as shown on page 8.

The directors do not recommend the payment of any dividend for the year under review. (2017: Nil)

## DIRECTORS

The present membership of the Board is set out on page 1. All directors served office throughout the year.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## AUDITORS

The auditors, **Crowe Horwath ATA**, have indicated their willingness to continue in office and will be automatically re-appointed.

**CERTIFICATE FROM THE SECRETARY**
**(UNDER SECTION 166(D) OF THE COMPANIES ACT 2001)**



We certify to the best of our knowledge and belief that **Sterlite Global Ventures (Mauritius) Limited** (the "Company") has filed with the Registrar of Companies, all such returns as are required of the Company or the financial year ended 31 March 2018.

Ramang

**Authorised Signatory**

Date:

18 APR 2018

SGG Corporate Services (Mauritius) Ltd
33, Edith Cavell Street, Port Louis, 11324, Mauritius

T +230 212 9800 F +230 212 9833 E mauritius@sggroup.com
BRN C09004928

Crowe Horwath ATA
Member Crowe Horwath International

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Telephone : (230) 467 8684 / 466 2992
Telefax : (230) 467 7478
www.crowehorwath.mu



# INDEPENDENT AUDITORS' REPORT
# TO THE SHAREHOLDERS OF Sterlite Global Ventures (Mauritius) Limited

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of **Sterlite Global Ventures (Mauritius) Limited** (the "Company") set out on pages 7 to 23, which comprise the statement of financial position as at 31 March 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and which comply with the Mauritius Companies Act 2001.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius and we have fulfilled other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Other information

Directors are responsible for the other information. The other information comprises the commentary of directors, the Company Secretary's certificate, which we obtained prior to the date of this auditors' report. Other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Crowe Horwath.



**INDEPENDENT AUDITORS' REPORT (CONTINUED)**
**TO THE SHAREHOLDERS OF Sterlite Global Ventures (Mauritius) Limited**

**Report on the audit of the financial statements (Continued)**

**Responsibilities of the directors and those charged with governance for the financial statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

Crowe Horwath.



**INDEPENDENT AUDITORS' REPORT (CONTINUED)**
**TO THE SHAREHOLDERS OF Sterlite Global Ventures (Mauritius) Limited**

**Report on the audit of the financial statements (Continued)**

**Auditors' responsibilities for the audit of the financial statements (Continued)**

• Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern;

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on other legal and regulatory requirements**

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- We have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- We have obtained all the information and explanations that we required; and
- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

**Use of this report**

This report is made solely for the Company's shareholders in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state in our auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, for our audit work, for this report, or for the opinion we have formed.

Crowe Horwath ATA

**Crowe Horwath ATA**
Public Accountants

**K.S. Sewraz, FCCA**
Signing Partner
Licensed by FRC

Date: 18 APR 2018

Ebene, Mauritius

## STATEMENT OF FINANCIAL POSITION
## AS AT 31 MARCH 2018

| ASSETS | NOTES | 2018 USD | 2017 USD |
|---|---|---|---|
| **Non-current asset** | | | |
| Investment in subsidiary | 7 | **12,375,000** | 12,375,000 |
| **Current assets** | | | |
| Other receivables and prepayments | 8 | **2,070** | 2,070 |
| Cash and cash equivalents | | **654,712** | 1,784 |
| **Total current assets** | | **656,782** | 3,854 |
| **TOTAL ASSETS** | | **13,031,782** | 12,378,854 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Stated capital | 9 | **12,381,447** | 12,381,447 |
| Retained earnings/(accumulated losses) | | **594,685** | (47,351) |
| **Total equity** | | **12,976,132** | 12,334,096 |
| **Non-current liability** | | | |
| Borrowing | 10 | **50,000** | 40,000 |
| **Current liability** | | | |
| Other payables | 11 | **5,650** | 4,758 |
| **Total liabilities** | | **55,650** | 44,758 |
| **TOTAL EQUITY AND LIABILITIES** | | **13,031,782** | 12,378,854 |

These financial statements have been approved and authorised for issue by the Board of directors on and signed on .........1 8 APR 2018..... its behalf by:

} **DIRECTORS**
}

The notes on pages 11 to 23 form an integral part of these financial statements.
Independent auditors' report on pages 4 to 6.

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

| | NOTES | 2018 USD | 2017 USD |
|---|---|---|---|
| **INCOME** | | | |
| Dividend Income | | **689,638** | - |
| **EXPENSES** | | | |
| Licence fees | | **2,025** | 2,015 |
| Professional fees | | **5,290** | 6,200 |
| Accounting fee | | **1,600** | 400 |
| Audit fee | | **1,955** | 1,768 |
| Disbursements | | **100** | 375 |
| **TOTAL EXPENSES** | | **10,970** | 10,758 |
| Profit/(loss) from operations | | **678,668** | (10,758) |
| **FINANCE COSTS** | | | |
| Bank charges | | **(845)** | (985) |
| Interest expense | 11 | **(1,305)** | (790) |
| **Profit/(loss) before taxation** | | **676,518** | (12,533) |
| Taxation | 12 | **(34,482)** | - |
| **Profit/(loss) for the year** | | **642,036** | (12,533) |
| **Other comprehensive income** | | - | - |
| **Total comprehensive profit/(loss) for the year** | | **642,036** | (12,533) |

The notes on pages 11 to 23 form an integral part of these financial statements.
Independent auditors' report on pages 4 to 6.

**STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED 31 MARCH 2018**

| | Stated capital | (Accumulated losses)/retained earnings | Total equity |
|---|---|---|---|
| | USD | USD | USD |
| At 1 April 2016 | 12,381,447 | (34,818) | 12,346,629 |
| Total comprehensive loss for the year | - | (12,533) | (12,533) |
| At 31 March 2017 | 12,381,447 | (47,351) | 12,334,096 |
| Total comprehensive income for the year | - | 642,036 | 642,036 |
| **At 31 March 2018** | **12,381,447** | **594,685** | **12,976,132** |

## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 31 MARCH 2018

| | NOTE | 2018 USD | 2017 USD |
|---|---|---|---|
| ***Cash flows from operating activities*** | | | |
| Profit/(loss) before taxation | | **642,036** | (12,533) |
| *Changes in working capital:* | | | |
| Increase/(decrease) in other payables | | **892** | (4,378) |
| **Net cash generated from/(used in) operating activities** | | **642,928** | (16,911) |
| ***Cash flows from financing activities*** | | | |
| Funds received from holding company | 10 | **10,000** | - |
| **Net cash generated from financing activities** | | **10,000** | - |
| **Net movements in cash and cash equivalents** | | **652,928** | (16,911) |
| **Cash and cash equivalents at beginning of the year** | | **1,784** | 18,695 |
| **Cash and cash equivalents at end of the year** | | **654,712** | 1,784 |

## 1 GENERAL INFORMATION

The Company was incorporated in Mauritius, under the Mauritius Companies Act 2001 on 10 August 2010 and holds a Category 1 Global Business Licence issued by the Financial Services Commission under the Financial Services Act 2007. The Company's registered office is at c/o SGG Corporate Services (Mauritius) Ltd, 33, Edith Cavell Street, Port Louis, 11324, Mauritius. The principal activity of the Company is that of investment holding.

## 2 BASIS OF PREPARATION

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), which comprise of Standards and Interpretations approved by the International Accounting Standards Board (IASB), and International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) approved by the International Accounting Standards Committee (IASC) that remain in effect.

The preparation of financial statements in accordance with International Financial Reporting Standards requires the directors to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The areas involving a higher degree or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in note 5.

## 3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

***Adoption of new and revised International Financial Reporting Standards (IFRS)***

***(i) New and amended standards and interpretations***

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2017.

Amendment to IAS 1 Disclosure Initiative

The Company has applied these amendments for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

In addition, the amendments clarify that an entity's share of the other comprehensive income in associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Company and should be separated into the share of items that, in accordance with other IFRSs:

(i) will not be reclassified subsequently to profit or loss; and

(ii) will be reclassified subsequently to profit or loss when specific conditions met.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The application of these amendments has not resulted in any impact on the financial performance or financial position of the Company.

## 3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

***Adoption of new and revised International Financial Reporting Standards (IFRS) (Continued)***

***(i) New and amended standards and interpretations (Continued)***

**Annual improvements 2012-2014 Cycle**

IFRS 7 Financial Instruments: Disclosures

(a) *Servicing contracts*

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments. These amendments are not expected to have any impact on the Company.

(b) *Applicability of the amendments to IFRS 7 to the financial statements*

The amendment clarifies that the offsetting disclosure requirements do not apply to the financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively. These amendments are not expected to have any impact on the Company.

*IAS 34 Interim Financial Reporting*

Disclosure of information 'elsewhere in the interim financial report'

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the financial statements and at the same time. This amendment must be applied retrospectively.

***(ii) Standards issued but not yet effective***

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2016 and earlier application is permitted; however, the Company has not early applied the following new or amended standards in preparing these financial statements.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the now requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

**3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)**

***Adoption of new and revised International Financial Reporting Standards (IFRS) (Continued)***

***(ii) Standards issued but not yet effective (Continued)***

IFRS 9 Financial Instruments (Continued)

Key requirements of IFRS 9:

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortise cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flow, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting period. Debt instrument that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specific dates to cash flows that are solely of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent changes in the fair value of an entity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies) in other comprehensive income, with only dividend income generally recognised in profit or loss.

• With regard to the measurement of financial liabilities designated as at fair value though, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount to the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

• In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. However, the Company has not early adopted the above standard.

IFRS 15 Revenue from Contracts with Customers

The core principle of IFS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-Step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue (or as) the entity satisfies a performance obligation

## 3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

***Adoption of new and revised International Financial Reporting Standards (IFRS) (Continued)***

***(ii) Standards issued but not yet effective (Continued)***

IFRS 15 Revenue from Contracts with Customers (Continued)

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Company is still assessing the impact of the this new standard, but it is not expected to have a significant effect on financial performance of the Company. There may be an impact on the level of disclosure provided.

***Annual improvements to IFRSs 2015-2017 Cycle***

In December 2017, the IASB published Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRSs:

• IAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

***IFRIC 22 Foreign Currency Transactions and Advance Consideration***

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or liability (e.g. a non-refundable deposit or deferred revenue).

The interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 April 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospectively application.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the financial statements. This is because the Company already accounts for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with amendments.

**3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)**

***Adoption of new and revised International Financial Reporting Standards (IFRS) (Continued)***

***(ii) Standards issued but not yet effective (Continued)***
Amendments to IAS 12 Income tax -Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify the following:

1. Decreases below cost in the carrying amount of a fixed-rate debt instrument measured at fair value for which the tax base remains at cost give rise to a deductible temporary difference, irrespective of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use, or whether it is probable that the issuer will pay all the contractual cash flows;

2. When an entity assessed whether taxable profits will be available against which it can utilise a deductible temporary difference, and the tax law restricts the utilisation of losses to deduction against income of a specific type (e.g. capital losses can only be set off against capital gains), an entity assesses a deductible temporary difference in combination with other deductible temporary differences of that type, but separately from other types of deductible temporary differences;

3. The estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that is probable that the entity will achieve this; and

4. In evaluating whether sufficient future taxable profits are available, an entity should compare the deductible temporary differences with future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The directors of the Company do not anticipate that the application of these amendments will have a material impact on the financial statements.

Amendments to IAS 7 Statement of Cash flows (Disclosure Initiative)

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The directors of the Company do not anticipate that the application of these amendments will have a material impact on the financial statements.

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

**Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it extinguished, discharged, cancelled or expires. Financial assets and financial liabilities are measured initially at fair value which is the value of consideration received or given plus transaction costs and subsequently at fair value or at amortised costs.

Financial instruments carried on the statement of financial position include cash and cash equivalents, receivables, borrowing and payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures about financial instruments to which the Company is a party are provided in note 14.

*(i) Cash and cash equivalents*

Cash comprises of cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

*(ii) Borrowings*

Interest bearing loans and borrowings are recorded at the proceeds received. Finance charges are accounted for on an accruals basis and charged to the statement of profit or loss and other comprehensive income.

*(iii) Other payables*

Other payables are recorded at anticipated settlement amounts.

**Foreign currency translation**

*(i) Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in United States dollar ("USD"), which is the Company's functional and presentation currency.

*(ii) Transactions and balances*

Transactions in foreign currencies are translated to the respective functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in the profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Equity**

Stated capital represents the proceeds received and in consideration for which, ordinary shares were issued.

Accumulated losses include all current and prior period results as presented in the statement of profit or loss and other comprehensive income.

**Expense recognition**

Expenses are recognised on an accrual basis in the statement of profit or loss.

**Related parties**

Related parties are individuals and companies where the individuals or companies have the ability directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions, or vice versa.

**Revenue recognition**

Revenue earned by the Company is recognised on the following basis:
Interest income - as it shall be accrued, unless collectibility is in doubt.

Dividend income - should be recognised when the shareholders' rights to receive payments have been established.

**Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

**Investment in subsidiary**

Subsidiary undertakings are those entities in which the Company controls an investee if all of the following elements are present:

(i) power over the investee, exposure to variable returns from the investee, and

(ii) the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.
De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

(i) The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights,

(ii) Substantive potential voting rights held by the Company and by other parties,

(iii) Other contractual arrangements,

(iv) Historic patterns in voting attendance.

Investment in subsidiary is shown at cost, less impairment. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the profit or loss. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss.

**5 SIGNIFICANT MANAGEMENT JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

The preparation of financial statements in conformity with IFRS requires the directors to make use of certain critical accounting estimates. It also requires directors to exercise its judgement in the process of applying the Company's accounting policies.

The following are the management's judgements made in applying the accounting policies of the Company that have the most significant effect on the financial statements. Critical estimation uncertainties are described in note 6.

*Determination of functional currency*

The determination of functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in note 4, the directors have considered those factors therein and have determined that the functional currency of the Company is the United States dollar (USD).

*Impairment of financial assets*

Management assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial assets that can be reliably estimated. There are no such indications of events having impact on future cash flows of the Company. Therefore, no impairment provision is required to be made by the Company.

*Impairment of non-financial asset*

In assessing whether a full impairment test is required for the investment in the subsidiary, the Company has considered whether it has recognised a dividend from the investment and evidence is available that:

• the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the financial statements of the subsidiary's net assets; or

• the dividend exceeds the total comprehensive income of the subsidiary in the period in which the dividend is declared

The directors have noted that the carrying amount of the investment in the separate financial statements is lower than the carrying amount in the financial statements of the subsidiary's net assets. Therefore, no impairment provision is required to be made by the Company.

*Consolidated financial statements*

The Company has taken advantage of the exemption provided by the Mauritius Companies Act 2001 allowing a wholly or virtually wholly owned subsidiary company holding a Category 1 Global Business Licence and having any company not to prepare consolidated financial statements. The financial statements are, therefore, separate financial statements which contain information about **Sterlite Global Ventures (Mauritius) Limited** as an individual company and do not contain consolidated financial information as the parent of a Group.

**6 ESTIMATION UNCERTAINTY**

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual result may differ from the judgements, estimates and assumptions made by management and will seldom equal the estimated results.

## 7 INVESTMENT IN SUBSIDIARY

| | 2018 USD | 2017 USD |
|---|---|---|
| At 31 March | **12,375,000** | 12,375,000 |

Details of investment in the subsidiary incorporated in China are as follows:

| Name of investee company | Class of shares held | Number of shares held | % Holding | Nominal value of Investment |
|---|---|---|---|---|
| Jiangsu Sterlite Tongguang Fiber Co. Ltd | Ordinary | 12,375,000 | 100% | 12,375,000 |

The directors have reviewed the financial position and performance of the subsidiary. They are of the opinion that the estimated recoverable amount of the investment is not less than its carrying amount and the investment has not suffered any impairment for the year under review.

## 8 OTHER RECEIVABLES & PREPAYMENTS

| | 2018 USD | 2017 USD |
|---|---|---|
| Prepayments | **2,070** | 2,069 |
| Other receivables | - | 1 |
| | **2,070** | 2,070 |

## 9 STATED CAPITAL

| | 2018 USD | 2017 USD |
|---|---|---|
| At 31 March | **12,381,447** | 12,381,447 |

The issued share capital of the Company comprises of 12,381,447 ordinary shares with a par value of USD1 per share. These shares are entitled to voting rights and to dividends. The shareholders have various rights under the Company's Constitution, including the rights to income distributions subject to solvency test and other legal requirements. They are also required to attend and vote at meeting of shareholders.

## 10 BORROWING

| | 2018 USD | 2017 USD |
|---|---|---|
| *Principal amount* | | |
| At start of the year | **40,000** | 40,000 |
| Additions during the year | **10,000** | - |
| At end of the year | **50,000** | 40,000 |

The loan payable to Sterlite Technologies Limited ('**STL**') bears an interest rate of Libor+60 BPS, has no fixed repayment terms and is unsecured.

## 11 OTHER PAYABLES

| | 2018 USD | 2017 USD |
|---|---|---|
| Interest payable to STL | **2,095** | 790 |
| Accruals | **3,555** | 3,968 |
| | **5,650** | 4,758 |

During the year, the interest payable to STL amounted to USD 1,305. (2017: USD 790)

## 12 TAXATION

The Company is subject to income tax in Mauritius at the rate of 15%. It is, however, entitled to a tax credit equivalent to the higher of the foreign tax paid or 80% of the Mauritian tax on its foreign source income. No provision for income tax has been made in the financial statements as the Company does not have any tax liability as at 31 March 2018 (2017: Tax loss USD 59,663).

| *Reconciliation of effective tax* | 2018 USD | 2017 USD |
|---|---|---|
| Profit/(loss) before taxation | **642,036** | (12,533) |
| Add: foreign tax suffered | **123,613** | - |
| | **765,649** | (1,880) |
| Income tax at 15% | **114,847** | - |
| Deferred tax asset | - | 1,880 |
| Tax losses lapsed | **1,847** | - |
| Tax losses brought forward | **(8,950)** | |
| Withholding tax | **34,482** | |
| Foreign tax credit (restricted) | **(107,744)** | - |
| | **34,482** | - |

## 13 RELATED PARTY DISCLOSURES

During the year under review, the Company transacted with a related entitiy. The nature, volume of transactions and balances with this entity are as follows:

**Amount due to holding company - Sterlite Technologies Limited**

**Payable over a year**

| | 2018 USD | 2017 USD |
|---|---|---|
| At beginning of the year | **40,000** | 40,000 |
| Additions during the year | **10,000** | - |
| At end of the year | **50,000** | 40,000 |

The loan payable to Sterlite Technologies Limited ('**STL**') bears an interest rate of Libor+60 BPS, has no fixed repayment terms and is unsecured.

## 13 RELATED PARTY DISCLOSURES (CONTINUED)

**Fees paid to key management personnel**

There was no compensation paid to key management personnel for the year ended 31 March 2018 (2017: USD Nil).

Professional fees of USD 2,500 have been incurred by the Company for the year ended 31 March 2018 (2017: USD 2,500) in relation to directorship services rendered by the resident directors. However, these fees are not paid to the individual officers but to the Company's administrator.

## 14 FINANCIAL INSTRUMENTS

*Fair values*

The carrying amounts of the assets and liabilities of the Company approximate to their fair values.

*Currency profile*

The Company's financial assets and liabilities are denominated in USD.

*Risk and capital management*

The capital of the Company is primarily for investment purposes in view of generating a return on the investment made by the shareholder. It is the Company's policy to finance its investment and any operating expenses from equity instruments. There were no changes in the Company's approach to capital management during the year.

The risks arising from the Company's financial instruments are as follows:

(i) Liquidity risk

(ii) Market risk

(iii) Interest rate risk

The Board of directors reviews and agrees policies for managing this risks are as follows:

*(i) Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company has the continued financial support of its holding company in this process. Changes in liquidity risk will not have any material impact on the financial statements.

| **31 March 2018** | **More than 1 year** | **Up to 1 year** |
|---|---|---|
| **Liabilities** | **USD** | **USD** |
| Borrowing | **50,000** | **-** |
| Other payables | **-** | **5,650** |
| **Total** | **50,000** | **5,650** |

| 31 March 2017 | More than 1 year | Up to 1 year |
|---|---|---|
| Liabilities | USD | USD |
| Borrowing | 40,000 | - |
| Other payables | - | 4,758 |
| Total | 40,000 | 4,758 |

**14 FINANCIAL INSTRUMENTS (CONTINUED)**

*(ii) Market risk*

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines. The Company is not subject to significant amount of risk as the unquoted investment is mainly financed by its parent. Changes in market risk will not have any material impact in the financial statements.

*(iii) Interest rate risk*

For the year ended 31 March 2018, the Company is exposed to changes in market interest rates on its financial assets on account of its loan to subsidiary and bank balance and on its financial liabilities on account of its loans from holding company which are at fixed/variable interest rates.

The following table details the Company 's exposure to interest rate risks. The total interest sensitivity gap represents the net notional amounts of all interest sensitive financial instruments.

| **31 March 2018** | **USD** |
|---|---|
| **Financial Assets** | |
| Non interest bearing | **654,712** |
| Variable interest instrument | **-** |
| **Total** | **654,712** |

| **Financial Liabilities** | **USD** |
|---|---|
| Non interest bearing | **5,650** |
| Variable interest instrument | **50,000** |
| **Total** | **55,650** |

Interest rate sensitivity

If interest rates had been 100 basis points higher/ lower and all other variables were held constant, the net profit for the year ended 31 March 2018 would increase/decrease by USD 500 (2017: USD 400). This is mainly attributable to the Company exposure to interest rates on variable rate of interest rates on borrowings.

| **Interest Rate** | **Low** | **High** |
|---|---|---|
| | **(1%)** | **1%** |
| Variable interest instrument | **(50,000)** | **50,000** |
| Impact on total assets of the Company | **(500)** | **500** |

***Fair value hierarchy***

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

## 14 FINANCIAL INSTRUMENTS (CONTINUED)

***Fair value hierarchy (Continued)***

Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability.
The following tables set out the fair values of financial instruments that are analysed by the level in the fair value hierarchy into which each fair value measurement is categorised:

| **31 March 2018** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| ***Assets*** | **USD** | **USD** | **USD** | **USD** |
| Investment in subsidiary | - | - | **12,375,000** | **12,375,000** |
| Cash and cash equivalents | - | - | **654,712** | **654,712** |
| **Total assets** | - | - | **13,029,712** | **13,029,712** |
| ***Liabilities*** | | | | |
| Borrowing | - | - | **50,000** | **50,000** |
| Other payables | - | - | **5,650** | **5,650** |
| **Total liabilities** | - | - | **55,650** | **55,650** |

| 31 March 2017 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| *Assets* | USD | USD | USD | USD |
| Investment in subsidiary | - | - | 12,375,000 | 12,375,000 |
| Cash and cash equivalents | - | - | 1,784 | 1,784 |
| Total assets | - | - | 12,376,784 | 12,376,784 |
| *Liabilities* | | | | |
| Borrowing | - | - | 40,000 | 40,000 |
| Other payables | - | - | 4,758 | 4,758 |
| Total liabilities | - | - | 44,758 | 44,758 |

The fair values of cash and cash equivalents and accruals approximate their carrying values due to their short-term nature.

## 15 HOLDING COMPANY

The directors consider Sterlite Technologies Limited, a company established in India and listed on the National Stock Exchange and Bombay Stock Exchange, as the holding company and ultimate holding company.

## 16 EVENTS AFTER THE REPORTING PERIOD

There have been no material events after the reporting date which would require disclosure or adjustment to the financial statements for the year ended 31 March 2018.

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报告文号：苏公T[2018]E4003号

# Jiangsu Sterlite Tongguang Fiber Co., Ltd

Report of the Auditors and Financial Statements

For the year ended 31st, March, 2018

江苏公证天业会计师事务所(特殊普通合伙)南通分所
Nantong Branch, Jiangsu Gongzheng Tianye Certified Public Accountants, SGP
中国．江苏．南通 Nantong．Jiangsu．China
电话：86（513）55018131 Tel：86（513）55018131
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# AUDIT REPORT

**SUGONG T(2018) No.E4003**

**To the shareholders of Jiangsu Sterlite Tongguang Fiber Co., Ltd.**

## Ⅰ. Audit opinion

We have audited the financial statements prepared by Jiangsu Sterlite Tongguang Fiber Co., Ltd., comprising the balance sheet as at March 31, 2018, and the income statement, owner's equity changes statement and cash flow statement for the year then ended, and notes to the financial statements.

In our opinion, the financial statements of the Company present fairly, in all material respects the financial position of the Company as of 31 March 2018, and its operation results & cash flows for the year then ended in accordance with the Accounting Standards for Enterprise of the People's Republic of China.

## Ⅱ. Basis for audit opinion

We conducted our audit in accordance with Independent Audit Standards promulgated by the Chinese Institute of Certified Public Accountants. In the paragraph "Responsibility of CPA", we shall detailed explain the corresponding responsibilities under the standards. We are independent with the engaged client, and fully abide by professional ethics during our job.

## Ⅲ. Responsibility of company's management

The preparation and fairly disclosure of the financial statements are the responsibility of the company's management. These responsibilities include: preparing & fairly disclosing the financial statements in accordance with Accounting Standard for Business Enterprises of the People's Republic of China; Designing, implementing & maintaining of the internal control system related with the preparation of the financial statements to avoid any frauds & misstatement.

The management is responsible for the assessing & disclosure of the going –concern issue assumption of the company, unless the liquidation of the company is determined by no other choice.

The government level is responsible for the supervising of the whole reporting process.

## Ⅳ.Responsibility of CPA

Our target is to express an opinion on the financial statement based on our audit. Those standards require that we plan and perform the audit to ensure there is no misstatement materially affecting the presentation of the net assets, financial position and results of operations in the financial statements in accordance with the applicable financial reporting of framework and are detected with reasonable assurance. But the reasonable assurance is not ensure that all the material misstatements could be fully identified by our audit procedure. If the individual misstatement (maybe from fraud or errors) aggregated materially affect the financial statement or economic decision, then, the misstatement should be identified.

During our audit process, the professional judgment and suspects shall be held. The details can be found as followings:

(1). Identify & assess the material misstatements which are resulted from fraud & error , design and conduct the corresponding audit procedures to collect complete and appropriate evidence as the opinion basis. Due to the fraud may involve with collaboration , forgery , knowingly omissions , false statement or override of internal control system, the potential risk from fraud is higher than the risk resulted from the errors;

(2). Understanding the related internal control system and taken into account in the determination of appropriate audit process, but the purpose is not to give the opinion on the effectiveness of the internal control system;

(3). Assessing the appropriateness of the accounting policy applied by the management and evaluating the rationality of the accounting estimates & disclosure;

(4). Conclusion of the appropriateness for the going concern assumption provided by the management. Audit evidence shall be collected for the possible material uncertainty issues or may affect the going-concern conclusion of the company. If the uncertainty conclusion reached, the corresponding disclosure should be brought for the attention to the report users; otherwise, the modified opinion shall be expressed if the disclosure is not sufficient. Our audit conclusion is based on the information collected end at the reporting date, but the future items or events may affect the going concern assumption of the company.

(5). Evaluating the overall presentation of the financial statement, including the structure & contents (disclosure) and the judgment whether the related transactions and business activities are fairly presented.

Communications with governance have been conducted, including the audit scope, time plan, audit findings and the defects & weaknesses of the internal control system identified during our audit.

**Nantong Branch,Jiangsu Gongzheng Tianye Certified Public Accountants Co., SGP**

**Certified Public Accountant of China CPA Yu Dong**

**Certified Public Accountant of China CPA Zhang Yulin**

**China · Nantong**

**12 April , 2018**

Appendix 1

# BALANCE SHEET

Prepared by: Jiangsu Sterlite Tongguang Fiber Co., Ltd. Mar. 31, 2018 Monetary Unit: RMB Yuan

| ASSETS | REMAINING AT END OF YEAR | REMAINING AT BEG. OF YEAR | LIABILITIES AND OWNER'S EQUITY | REMAINING AT END OF YEAR | REMAINING AT BEG. OF YEAR |
|---|---|---|---|---|---|
| **CIRCULATING ASSETS:** | | | **CIRCULATING LIABILITIES** | | |
| Monetary funds | 49,960,380.76 | 58,952,806.49 | Short-term loans | | 9,830,054.53 |
| Trading financial debt | | | Trading financial debt | | |
| Notes receivable | | | Notes payable | | |
| Accounts receivable | 11,766,732.36 | 402,466.03 | Accounts payable | 31,375,061.38 | 31,208,531.59 |
| Accounts prepayments | 1,640,389.29 | 4,470,383.82 | Advance receivable | 831,941.05 | 5,953,260.78 |
| Interest receivable | | | Accrued staff's payroll | 802,813.37 | 850,000.00 |
| Dividends receivable | | | Taxes and expenses payable | 5,641,153.68 | 7,087,873.07 |
| Other receivable | 58,515.41 | 55,450.00 | Interest payable | | |
| Inventories | 32,692,340.43 | 28,262,209.82 | Dividends payable | | |
| Un-circulating assets maturing within one year | | | Amount other accrued payable | | 296,330.76 |
| Other circulating assets | 6,333,189.20 | 281,407.00 | Un-circulating liabilities due within one year | | |
| **TOTAL CIRCULATING ASSETS** | **102,451,547.45** | **92,424,723.16** | Other circulating liabilities | | |
| **UN-CIRCULATING ASSETS:** | | | **TOTAL CIRCULATING LIABILITIES** | **38,650,969.48** | **55,226,050.73** |
| Financial assets of sales supply-able | | | **UN-CIRCULATING LIABILITIES:** | | |
| Investment from keeping to maturity | | | Long-term loans | 13,840,000.00 | |
| Long-term receivable | | | Bond payable | | |
| Long-term investment in stock ownership | | | Long-term payables | | |
| Investment real estate | | | Related payable | | |
| Fixed assets | 119,688,218.96 | 121,868,860.62 | Estimated liabilities | | |
| Construction in progress | 125,032,464.62 | 11,735,917.34 | Deferral income-tax debt | | |
| Engineering material | | | Other un-circulating liabilities | | |
| Liquidation of the fixed assets | | | **TOTAL UN-CIRCULATING LIABILITIES** | **13,840,000.00** | - |
| Productive living things assets | | | **TOTAL LIABILITIES** | **52,490,969.48** | **55,226,050.73** |
| Oil and gas assets | | | | | |
| Intangible assets | 5,127,859.95 | 5,313,026.34 | **OWNER'S EQUITY** | | |
| Development expenditure | | | Paid-in capital | 103,836,015.19 | 103,836,015.19 |
| Business reputation | | | Capital surplus | | |
| Long-term prepaid expense | | | Less: Shares in stock | | |
| Assets in deferred-income-tax | | | Surplus reserves | 17,127,313.80 | 4,821,040.49 |
| Other Un-circulating assets | | | Undistributed profit | 178,845,792.51 | 67,459,421.05 |
| **TOTAL UN-CIRCULATING ASSETS** | **249,848,543.53** | **138,917,804.30** | **TOTAL OWNER'S EQUITY** | **299,809,121.50** | **176,116,476.73** |
| **SUM TOTAL ASSETS** | **352,300,090.98** | **231,342,527.46** | **SUM TOTAL LIABILITIES AND OWNER'S EQUT** | **352,300,090.98** | **231,342,527.46** |

Appendix Ⅱ

# Income Statements

Prepared by: Jiangsu Sterlite Tongguang Fiber Co., Ltd.    April 2017 to March 2018    Monetary Unit: RMB Yuan

| ITEM | AMOUNT OF CURRENT YEAR | AMOUNT OF LAST YEAR |
|---|---|---|
| **Ⅰ. TOTAL OPERATING INCOME** | **378,933,478.44** | **303,567,792.61** |
| Including: Operating income | 378,933,478.44 | 303,567,792.61 |
| Including: Income from main operation | 377,518,234.78 | 302,567,026.87 |
| Income from other operation | 1,415,243.66 | 1,000,765.74 |
| Interest income | | |
| Earned from insurance charge | | |
| Payment for service charge and commission fee | | |
| **Ⅱ. TOTAL OPERATION COST** | **231,676,338.68** | **220,833,038.83** |
| Including: Operation cost | 195,307,744.45 | 193,093,538.45 |
| Including: Cost of main operation | 195,307,744.45 | 193,093,538.45 |
| Other business payment | | |
| Main operation tax & additional expenses | 2,705,558.82 | 2,495,490.11 |
| Sales expense | 4,109,011.88 | 3,850,625.36 |
| General & administrative expense | 28,906,764.27 | 19,668,526.47 |
| Financial expense | 647,259.26 | 1,724,858.44 |
| Losses from depreciation of assets | | |
| Others | | |
| Add: Gain form fair value charge ( deficit, using "-") | | |
| Investment income ( deficit, using "-") | 2,052,198.82 | |
| Remittance gain and loss ( deficit, using "-") | | |
| **Ⅲ. OPERATING PROFITS ( deficit, using "-")** | **149,309,338.58** | **82,734,753.78** |
| Add: Non-operating income | 2,557,780.11 | 1,003,851.81 |
| Less: Non-operating expenditure | 40,978.95 | 60,434.92 |
| Including: Disposal loss from un-circulating assets | | |
| **Ⅳ. SUM OF PROFIT ( deficit, using "-")** | **151,826,139.74** | **83,678,170.67** |
| Less: Expenses for income tax | 22,133,494.97 | 12,104,127.61 |
| **Ⅴ. NET PROFIT ( deficit, using "-")** | **129,692,644.77** | **71,574,043.06** |

# Cash Flow Sheet

Prepared by: Jiangsu Sterlite Tongguang Fiber Co., Ltd.　　April 2017 to March 2018　　Monetary Unit: RMB Yuan

| ITEM | SUM |
|---|---|
| Ⅰ. CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Cash received from sale of goods or rendering of services | 426,749,237.99 |
| Refunds of taxes | 640,439.34 |
| Other cash received relating to the operating activities | 3,126,595.17 |
| **Sub-Total Cash Inflows of Operating Activities** | **430,516,272.50** |
| Cash paid for goods and services | 228,940,086.46 |
| Cash paid to and on behalf of employees | 23,758,146.07 |
| Paid all types of taxes | 45,575,344.32 |
| Other cash paid to relating to operating activities | 19,928,299.34 |
| **Sub-Total Cash Outflows of Operating Activities** | **318,201,876.19** |
| **Net Cash Flows from Operating Activities** | **112,314,396.31** |
| Ⅱ. CASH FLOWS FROM INVESTMENT ACTIVITIES | |
| Cash received from return of investments | |
| Cash received from earning of investments | 2,052,198.82 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | |
| Net cash received from disposal of sub-company and other operating body | |
| Other cash received relating to investment activities | |
| **Sub-Total of Cash Inflows of Investing Activities** | **2,052,198.82** |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | 120,662,379.50 |
| Cash paid to investments | |
| Net cash received from sub-company and other operating body | |
| Other cash paid relating to investing activities | |
| **Sub-Total of Cash Outflows of Investing Activities** | **120,662,379.50** |
| **Net cash flows from investing activities** | **-118,610,180.68** |
| Ⅲ.CASH FLOWS FROM FINANCING ACTIVITIES | |
| Cash received from the absorption of investments | |
| Cash received from borrowing | 13,840,000.00 |
| Other cash received relating to financing activities | |
| **Sub-Total Cash Inflows of Financing Activities** | **13,840,000.00** |
| Cash repayments Of amounts borrowed | 9,830,054.53 |
| Cash paid for distribution of dividends, profits or interests | 6,526,579.60 |
| Other cash paid relating to the financing activities | |
| **Sub-Total Cash Outflows of Financing Activities** | **16,356,634.13** |
| **Net cash flows from financing activities** | **-2,516,634.13** |
| Ⅳ. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALEN | -180,007.23 |
| Ⅴ. NET INCEASE IN CASH AND CASH EQUIVALENTS | -8,992,425.73 |
| Add: Cash & remaining of cash equivalents at beginning of the period | 58,952,806.49 |
| Ⅵ. CASH & CASH EQUIVALENTS REMAINING AT END FO THE PERIOD | 49,960,380.76 |

Appendix IV

# Owner's Equity Changes Statement

Prepared by: Jiangsu Sterlite Tongguang Fiber Co., Ltd.    April 2017 to March 2018    Monetary Unit: RMB Yuan

| ITEM | Paid-in capital | Capital surplus | Less: Shares in stock | Surplus reserves | Undistributed profit | AMOUNT |
|---|---|---|---|---|---|---|
| **Ⅰ. REMAINING AT END OF LAST YEAR** | **103,836,015.19** | | | **4,821,040.49** | **67,459,421.05** | **176,116,476.73** |
| Add: Changes in accounting policy | | | | | | |
| Correct to last period | | | | | | |
| **Ⅱ. REMAINTING AT BEGINNING OF CURRENT YEAR** | **103,836,015.19** | | | **4,821,040.49** | **67,459,421.05** | **176,116,476.73** |
| **Ⅲ.AMOUNT CHANGES OF CURRENT YEAR ( decrement, using "-")** | | | | **12,306,273.31** | **111,386,371.46** | **123,692,644.77** |
| ( Ⅰ ). NET INCOME | | | | | 129,692,644.77 | 129,692,644.77 |
| ( Ⅱ ). GAIN AND LOSS OF DIRECTLY INTO OWNER'S EQUITY | | | | | | |
| Fair value changes net amount from the financial assets of sales supplyable | | | | | | |
| Amount influence from other owner's equity of the investee under equity method | | | | | | |
| Amount of income-tax influence charged into owner's equity | | | | | | |
| Others | | | | | | |
| (Ⅲ). INCREASE OR DECREASE CAPITAL BY OWNERS | | | | | -6,000,000.00 | -6,000,000.00 |
| Owner's capital | | | | | | |
| Amount of shares payment into owner's equity | | | | | -6,000,000.00 | -6,000,000.00 |
| Others | | | | | | |
| (Ⅳ). PROFIT DISTRIBUTION | | | | 12,306,273.31 | -12,306,273.31 | |
| Withdrew surplus | | | | 12,306,273.31 | -12,306,273.31 | |
| Profit distributed to owners ( or stock holder ) | | | | | | |
| Other | | | | | | |
| ( Ⅴ ). INTERNAL TRANSFERING OF OWNER'S EQUITY | | | | | | |
| Capital surplus splicting capital ( or capital stock ) | | | | | | |
| Surplus splitting capital ( or capital stock ) | | | | | | |
| Deficit coverage by surplus | | | | | | |
| Other | | | | | | |
| **Ⅳ. REMAINING AT END OF THE CURRENT YEAR** | **103,836,015.19** | - | - | **17,127,313.80** | **178,845,792.51** | **299,809,121.50** |

审验专用章

# Jiangsu Sterlite Tongguang Fiber Co., Ltd.

## Notes to the Financial Statements

## For the Year Ended 31st March, 2018

## (All Amounts are in RMB unless otherwise stated)

### Ⅰ. GENERAL INFORMATION

Jiangsu Sterlite Tongguang Fiber Co., Ltd. (the "Company" hereafter) is a Joint Venture Company set up by M/s Sterlite Global Ventures (Mauritius) Ltd., a wholly owned subsidiary of M/s Sterlite Technologies Ltd, India and M/s Jiangsu Tongguang Communication Co. Ltd., China according to the approval letter [2011] No 8384 issued by the People's Government of Jiangsu Province. The Company was registered with Nantong Haimen Administration Bureau of Industry and Commerce on January 19th, 2011 with the business license numbered 320684400011561. On March 15, 2016 it got the business license of a unified social code 91320684567766496K changed and issued by Haimen Administrative Approval Bureau .The Company's Legal Representative is Mr.Ankit Agarwal. The Company's approved business scope includes optical fiber technology consulting, development, design, manufacturing of optical fibers and optical fiber related products and sale of self-manufactured products.Optical fiber, optical fiber preform, and fiber optic cable products, wholesale, import and export and commission agency (excluding auction) of optical fiber, optical fiber preform, optical fiber cable and related products. The registered capital of the Company is USD 16.50 Million ( i.e. RMB 103.84 million ) same as the actual capital. M/s Sterlite Global Ventures (Mauritius) Ltd. has contributed USD 12.375 Million, accounting for 75% of the capital

infused till now and M/s Jiangsu Tongguang Communication Co. Ltd has contributed USD 4.125 Million, accounting for 25% of the capital infused till now. On 20th March 2014,Company changed the registered capital as RMB 103,836,015.19 equaled with USD 16.50 Million.

### Ⅱ. BASIS OF PREPARATION

The Financial Statement is prepared on the basis of the Going Concern Principle.

## Ⅲ. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES



Accounting System and Accounting Standards Adopted

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises and Accounting System for Business Enterprises of the People's Republic of China and other supplementary regulations.

Accounting Year

The Company has adopted the calendar year as its accounting year, i.e. from April 1 to March 31,it is special purpose financial statment prepared for period Apr to Mar.

Recording Currency

The recording currency of the Company is the Renminbi (RMB).

Basis of Accounting and Principle of Measurement

The Company has adopted the accrual basis of accounting and uses the historical cost convention as the principle of measurement.

Foreign Currency Translation

Transactions denominated in foreign currencies (currencies other than the recording currency) are converted into Renminbi at the applicable rate of exchange ("market exchange rate") prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are converted in to Renminbi at the market exchange rate prevailing at the balance sheet date. Exchange gains or losses are dealt with as finance costs, except for those attributable to foreign currency borrowings that have been used specifically for the construction of fixed assets before the assets are ready for their intended use, which are capitalized as part of the fixed asset costs.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Accounts receivable and bad debt reserves

The provision method of bad debts:

The company's bad debt losses is using allowance method of accounting. When bad debt losses are occured, the corresponding provision for bad debts is written off with approval of Board and relevant management authorities.

The provision for bad debts method and ratio:

The provision for bad debts is made based on a combination of specific identification of assessments of probability and extent of loss referring to special accounts receivable, and the company should make provision of bad debts respectively. Specific accrual ratios are as follows:

| Term overdue | Proportion of bad debt preparation for accounts receivable (%) | Proportion of bad debt preparation for other receivable (%) |
|---|---|---|
| Within 1 year | - | - |
| 1-2years | 10 | 10 |
| 2-3years | 20 | 20 |
| 3-5years | 50 | 50 |
| More than 5 years | 100 | 100 |

Inventories

(1)Inventory category: inventories include raw materials, inventory of goods, work in progress, finished goods and so on. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

(2) The valuation method of acquisition and use: inventories are recorded by using the standard costing method when acquiring inventories. The cost of products includes standard costing and the differences between the standard costing and actual cost.

(3) The inventory system: the company is using the perpetual inventory system.

(4) Provisions for deduction of the inventories value and methods: the inventory is valued at the lower of its cost or its net realizable value. The inventory cost is higher than its net realizable value and provision for decline in value of inventory is credited to current profit and loss.

(5) Work-in-progress and finished goods are valued at lower of cost and net realizable value. cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

(6) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Fixed Assets and Depreciation

(1) Criteria of fixed assets

Fixed assets are the tangible assets in higher unit value. They are defined as the production of goods, the provision of services and the lease or management used for more than one year.

(2) Measurement of fixed assets

Fixed assets are recorded at cost on acquisition. The acquisition cost includes purchase price, import taxes, transportation costs, insurance costs and other related costs that are necessary for the fixed assets being ready for their intended use.

(3) Depreciation of fixed assets

Depreciation is provided to write off the cost of each category of fixed assets over their estimated useful lives from the month after they are put into use, using the straight-line method. The estimated residual value, useful life and annual depreciation rate of each category of fixed assets are as follows:

| Category of fixed assets | Residual value | Useful life | Annual depreciation rate |
|---|---|---|---|
| Electronic Equipment | 10% | 5 years | 18% |
| Houses and buildings | 10% | 20years | 4.5% |
| Machinery | 10% | 10-15years | 9%-6% |
| Office furniture | 10% | 5 years | 18% |
| tool of production | 10% | 5 years | 18% |

(4) Measurement of subsequent expenditures on fixed assets

Subsequent expenditures on fixed assets for major reconstruction, expansion, improvement and renovation are capitalized as a part of fixed assets cost when it is probable that future economic benefits in excess of the original assessment of performance will flow to the Company, such as extension of the useful lives of the fixed assets, substantial improvement of product quality, or substantial reduction in product cost. Capitalized expenditures arising from major reconstruction, expansion and improvement are depreciated using the straight-line method over the remaining useful lives of the fixed assets. The increased cost of the fixed assets is limited to their recoverable amount.

Subsequent expenditures on fixed assets except for the aforementioned are expensed as incurred. Capitalized expenditures arising from the renovation of fixed assets are depreciated on a reasonable basis over the shorter period of interval between the current renovation to the next and the expected remaining useful life of the renovated fixed assets.

(5) Measurement of fixed assets at the balance sheet date and impairment provision

Fixed assets are measured at the lower of carrying amount and recoverable amount at the balance sheet date. When the recoverable amount of fixed assets is lower than the carrying amount, due to factors such as continuous decline in market price, technological obsolescence, damages or long-time idleness, impairment provision for fixed assets is determined on an item-by-item basis at the excessive part of the carrying amount over the recoverable amount. For fixed assets that meet the conditions for full impairment provision, the impairment provision is determined at the full carrying amount of fixed assets on an item-by-item basis.

Construction in progress

(1)Construction in progress is measured at actual cost. The actual cost is determined specifically as follows:

A. Contracted projects under construction are recorded at the sum of construction price, installation cost, and capitalized interest expense, amortization of premium or discount, and foreign currency exchange differences that are relating to specific borrowings for financing the construction.

B. Self-built projects under construction are recorded at the sum of construction materials used, raw materials used and related non-deductible input value-added taxes, goods in stock used and related taxes and levies, cost of various services provided by the Company's auxiliary production departments, and capitalized interest expense, amortization of premium or discount, and foreign currency exchange differences that are relating to specific borrowings for financing the construction.

(2)Construction in progress is measured at the lower of the carrying amount and the recoverable amount. Impairment provision is made for construction in progress if there exists evidence that the value of construction in progress has declined.

Borrowing costs

(1) Recognition of borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized. The other costs are charged to the Profit & Loss Account. Borrowing costs include interests, ancillary costs, and foreign currency exchange differences incurred in connection with borrowing. Except borrowing costs relating to specific borrowings obtained for the acquisition or construction of fixed assets are capitalized as costs of the fixed assets as certain conditions are met, other borrowing costs are expensed as incurred.

(2) Capitalization period of borrowing costs

A. The capitalization of borrowing costs commences as the following three conditions are met: (a) the capital expenditures are incurred; (b) the borrowing costs are incurred; (c) the acquisition or construction activities have commenced to enable the assets to be ready for their intended use.

B. The capitalization of borrowing costs should be suspended during the periods when the acquisition or construction activities are abnormally interrupted and the interruption period is more than three consecutive months; the borrowing costs are incurred during the period until the acquisition or construction activities are resumed.

C. The capitalization of borrowing costs ceases when the assets being acquired or constructed are ready for their intended use. Borrowing costs incurred thereafter should be recognized as expense in the period in which they are incurred.

(3) Capitalization amount of borrowing costs

The capitalized borrowing costs for each accounting period are determined by using the weighted average amount of accumulated expenditures incurred in that period for the acquisition or construction of fixed assets and the capitalization rate of the borrowings. The procedures are in accordance with the Accounting Standards for Business Enterprises—Borrowing Costs.

Enterprise and local income taxes

The Company uses the taxes payable method to account for the enterprise and local income taxes. On October 10, 2015, the company obtained the certificate of high tech enterprise, enjoying the preferential policy of enterprise income tax rate of 15%.

## Ⅳ. THE ACCOMPANYING NOTES ARE PART OF THE FINANCIAL STATEMENTS

### 1) MONETARY FUNDS

| ITEMS | 31/03/2018 | 01/04/2017 |
|---|---|---|
| | RMB | RMB |
| Cash at Hand | 20,317.00 | 11,098.00 |
| Cash on Bank | 20,370,583.86 | 37,577,655.69 |
| Others | 29,569,479.90 | 21,364,052.80 |
| Total | **49,960,380.76** | **58,952,806.49** |

## 2) ACCOUNTS RECEIVABLE

| ITEMS | 31/03/2018 Amount | Proportion | Bad Debt Provision | 01/04/2017 Amount | Proportion | Bad Debt Provision |
|---|---|---|---|---|---|---|
| | RMB | % | RMB | RMB | % | RMB |
| Within 1 year | 11,766,732.36 | 100.00 | - | 402,466.03 | 100.00 | - |
| Total | **11,766,732.36** | **100.00** | - | **402,466.03** | **100.00** | - |

Major items of accounts receivable:

| Customer names | Ending balance | Character |
|---|---|---|
| Jiangsu Tongguang Communication Co,Ltd | 6,307,869.43 | Payment for goods |
| Jiangsu Tongguang Optical Fiber Cable Co.,Ltd | 3,912,837.47 | Payment for goods |
| SiChuan Tongguang Optical Fiber Cable Co.,Ltd | 1,297,707.28 | Payment for goods |

## 3) ACCOUNTS PREPAYMENTS

| ITEMS | 31/03/2018 Amount | Proportion | Bad Debt Provision | 01/04/2017 Amount | Proportion | Bad Debt Provision |
|---|---|---|---|---|---|---|
| | RMB | % | RMB | RMB | % | RMB |
| Within 1 year | 1,640,389.29 | 100.00 | - | 4,470,383.82 | 100.00 | - |
| 1-2years | - | - | - | - | - | - |
| Total | **1,640,389.29** | **100.00** | - | **4,470,383.82** | **100.00** | - |

Within the aforesaid balance, there is no amount due from shareholders that hold 5% or more of the Company's voting shares.

## 4) OTHER RECEIVABLES

| ITEMS | 31/03/2018 Amount | Proportion | Bad Debt Provision | 01/04/2017 Amount | Proportion | Bad Debt Provision |
|---|---|---|---|---|---|---|
| | RMB | % | RMB | RMB | % | RMB |
| Within1year | 58,515.41 | 100.00 | - | 48,720.00 | 87.86 | - |
| 1-2years | - | - | - | - | - | - |
| 2-3years | - | - | - | 6,730.00 | 12.14 | - |
| Total | **58,515.41** | **100.00** | - | **55,450.00** | **100.00** | - |

Within the aforesaid balance, there is no amount due from shareholders that hold 5% or more of the Company's voting shares.

## 5) INVENTORIES

| ITEMS | 31/03/2018 | 01/04/2017 |
|---|---|---|
| | RMB | RMB |
| Raw materials | 16,883,256.33 | 14,150,042.38 |
| Goods in Transit | 1,489,796.64 | 1,738,616.42 |
| Goods in Process | 4,684,783.83 | 3,697,595.09 |
| Finished Goods | 2,188,258.65 | 3,106,569.18 |
| Packing | 44,907.66 | 55,534.85 |
| Stores and Spares | 7,401,337.32 | 5,513,851.90 |
| Total | **32,692,340.43** | **28,262,209.82** |

## 6) FIXED ASSETS

| ITEMS | Houses and buildings | Machinery | Electronic E quipment | Office fur niture | tool of pr oduction | Total |
|---|---|---|---|---|---|---|
| | RMB | RMB | RMB | RMB | RMB | RMB |
| **Cost** | | | | | | |
| 1st April 2017 | 35,656,046.01 | 110,835,261.84 | 1,145,195.36 | 388,117.12 | 944,889.58 | 148,969,509.91 |
| Additions | - | 7,214,192.10 | 49,204.23 | 4,871.79 | - | 7,268,268.12 |
| Disposals | - | - | - | - | - | - |
| 31st March 2018 | **35,656,046.01** | **118,049,453.94** | **1,194,399.59** | **392,988.91** | **944,889.58** | **156,237,778.03** |
| **Accumulated Depreciation** | | | | | | |
| 1st April 2017 | 4,921,435.39 | 21,294,688.72 | 452,785.19 | 186,355.90 | 245,384.09 | 27,100,649.29 |
| Add | 1,604,796.76 | 7,464,896.90 | 150,577.12 | 60,527.26 | 168,111.74 | 9,448,909.78 |
| Less | - | - | - | | - | - |
| 31st March 2018 | **6,526,232.15** | **28,759,585.62** | **603,362.31** | **246,883.16** | **413,495.83** | **36,549,559.07** |
| **Net book value** | | | | | | |
| 1st April 2017 | **30,734,610.62** | **89,540,573.12** | **692,410.17** | **201,761.22** | **699,505.49** | **121,868,860.62** |
| 31st March 2018 | **29,129,813.86** | **89,289,868.32** | **591,037.28** | **146,105.75** | **531,393.75** | **119,688,218.96** |

## 7) CONSTRUCTION IN PROGRESS

| Items | 01/04/2017 | Additions | Amortization | 31/03/2018 |
|---|---|---|---|---|
| | RMB | RMB | RMB | RMB |
| Machinery equipment | 11,735,917.34 | 1,593,305.36 | 11,735,917.34 | 1,593,305.36 |
| The first phase of the project (Machinery equipment) | - | 485,470.09 | - | 485,470.09 |

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| Items | 01/04/2017 RMB | Additions RMB | Amortization RMB | 31/03/2018 RMB |
|---|---|---|---|---|
| The second phase of the project (Machinery equipment) | - | 854,557.07 | - | 854,557.07 |
| The third phase of the project | - | 116,215,052.55 | - | 116,215,052.55 |
| The fourth phase of the project | - | 5,884,079.55 | - | 5,884,079.55 |
| Total | **11,735,917.34** | **125,032,464.62** | **11,735,917.34** | **125,032,464.62** |

## 8) INTANGIBLE ASSETS

| Items | 01/04/2017 RMB | Additions RMB | Amortization RMB | 31/03/2018 RMB |
|---|---|---|---|---|
| Land-use right | 4,489,397.27 | - | 101,264.60 | 4,388,132.67 |
| Software | 823,629.07 | 97,564.10 | 181,465.89 | 739,727.28 |
| Total | **5,313,026.34** | **97,564.10** | **282,730.49** | **5,127,859.95** |

## 9) SHORT-TERM BORROWINGS

| ITEMS | 31/03/2018 RMB | 01/04/2017 RMB |
|---|---|---|
| State Bank of India ,Shanghai Branch | - | 1,141,605.64 |
| China Merchants Bank | - | 6,917,808.27 |
| Bank of China | - | 1,770,640.62 |
| Total | - | **9,830,054.53** |

## 10) ACCOUNTS PAYABLE

| ITEMS | 31/03/2018 | | 01/04/2017 | |
|---|---|---|---|---|
| | Amount RMB | Proportion % | Amount RMB | Proportion % |
| Within 1 year | 31,185,071.38 | 99.39 | 31,208,531.59 | 100.00 |
| 1-2 year | 189,990.00 | 0.61 | - | - |
| Total | **31,375,061.38** | **100.00** | **31,208,531.59** | **100.00** |

Major items of accounts payable:

| Customer names | Ending balance | Character |
|---|---|---|
| STERLITE TECHNOLOGIES LTD | USD1,338,304.81 | Payment for goods |
| Shanghai Phichem material Co.,Ltd | 3,217,740.00 | Payment for goods |

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## 11) RECEIVED IN ADVANCE

| ITEMS | 31/03/2018 | | 01/04/2017 | |
|---|---|---|---|---|
| | Amount | Proportion | Amount | Proportion |
| | RMB | % | RMB | % |
| Within 1 year | 820,194.04 | 98.59 | 5,953,260.78 | 100.00 |
| 1-2 year | 11,747.01 | 1.41 | - | - |
| Total | **831,941.05** | **100.00** | **5,953,260.78** | **100.00** |

Major items of received in advance:

| Customer names | Ending balance | Character |
|---|---|---|
| Hunan ShenTong photoelectric technologies Ltd | 807,893.89 | received in advance for goods |

## 12) TAXES AND EXPENSES PAYABLE

| ITEMS | 31/03/2018 | 01/04/2017 |
|---|---|---|
| | RMB | RMB |
| Individual income tax | 124,829.50 | 82,631.17 |
| Land use tax | 25,000.00 | 20,000.00 |
| Value added tax | - | 2,379,115.19 |
| Property tax | 66,029.12 | 66,029.13 |
| Business income taxes | 5,417,641.46 | 4,247,641.36 |
| Other | 7,653.60 | 292,456.22 |
| Total | **5,641,153.68** | **7,087,873.07** |

## 13) AMOUNT OTHER ACCRUED PAYABLE

| ITEMS | 31/03/2018 | | 01/04/2017 | |
|---|---|---|---|---|
| | Amount | Proportion | Amount | Proportion |
| | RMB | % | RMB | % |
| Within 1 year | - | - | 296,330.76 | 100.00 |
| Total | **-** | **-** | **296,330.76** | **100.00** |

Within the aforesaid balance, there is no amount due from shareholders that hold 5% or more of the Company's voting shares.

## 14) LONG-TERM LOANS

| ITEMS | 31/03/2018 | 01/04/2017 |
|---|---|---|
| | RMB | RMB |
| China Merchants Bank | 13,840,000.00 | - |
| Total | **13,840,000.00** | **-** |

### 15) PAID-IN CAPITAL

| Name of owners | 31/03/2018 In original currency USD | % | In recording currency RMB | 01/04/2017 In original currency USD | % | In recording currency RMB |
|---|---|---|---|---|---|---|
| Jiangsu Tongguang Communication Co. Ltd. | 4,125,000.00 | 25.00 | 25,960,410.05 | 4,125,000.00 | 25.00 | 25,960,410.05 |
| Sterlite Global Ventures (Mauritius) Ltd. | 12,375,000.00 | 75.00 | 77,875,605.14 | 12,375,000.00 | 75.00 | 77,875,605.14 |
| **Total** | **16,500,000.00** | **100.00** | **103,836,015.19** | **16,500,000.00** | **100.00** | **103,836,015.19** |

### 16) UNDISTRIBUTED PROFIT

| Items | 01/04/2017 RMB | Add RMB | Less RMB | 31/03/2018 RMB |
|---|---|---|---|---|
| Undistributed profit | 67,459,421.05 | 129,692,644.77 | 18,306,273.31 | 178,845,792.51 |
| Total | **67,459,421.05** | **129,692,644.77** | **18,306,273.31** | **178,845,792.51** |

### 17) OPERATING REVENUE

| Items | April 2017 to March 2018 RMB | April 2016 to March 2017 RMB |
|---|---|---|
| Optical sales | 377,518,234.78 | 302,567,026.87 |
| Wastage parts sales | 1,415,243.66 | 1,000,765.74 |
| Total | **378,933,478.44** | **303,567,792.61** |

### 18) OPERATION COST

| Items | April 2017 to March 2018 RMB | April 2016 to March 2017 RMB |
|---|---|---|
| Optical cost | 195,307,744.45 | 193,093,538.45 |
| Total | **195,307,744.45** | **193,093,538.45** |

### 19) SELLING EXPENSES

| Items | April 2017 to March 2018 RMB | April 2016 to March 2017 RMB |
|---|---|---|
| Transportation costs | 778,226.58 | 220,778.67 |
| Advertising costs | - | 600.00 |
| Samples | 3,938.37 | 803.32 |

| Items | April 2017 to March 2018 | April 2016 to March 2017 |
|---|---|---|
| | RMB | RMB |
| Sales commission | 3,326,846.93 | 3,628,443.37 |
| Total | **4,109,011.88** | **3,850,625.36** |

## 20) GENERAL & ADMINISTRATIVE EXPENSES

| Items | April 2017to March 2018 | April 2016 to March 2017 |
|---|---|---|
| | RMB | RMB |
| Total | **28,906,764.27** | **19,668,526.47** |
| Main: Research cost | 15,069,000.70 | 9,484,003.21 |
| Wage | 2,850,819.47 | 2,709,509.47 |
| Welfare | 1,730,508.16 | 1,282,969.94 |
| Social security costs | 1,577,995.00 | 1,153,800.41 |
| Local Transportation | 711,002.81 | 588,997.50 |

## 21) FINANCIAL EXPENSE

| Items | April 2017 to March 2018 | April 2016 to March 2017 |
|---|---|---|
| | RMB | RMB |
| Interest income | -527,815.06 | -785,933.58 |
| Exchange gain or loss | 199,079.06 | 1,661,835.49 |
| Service charge | 449,415.66 | 382,115.51 |
| Interest expenditure | 526,579.60 | 397,802.18 |
| Discount interest | - | 69,038.84 |
| Total | **647,259.26** | **1,724,858.44** |

## 22) NON-OPERATING INCOME

| Items | April 2017 to March 2018 | April 2016to March 2017 |
|---|---|---|
| | RMB | RMB |
| Subsidy income | 2,555,000.00 | 306,393.00 |
| Procurement incentive | - | 416,220.00 |
| Other income | 2,780.11 | 281,238.81 |
| Total | **2,557,780.11** | **1,003,851.81** |

## 23) NON-OPERATING EXPENDITURE

| Items | April 2017 to March 2018 | April 2016 to March 2017 |
|---|---|---|
| | RMB | RMB |
| Other expenditure | 40,978.95 | 60,434.92 |
| Total | **40,978.95** | **60,434.92** |

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## 24) INCOME TAX

| Items | April 2017 to March 2018 | April 2016 to March 2017 |
|---|---|---|
| | RMB | RMB |
| Current income tax | 22,133,494.97 | 12,104,127.61 |
| Deferred income tax | - | - |
| Total | **22,133,494.97** | **12,104,127.61** |

## V. RELATED PARTIES

1. Related party relationship where control exists

| Name | Registered address | Relationship with the Company |
|---|---|---|
| Sterlite Global Ventures (Mauritius) Ltd. | Mauritius | Investor |
| Jiangsu Tongguang Communication Co. Ltd. | China | Investor |
| Sterlite Technologies Limited(STL) | India | Ultimate holder |

2. Equity of the related parties with effective control attributable to the Company and changes goes to Note Ⅳ.15)

3. Relative party transaction

3.1 Purchase

| Enterprise name | April 2017 to March 2018 | April 2016 to March 2017 |
|---|---|---|
| Sterlite Technologies Limited(STL) | 62,144,544.91 | 128,357,623.61 |

3.2 Accept service

| Enterprise name | April 2017 to March 2018 | April 2016 to March 2017 |
|---|---|---|
| Sterlite (Shanghai) Trading Co.,Ltd | 3,592,576.76 | - |

3.3 Sales

| Enterprise name | April 2017 to March 2018 | April 2016 to March 2017 |
|---|---|---|
| Jiangsu Tongguang Communication Co. Ltd | 166,269,573.60 | 125,701,300.59 |
| Sterlite (Shanghai) Trading Co.,Ltd | 14,418,156.55 | - |

## Ⅵ. CONTINGENCIES

As at the balance sheet date, the Company has no material contingencies that need to be disclosed.

## Ⅶ. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

As at the approval date of the issue of the financial statements, the Company has no significant events occurring after the balance sheet date that need to be disclosed.

* * * THE END * * *

编 号 320602000201709220129

# 营业执照

## (副 本)

统一社会信用代码 913206020850023627 (1/1)

| | |
|---|---|
| 名 称 | 江苏公证天业会计师事务所(特殊普通合伙)南通分所 |
| 类 型 | 特殊普通合伙企业分支机构 |
| 营业场所 | 南通市崇川区星城路299号南通创源科技园2号楼701、706室 |
| 负 责 人 | 郁东 |
| 成立日期 | 2013年11月13日 |
| 营业期限 | 2013年11月13日至****** |
| 经营范围 | 审查企业会计报表，出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关的报告；基本建设年度财务决算审计；会计咨询、税务咨询、管理咨询；法律、法规规定的其他业务。（依法须经批准的项目，经相关部门批准后方可开展经营活动） |

登 记 机 关

南通市崇川区行政审批局

2017年09月22日

请于每年1月1日至6月30日履行年报公示义务

# 授 权 书

兹授权本所下列人员签发验资、审计报告，授权期限自 2018 年 1 月 1 日至 2018 年 12 月 31 日。

被授权人员如下：

**郁东**

**江苏公证天业会计师事务所（特殊普通合伙）**

**首席合伙人、主任会计师** 张彩斌

二〇一八年一月一日

姓　　名 Full name：郁东

性　　别 Sex：男

出生日期 Date of birth：1971-04-19

工作单位 Working unit：南通正华联合会计师事务所

身份证号码 Identity card No.：320105710419143

证书编号：No. of Certificate：320600060006

批准注册协会：Authorized Institute of CPAs：江苏省注册会计师协会

发证日期：Date of Issuance：1997 年 /y　7 月 /m　7 日 /d

2007 年 4 月 30 日

8

## 年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

郁东(320600060006)
您已通过2016年年检
江苏省注册会计师协会

郁东(320600060006)
您已通过2017年年检
江苏省注册会计师协会

9

## 注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

南通正华 事务所 CPAs

转出协会盖章
Stamp of the transfer-out Institute of CPAs
2013 年 /y 08 月 /m 12 日 /d

同意调入
Agree the holder to be transferred to

江苏公证天业 事务所 CPAs
南通分所

转入协会盖章
Stamp of the transfer-in Institute of CPAs
2013 年 /y 08 月 /m 12 日 /d

10

## 注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
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事务所 CPAs

转出协会盖章
Stamp of the transfer-out Institute of CPAs
年 /y　月 /m　日 /d

同意调入
Agree the holder to be transferred to

事务所 CPAs

转入协会盖章
Stamp of the transfer-in Institute of CPAs
年 /y　月 /m　日 /d

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姓　　名
Full name　张玉林
性　　别
Sex　男
出生日期
Date of birth　1972-11-25
工作单位
Working unit　南通正华联合会计师事务所
身份证号码
Identity card No.　320625197211250293

证书编号：　320600310002
No. of Certificate

批准注册协会：　江苏省注册会计师协会
Authorized Institute of CPAs

发证日期：　二〇〇九 年 四 月 二十七 日
Date of Issue



## 年度检验登记
Annual Renewal Registration

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张玉林(320600310002)
您已通过2015年年检
江苏省注册会计师协会

张玉林(320600310002)
您已通过2016年年检
江苏省注册会计师协会

2014 年 5 月 6 日



## 注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

南通正华 事务所
CPAs

转出协会盖章
Stamp of the transfer-out Institute of CPAs
2013 年 01 月 22 日

同意调入
Agree the holder to be transferred to

江苏名城天健 南通分所 事务所
CPAs

转入协会盖章
Stamp of the transfer-in Institute of CPAs
2013 年 01 月 22 日



## 年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

张玉林(320600310002)
您已通过2017年年检
江苏省注册会计师协会

年 月 日

# Sterlite (Shanghai) Trading Company Limited

Financial Statements for FY 2017-18

上海宏大东亚会计师事务所有限公司
SHANGHAI HDDY CERTIFIED PUBLIC ACCOUNTANTS CO.,LTD.
地址：中国 上海 四川中路681号6楼 邮编：200002 电话：33011277转 传真：63567207

# Independent Auditors' Report

HUHONGKUAISHIBAOZI（2018）NO.HFD-d0237

**To the Board of directors:**

## 1. Our opinion

We have audited the financial statements of STERLITE (SHANGHAI) TRADING COMPANY LIMITED (the "Company"),which comprise the balance sheet as at 31 March 2018, the statement of comprehensive income, statement of changes in owners' equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as of March 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with Chinese Enterprise Accounting Standards and Enterprise Accounting Principles.

## 2. Basis for Opinion

We conducted our audit in accordance with Chinese Standards on Auditing for Certified Public Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with Chinese Code of Professional Conduct and Ethics for Certified Public Accountants and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 3. Responsibility of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Chinese Enterprise Accounting Standards and Enterprise Accounting Principles, and for devising, implementing and maintaining a system of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## 4. Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Chinese Certified Public Accountants Standards of Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken into on the basis of these financial statements.

As part of an audit in accordance with Chinese Certified Public Accountants Standards of Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainly exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Shanghai HDDY
Certified Public Accountants Co., Ltd

Shanghai · China

Certified Public Accountant

Certified Public Accountant

April 8, 2018

Balance Sheet

Prepared by:Sterlite (Shanghai) Trading Company Limited

2018-3-31

Unit: RMB yuan

| Item | Line No. | Closing Balance | Opening Balance | Item | Line No. | Closing Balance | Opening Balance |
|---|---|---|---|---|---|---|---|
| Current assets: | 1 | — | — | Current liabilities | 65 | — | — |
| Cash and cash equivalents | 2 | 990,925.62 | 710,907.20 | Short-term borrowing | 66 | | - |
| Provision of settlement fund | 3 | | | Borrowings from the central bank | 67 | | |
| Funds for inter-bank lending | 4 | | | Take deposits and Due to placements with banks | 68 | | |
| Transactional financial assets | 5 | | | Funds for inter-bank borrowing | 69 | | |
| Notes receivable | 6 | | | Transactional financial liabilities | 70 | | |
| Accounts receivable | 7 | 276,561.74 | 329,617.43 | Notes payable | 71 | | |
| Advances to suppliers | 8 | 93,929.96 | | Accounts payable | 72 | | |
| Premiums receivable | 9 | | | Advances from customers | 73 | | |
| Reinsurance accounts receivable | 10 | | | Financial Assets sold for repurchase | 74 | | |
| Receivable deposit for reinsurance contractual reserve | 11 | | | Handling charges and commissions payable | 75 | | |
| Interests receivable | 12 | | | Accrued wages and welfare | 76 | 500,000.00 | |
| Other receivables | 13 | 189,150.00 | 224,150.00 | Including:Accrued wages | 77 | | |
| Buying back the sale of financial assets | 14 | | | Accrued wellfare | 78 | | |
| Inventories | 15 | | | Including: Employee rewards and welfare fund | 79 | | |
| Including:Raw material | 16 | | | Taxes and charges payable | 80 | 83,230.23 | 32,062.25 |
| Goods on hand | 17 | | | Including:Taxes payable | 81 | | |
| Non-current assets due in one year | 18 | | | Interests payable | 82 | | |
| Other current assets | 19 | | | Other payables | 83 | | |
| TOTAL CURRENT ASSETS | 20 | 1,550,567.22 | 1,264,674.63 | Dividend payable for reinsurance | 84 | | |
| Non-current assets: | 21 | — | — | Provision for insurance contracts | 85 | | |
| Granting of loans and advance money | 22 | | | Receivings from vicariously traded securities | 86 | | |
| Monetary assets available for selling | 23 | | | Receivings from vicariously sold securites | 87 | | |
| Held to maturity investments | 24 | | | Long-term liabilities to be expired within one year | 88 | | |
| Long term receivables | 25 | | | Other current liabilities | 89 | | |
| Long-term equity investments | 26 | | | TOTAL CURRENT LIABILITIES | 90 | 583,230.23 | 32,062.25 |
| Investment real estate | 27 | | | Non-current liabilities | 91 | — | — |
| Fixed assets original cost | 28 | 30,241.45 | 30,241.45 | Long-term loans | 92 | | |
| Less: Accumulated depreciation | 29 | 18,746.65 | 9,700.23 | Bonds payable | 93 | | |
| Fixed assets - net amount | 30 | 11,494.80 | 20,541.22 | Long-term payables | 94 | | |
| Less: provision for impairment of fixed assets | 31 | | | Payables under specific fund | 95 | | |
| Net fixed assets | 32 | 11,494.80 | 20,541.22 | Accrued liabilities | 96 | | |
| Construction in progress | 33 | | | Deferred income tax liabilities | 97 | | |
| Construction materials | 34 | | | Other non-current liabilities | 98 | | |
| Disposal of fixed assets | 35 | | | Including:Specifically authorized reserve fund | 99 | | |
| Biological assets | 36 | | | TOTAL NON-CURRENT LIABILITIES | 100 | - | - |
| Oil and Gas assets | 37 | | | TOTAL LIABILITIES | 101 | 583,230.23 | 32,062.25 |
| Intangible property | 38 | | | Owners' equity (Shareholders' equity) | 102 | — | — |
| Development payout | 39 | | | Paid-in capital(Stock) | 103 | 1,486,672.40 | 1,486,672.40 |
| Goodwill | 40 | | | National capital | 104 | | |
| Long-term unamortised expenditure | 41 | | | Collective capital | 105 | | |
| Deferred income tax asset | 42 | | | Legal person's capital | 106 | | |
| Other Non-current assets | 43 | | | Including:State-owned legal person's capital | 107 | | |
| Including: Specifically authorized asset reserve | 44 | | | Collective legal person's capital | 108 | | |
| TOTAL NON-CURRENT ASSETS | 45 | 11,494.80 | 20,541.22 | Individual capital | 109 | | |
| | 46 | | | Foreign investors' captial | 110 | | |
| | 47 | | | Less:Returned investment | 111 | | |
| | 48 | | | Paid-in capital(Stock)-net amount | 112 | 1,486,672.40 | 1,486,672.40 |
| | 49 | | | Capital reserve | 113 | | |
| | 50 | | | Less:Treasury stock | 114 | | |
| | 51 | | | Special reserve | 115 | | |
| | 52 | | | Surplus reserve | 116 | | |
| | 53 | | | Including:Statutory surplus reserve | 117 | | |
| | 54 | | | Discretionary surplus reserve | 118 | | |
| | 55 | | | Reserved fund | 119 | | |
| | 56 | | | Enterprise expansion fund | 120 | | |
| | 57 | | | Profit capitalized on return of investment | 121 | | |
| | 58 | | | Provision for common risk | 122 | | |
| | 59 | | | Retained Earnings | 123 | -507,840.61 | -233,518.80 |
| | 60 | | | Difference converted into foreign monetary financial statements | 124 | | |
| | 61 | | | Total owners' equity attributable to parent company | 125 | 978,831.79 | 1,253,153.60 |
| | 62 | | | Minority interest | 126 | | |
| | 63 | | | TOTAL OWNERS' EQUITY | 127 | 978,831.79 | 1,253,153.60 |
| TOTAL ASSETS | 64 | 1,562,062.02 | 1,285,215.85 | TOTAL LIABILITIES AND OWNERS' EQUITY | 128 | 1,562,062.02 | 1,285,215.85 |

# Income Statement

Prepared by:Sterlite (Shanghai) Trading Company Limited 2017.4-2018.3 Unit: RMB yuan

| Item | Line No. | Closing Balance | Opening Balance | Item | Line No. | Closing Balance | Opening Balance |
|---|---|---|---|---|---|---|---|
| **1. Total operation revenue** | 1 | 23,578,687.37 | 10,308,157.57 | Others | 29 | | |
| Including:Operation revenue | 2 | 23,578,687.37 | 10,308,157.57 | Add:Income of changes of fair value("-" means loss) | 30 | | |
| Including:Main operation revenue | 3 | 23,578,687.37 | 10,308,157.57 | Investment income("-" means loss) | 31 | | |
| Other operation revenue | 4 | | | Including:Other investment income | 32 | | |
| Interest income | 5 | | | Net-income for foreign exchange("-" means net-loss) | 33 | | |
| Earned premium | 6 | | | **3.Operation profit Fill in "-" if it's loss** | 34 | -274,269.88 | 489,236.03 |
| Commission income | 7 | | | Add:Non-operating income | 35 | 0.08 | 0.01 |
| **2.Total operation cost** | 8 | 23,852,957.25 | 9,818,921.54 | Including:Gains from disposal of non-current assets | 36 | | |
| Including:Operation cost | 9 | 17,293,903.71 | 3,821,818.81 | Gains from non-monetary exchange | 37 | | |
| Including:Main operation cost | 10 | 17,293,903.71 | 3,821,818.81 | Government subsidies (Revenue from subsidies) | 38 | | |
| Other operation cost | 11 | | | Debt recombination gain | 39 | | |
| Interest expense | 12 | | | Less:Non-operating expenses | 40 | 52.01 | 0.05 |
| Commission expense | 13 | | | Including:Loss from disposal of non-current assets | 41 | | |
| Loan value | 14 | | | Loss from non-monetary exchange | 42 | | |
| Net compensation expenses | 15 | | | Debt recombination loss | 43 | | |
| Appropriation of net provision for insurance contracts | 16 | | | **4.Income before tax ("-" means loss)** | 44 | -274,321.81 | 489,235.99 |
| Dividend expenses for the insures | 17 | | | Less: Income tax | 45 | | |
| Reinsurance costs | 18 | | | **5. Net profit ("-" means net loss)** | 46 | -274,321.81 | 489,235.99 |
| Taxes and added-ons for operation | 19 | 42,722.63 | 46,839.85 | Net profit attributable to parent company | 47 | | |
| Selling expenses | 20 | 7,259.77 | | Minority interest | 48 | | |
| General and administrative expenses | 21 | 6,516,653.49 | 5,956,827.12 | **6、Earnings per share:** | 49 | | |
| Including:Entertainment expenses | 22 | | | Basic earnings per share | 50 | | |
| Research and development expenses | 23 | | | Diluted earnings per share | 51 | | |
| Financial expenses | 24 | -7,582.35 | -6,584.24 | **7、Other composite income** | 52 | | |
| Including:Interest expense | 25 | | | **8、Total composite income** | 53 | | |
| Interest revenue | 26 | | | Total composite income attributable to parent company | 54 | | |
| Exchange gain or loss (- gain / + loss) | 27 | | | Total composite income attributable to minotiry interest | 55 | | |
| Loss for impairment of assets | 28 | | | | | | |

# Statement of Cash Flow

Prepared by:Sterlite (Shanghai) Trading Company Limited | 2017.4-2018.3 | Unit: RMB yuan

| Item | Line No. | Closing Balance | Opening Balance | Item | Line No. | Closing Balance | Opening Balance |
|---|---|---|---|---|---|---|---|
| **1.Cash Flows from Operating Activities** | 1 | — | — | Net cash flows from disposal of fixed assets, intangible assets and other long-term assets | 30 | | |
| Cash received from sales of goods or rendering of services | 2 | 23,631,743.06 | 10,511,949.25 | Net cash flows from disposal of a subsidiary and other company | 31 | | |
| Net increase in deposits from customers and placements from corporations in the same industry | 3 | | | Other cash paid relating to investing activities | 32 | | |
| Net increase in loan from central bank | 4 | | | **Sub-total of cash inflows** | 33 | - | - |
| Net increase in funds borrowed from other financial institutions | 5 | | | Cash paid to acquire fixed assets, intangible assets and other long-term assets | 34 | - | |
| Cash premiums received on original insurance contracts | 6 | | | Cash for investments | 35 | | |
| Cash received from re-insurance business | 7 | | | Net increase in secured loans | 36 | | |
| Net increase in deposits and investments from insurers | 8 | | | Cash paid to acquire a subsidiary and other company | 37 | | |
| Net increase in disposal of trading financial assets | 9 | | | Other cash paid relating to investing activities | 38 | | |
| Interest, handling charges and commissions received | 10 | | | **Sub-total of cash outflows** | 39 | - | - |
| Net increase in funds deposit | 11 | | | **Net cash flows from investing activities** | 40 | - | - |
| Net increase in repurchasement business funds | 12 | | | **3.Cash Flows from Financing Activities** | 41 | — | — |
| Taxes and levies refunded | 13 | | | Proceeds from absorbing investments | 42 | | |
| Other cash received relating to operating activities | 14 | 46,310.94 | 1,233.82 | Including:Proceeds from minority shareholders by subsidiaries | 43 | | |
| **Sub-total of cash inflows** | 15 | 23,678,054.00 | 10,513,183.07 | Proceeds from borrowings | 44 | | |
| Cash paid for goods and services | 16 | 17,387,833.67 | 4,051,127.94 | Proceeds from issuance of bonds | 45 | | |
| Net increase in loans and payments on behalf | 17 | | | Other proceeds relating to financing activities | 46 | | |
| Net increase in deposits with centre bank and interbank | 18 | | | Sub-total of cash inflows | 47 | - | - |
| Payments of claims for original insurance contracts | 19 | | | Cash repayments of amounts borrowed | 48 | | |
| Interests, handling charges and commissions paid | 20 | | | Cash payments for distribution of dividends, profits and interest expenses | 49 | | |
| Commissions on insurance policies paid | 21 | | | Including:Cash payments for distribution of dividends and profit to minority shareholders by subsidiaries | 50 | | |
| Cash paid to and on behalf of employees | 22 | 3,452,500.45 | 3,493,350.98 | Other cash payments relating to financing activities | 51 | | |
| Taxes and levies refunded | 23 | 392,445.48 | 431,223.87 | **Sub-total of cash outflows** | 52 | - | - |
| Other cash paid relating to operating activities | 24 | 2,165,256.08 | 3,127,398.71 | **Net Cash Flows from Financing Activities** | 53 | - | - |
| **Sub-total of cash outflows** | 25 | 23,398,035.68 | 11,103,101.50 | **4.Effect of Foreign Exchange Rate Changes on Cash** | 54 | | 20,937.42 |
| **Net cash flows from operating activities** | 26 | 280,018.32 | -589,918.43 | **5.Net Increase in Cash and Cash Equivalents** | 55 | 280,018.32 | -568,981.01 |
| **2.Cash Flows from Investing Activities** | 27 | — | — | Add: Cash equivalents at the beginning of the period | 56 | 710,907.20 | 1,279,888.21 |
| Cash received from return of investments | 28 | | | **6.Cash equivalents at the end of the period** | 57 | 990,925.52 | 710,907.20 |

# Statement of Changes in Owners' (Stockholders') Equity

Prepared by:Sterlite (Shanghai) Trading Company Limited

2017.4-2018.3

Unit: RMB yuan

**Amount of Current year**

| Item | Line No. | Owners' equity attributable to parent company | | | | | | | | | Minority Interest | Total amount of Owners' equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Paid-in capital(or stock) | Captial surplus | Decrease : stock | Special reserve | Surplus reserves | Provision for normal risk | Retained Earnings | Others | sub-total | | |
| Line No. | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 1.Ending balance of prior year | 1 | 1,486,672.40 | | | | 0.00 | | -233,518.80 | | 1,253,153.60 | | 1,253,153.60 |
| increase:changes in accounting policy | 2 | — | — | — | — | — | — | — | — | — | — | — |
| corrections of accounting errors of prior periods | 3 | — | — | — | — | — | — | — | — | — | — | — |
| 2.Beginning balance in the current year | 4 | 1,486,672.40 | | | | 0.00 | | -233,518.80 | | 1,253,153.60 | | 1,253,153.60 |
| 3.Changes in the current year | 5 | | | | | - | | -274,321.81 | | -274,321.81 | | -274,321.81 |
| (1)Net income/loss | 6 | — | — | — | — | | — | -274,321.81 | — | -274,321.81 | | -274,321.81 |
| (2)Other income/loss | 7 | | | | | | | | | | | |
| Sub-total of item 1 and item 2 | 8 | | | | | | | -274,321.81 | | -274,321.81 | | -274,321.81 |
| (3) Investments by owners' equity and decreased capital | 9 | | | | | | | | | | | |
| a.Capital invested by owners' equity | 10 | | | — | — | — | — | — | — | | | |
| b.Payment by stock included as owners' equity | 11 | | | — | — | — | — | — | — | | | |
| c.Others | 12 | | | | | | | | | | | |
| (4)Withdrawal and use of Special reserve | 13 | | | | | | | | | | | |
| a.Withdrawal of special reserve | 14 | — | — | — | | — | — | — | — | | | |
| b.Use of Special reserve | 15 | — | — | — | | — | — | — | — | | | |
| (5)Profit distribution | 16 | | | | | - | | - | | - | | - |
| a.Appropriation of surplus reserve | 17 | | | | | - | | - | | - | | - |
| including:Statutory surplus reserve | 18 | — | — | — | — | | — | | — | - | — | - |
| Discretionary surplus reserve | 19 | — | — | — | — | | — | | — | - | — | - |
| Reserve fund | 20 | — | — | — | — | | — | | — | | — | |
| Enterprise expansion fund | 21 | — | — | — | — | | — | | — | | — | |
| Profit capitalized on return of investment | 22 | — | — | — | — | | — | | — | | — | |
| b.Withdrawal provision for common risk | 23 | — | — | — | — | — | | | — | | — | |
| c.Distribution for owners' equity | 24 | — | — | — | — | — | — | | — | - | | - |
| d.Others | 25 | | | | | | | | | | | |
| (6)Changes in inner owners' equity | 26 | | | | | | | | | | | |
| a.Conversion of capital surplus into capital(stock) | 27 | | | — | — | — | — | — | — | | — | |
| b.Conversion of surplus reserve into capital(stock) | 28 | | — | — | — | | — | — | — | | — | |
| c.Recovery of losses by surplus reserves | 29 | — | — | — | — | | — | | — | | — | |
| d.Others | 30 | | | | | | | | | | | |
| 4.Ending balance in the current year | 31 | 1,486,672.40 | | | | - | | -607,840.61 | | 978,831.79 | | 978,831.79 |

**Amount of prior year**

| Item | Line No. | Owners' equity attributable to parent company | | | | | | | | | Minority Interest | Total amount of Owners' equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Paid-in capital(or stock) | Captial surplus | Decrease stock | special reserve | Surplus reserves | Provision for normal risk | Retained Earnings | Others | sub-total | | |
| Line No. | | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 1.Ending balance of prior year | 1 | 1,486,672.40 | | | | | | -722,754.79 | | 763,917.61 | | 763,917.61 |
| increase:changes in accounting policy | 2 | | | | | | | | | | | |
| corrections of accounting errors of prior periods | 3 | | | | | | | | | | | |
| 2.Beginning balance in the current year | 4 | 1,486,672.40 | | | | 0.00 | | -722,754.79 | | 763,917.61 | | 763,917.61 |
| 3.Changes in the current year | 5 | | | | | 0.00 | | 489,235.99 | | 489,235.99 | | 489,235.99 |
| (1)Net income/loss | 6 | — | — | — | — | — | — | 489,235.99 | — | 489,235.99 | | 489,235.99 |
| (2)Other income/loss | 7 | | | | | | | | | - | | - |
| Sub-total of item 1 and item 2 | 8 | | | | | | | 489,235.99 | | 489,235.99 | | 489,235.99 |
| (3) Investments by owners' equity and decreased capital | 9 | | | | | | | | | | | |
| a.Capital invested by owners' equity | 10 | | | | — | — | — | — | — | - | | - |
| b.Payment by stock included as owners' equity | 11 | | | | — | — | — | — | — | - | | |
| c.Others | 12 | | | | | | | | | | | |
| (4)Withdrawal and use of Special reserve | 13 | | | | | | | | | - | | - |
| a.Withdrawal of special reserve | 14 | — | — | — | | — | — | — | — | - | | - |
| b.Use of Special reserve | 15 | — | — | — | | — | — | — | — | - | | - |
| (5)Profit distribution | 16 | | | | | 0.00 | | 0.00 | | - | | - |
| a.Appropriation of surplus reserve | 17 | | | | | 0.00 | | 0.00 | | - | | - |
| including:Statutory surplus reserve | 18 | — | — | — | — | | — | | — | - | — | - |
| Discretionary surplus reserve | 19 | — | — | — | — | | — | | — | - | — | - |
| Reserve fund | 20 | — | — | — | — | | — | | — | - | — | - |
| Enterprise expansion fund | 21 | — | — | — | — | | — | | — | - | — | - |
| Profit capitalized on return of investment | 22 | — | — | — | — | | — | | — | - | — | - |
| b.Withdrawal provision for common risk | 23 | — | — | — | — | — | | | — | - | — | - |
| c.Distribution for owners' equity | 24 | — | — | — | — | — | — | | — | - | | - |
| d.Others | 25 | | | | | | | | | - | | - |
| (6)Changes in inner owners' equity | 26 | | | | | | | | | - | | - |
| a.Conversion of capital surplus into capital(stock) | 27 | | | — | — | — | — | — | — | - | — | - |
| b.Conversion of surplus reserve into capital(stock) | 28 | | — | — | — | | — | — | — | - | — | - |
| c.Recovery of losses by surplus reserves | 29 | — | — | — | — | | — | | — | - | — | - |
| d.Others | 30 | | | | | | | | | - | | - |
| 4.Ending balance in the current year | 31 | 1,486,672.40 | | | | - | | -233,518.80 | | 1,253,153.60 | | 1,253,153.60 |

## I. Company profile

Sterlite (Shanghai) Trading Company Limited(the "company" ),as a wholly foreign-owned enterprise ,was established on May 28,2015 invested by STERLITE TECHNOLOGIES LIMITED .Obtaining the business license of the legal entity which No 91310000329521792L.The registered capital is RMB5,000,000.00 and the operation period is 30 years.

The business scope is wholesaling electronic products and components, optical fiber, metal materials and products (except precious metals, steel, aluminum oxide).The company provides the commission agency (excluding auction),importing and exporting agency. And the company also provides the related after-sales service, technical advisory services and other supporting business (Not related to the state-run trade management, involving quota and license administration of goods, shall be dealt with in accordance with the relevant provisions of the state to apply),(The business which is related to admitted business do business in accordance with the admitted license).

## II. Basis for financial statements

The company's accounting statements are issued based the historical cost and on an accrual basis for accounting principles.

## III. Address for enterprise Accounting System

The Company implement the Enterprise Accounting Principles and "Accounting System for Enterprises", the preparation of financial statements in line with the Accounting Standard for Enterprises and "Enterprise Accounting System," and reflecting the financial position, operating results and cash flow information.

## IV. Important accounting policies

### 1 Accounting system

The company implements Enterprise Accounting Standards and Accounting System.

### 2 Reporting period

The Company has adopted year from April 1 to in the prior year to March 31 in the current year as its accounting year.

### 3 Basis of accounting and cost model

The company adopts accrual basis of accounting and historical cost model.

### 4 Bookkeeping base currency & foreign currency translation

The recording currency of the company is RMB. Transactions denominated in foreign currencies

(currencies other than the recording currency) are translated into RMB at the exchange rates of the transaction date quoted by the People' s Bank of China. Foreign currency-denominated monetary assets and liabilities are translated into RMB at the exchange rates prevailing at the date of the balance sheet. Foreign exchange differences deriving from these currency translations were booked into "long-term deferred expenses – organization costs" in the preliminary period and the others as "financial expenses – exchange gains and losses" in current period.

## 5 Standard of cash equivalents

Cash equivalents represent those investments with short duration period, high fluidity and low risk in fair value change but can be easily convertible to cash with already known amount.
Cash and cash equivalents of this company include: cash in hands, cash in bank, other monetary assets and the short-term investments due within three months.

## 6 Short term Investment accounting method

The company's short-term investments are mainly Equity investment and debt investments with historical cost accounting method which is also applicable to sales of investment.
The lower of cost or market valuation method will be applicable to cost of ending period of the investment.

## 7 Bad debts accounting method

The bad debt losses of the company will adopt "allowance method" for accounting and will be proportioned based on the recoverability of the balance of the receivable account at year end. The company will conduct specific analysis to the receivable accounts for drawing bad debts provisions of the receivable account according to previous experiences, financial position and flow of the debtor as well as other information concerned.

a) Under the circumstance that the debtor dies, the receivable is qualified as not collectable as the debtor does not transfer the debt;
b) Under the circumstance that debtor does not fulfill its obligation over a period of 3 years with evidence that money still could not be received.

## 8 Inventory

The inventory is mainly comprised raw materials, semi products, self-produced semi products, finished goods and low value consumables
The inventories is calculated on actual cost
The weight average methodology is applied to daily inventories movement
The ending inventory will be computed based on the lower pricing between cost and net realized value, when the net realized value is lower the cost, the inventory provisions for the impairment loss will be recognized based on the difference

## 9 Fixed assets & depreciation

Fixed assets are referring to a long-term tangible property that a firm owns and uses in the production of its goods, service provision, lease and operation management and is not expected to be consumed or converted into cash any sooner than at least one year's time.

The fixed assets will be measured at historical cost and the depreciation will be accounted by linear method by categories

| Category of fixed assets | Economic use limit | Annual depreciation rate | Net residual value rate |
|---|---|---|---|
| Electronic equipments etc. | 3 years | 30% | 10% |

## 10 Fixed assets provision for impairment losses

Where the recoverable amount is lower than the carrying amount (book net value) based on individual item, the difference should be recognized as provision for impairment loss on fixed assets in the following circumstances:

a) Fixed assets that are not in use for a long time and won' t be used in the excepted future, as well as without transfer value
b) Fixed assets that can' t be used any more due to technology advance
c) Fixed assets that can be used but lead to production with inferior quality
d) Fixed assets with no more use value and transfer value after damage
e) Other fixed assets that 're literally unable to bring economic interests to the enterprises

For those fixed assets that are already accrued for provision for impairment loss in full amount, the provision of depreciation doesn' t apply any more.

## 11 Long term prepaid and deferred expense

Occurred during the start-up organization: In addition to purchase of fixed assets, all the other expense occurred in organization period will be accounted into "Long term prepaid and deferred expense" firstly which will be accounted it as expense dated from production and operations period. Other long-term prepaid expenses will be amortized in benefit period averagely according to the actual amount of accounting.

## 12 Sales revenue

**Goods sales can be recognized under following conditions:**

a) The main risks and rewards of the ownership of goods has been transferred to the buyer;
b) It will not be retained management associated with ownership of the right usually and no control for the goods sold;
c) Economic benefits for the transactions related will inflow into the company;
d) Revenues and costs related to reliable measurement.

**Services sales can be recognized under the following conditions:**

a) Total revenue and total cost can be measured reliably;

b) Economic benefits for the transactions related will inflow into company;

c) Invoice issued or with the evidence of recognition of income

### 13 Corporate Income Tax

The company adopts tax payable method for the calculation of corporate income tax

### 14 Tax item

| Tax category | Tax rate | Tax base |
|---|---|---|
| Value added tax | 6%,17% | Service revenue ,Goods sold |
| Corporate income tax | 25% | Taxable profit |

## V. Explanation for the change of accounting policy and evaluation & the correction of previous errors

NONE

## VI. Notes the financial statements of the main items

In addition to special description in the following currencies stated are RMB

### 1.Cash and cash equivalents

| Item | 2018.3.31 | 2017.3.31 |
|---|---|---|
| Cash | 0.00 | 0.00 |
| Cash in bank | 140,925.52 | 710,907.20 |
| Other cash equivalency | 850,000.00 | 0.00 |
| Grand total | 990,925.52 | 710,907.20 |

### 2. Accounts receivables

| Aging | 2018.3.31 | | 2017.3.31 | |
|---|---|---|---|---|
| | Accounts receivables | % | Accounts receivables | % |
| In 1 year | 276,561.74 | 100.00% | 329,617.43 | 100.00% |
| Grand total | 276,561.74 | 100.00% | 329,617.43 | 100.00% |

**3.Advances to supplier**

| Aging | 2018.3.31 | | 2017.3.31 | |
|---|---|---|---|---|
| | Advances to supplier | % | Advances to supplier | % |
| In 1 year | 93,929.96 | 100.00% | 0.00 | |
| Grand total | 93,929.96 | 100.00% | 0.00 | |

**4.Other accounts receivables**

| Aging | 2018.3.31 | | 2017.3.31 | |
|---|---|---|---|---|
| | Other accounts receivables | % | Other accounts receivables | % |
| In 1 year | 189,150.00 | 100.00% | 224,150.00 | 100.00% |
| Grand total | 189,150.00 | 100.00% | 224,150.00 | 100.00% |

**5.Fixed assets**

| Item | 2017.3.31 | Addition | Disposal | 2018.3.31 |
|---|---|---|---|---|
| **Original cost** | 30,241.45 | | | 30,241.45 |
| Office equipment | 30,241.45 | | | 30,241.45 |
| **Accumulated depreciation** | 9,700.23 | 9,046.42 | | 18,746.65 |
| Office equipment | 9,700.23 | 9,046.42 | | 18,746.65 |
| **Net value** | 20,541.22 | -9,046.42 | | 11,494.80 |
| Office equipment | 20,541.22 | -9,046.42 | | 11,494.80 |

**6.Accrued wages and welfare**

| Item | 2018.3.31 | 2017.3.31 |
|---|---|---|
| Accrued wages | 500,000.00 | 0.00 |
| Grand total | 500,000.00 | 0.00 |

**7. Taxes and charges payable**

| Item | 2018.3.31 | 2017.3.31 |
|---|---|---|
| Value added tax | 79,990.19 | 28,373.67 |
| City construction tax | 1,890.03 | 1,986.16 |
| Additional tax of education | 1,350.01 | 1,418.68 |
| Channel charge | 0.00 | 283.74 |

| Item | 2018.3.31 | 2017.3.31 |
|---|---|---|
| Grand total | 83,230.23 | 32,062.25 |

**8.Paid-in capital**

| Name of Shareholder | 2017.3.31 | Increase of current year | Decrease of current year | 2018.3.31 | Percentage % |
|---|---|---|---|---|---|
| STERLITE TECHNOLOGIES LIMITED | 1,486,672.40 | | | 1,486,672.40 | 100.00% |
| Grand total | 1,486,672.40 | | | 1,486,672.40 | 100.00% |

The company received $226,875.90 capital contribution from STERLITE TECHNOLOGIES LIMITED, according to the current rate of 100:655.28, is equivalent to RMB 1,486,672.40.

**9. Retained Earnings**

| Item | 2018.3.31 | 2017.3.31 |
|---|---|---|
| Opening balance of Retained Earnings | -233,518.80 | -722,754.79 |
| Add:Net profit for the current year | -274,321.81 | 489,235.99 |
| Closing balance of Undistributed profit | -507,840.61 | -233,518.80 |

**10.Total operation revenue**

| Item | Amount of current year | Amount of last year |
|---|---|---|
| Revenue from main operations | 23,578,687.37 | 10,308,157.57 |
| Revenue from other operations | | |

**11.Total operation cost**

| Item | Amount of current year | Amount of last year |
|---|---|---|
| Operation cost | 17,293,903.71 | 3,821,818.81 |
| Operation tax and surcharge | 42,722.63 | 46,839.85 |
| Operating expenses | 7,259.77 | |
| General and administration expense | 6,516,653.49 | 5,956,827.12 |
| Financial expenses | -7,582.35 | -6,564.24 |

**12.** Non-operating income & expenses

| Item | Amount of current year | Amount of last year |
|---|---|---|
| Non-operating income | 0.08 | 0.01 |
| Non-operating expenses | 52.01 | 0.05 |

## VII. Subsequent events

NONE

STERLITE (SHANGHAI) TRADING COMPANY LIMITED
April 8, 2018

**Report of the Directors and**

**Financial Statements for the Year Ended 31 March 2018**

**for**

**STERLITE TECHNOLOGIES UK VENTURES LTD**

## Contents of the Financial Statements
## FOR THE YEAR ENDED 31 MARCH 2018

## Company Information
## FOR THE YEAR ENDED 31 MARCH 2018

| | |
|---|---|
| **DIRECTORS:** | A Agarwal<br>K S Rao |
| **REGISTERED OFFICE:** | Third Floor<br>126-134 Baker Street<br>London<br>W1U 6UE |
| **REGISTERED NUMBER:** | 08550019 (England and Wales) |
| **AUDITORS:** | Butler & Co LLP<br>Chartered Accountants<br>& Statutory Auditor<br>Third Floor<br>126-134 Baker Street<br>London<br>W1U 6UE |

## Report of the Directors
## FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report with the financial statements of the company for the year ended 31 March 2018.

**PRINCIPAL ACTIVITY**
The principal activity of the company in the year under review was that of an investment company.

**REVIEW OF BUSINESS**
The Company has invested £2,009,903 in Sterlite Conduspar Industrial LTDA, a 58% Joint Venture in Brazil. The Brazilian company is a manufacturer and trader of Optical Fibre Cables.

**DIRECTORS**
The directors shown below have held office during the whole of the period from 1 April 2017 to the date of this report.

A Agarwal
K S Rao

**DIRECTORS' RESPONSIBILITIES STATEMENT**
The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**
The auditors, Butler & Co LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**

........................................................................
A Agarwal - Director

Date: 5 JUNE 2018

## Report of the Independent Auditors to the Members of Sterlite Technologies UK Ventures Ltd

**Opinion**

We have audited the financial statements of Sterlite Technologies UK Ventures Ltd (the 'company') for the year ended 31 March 2018 which comprise the Income Statement, Balance Sheet and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

**Report of the Independent Auditors to the Members of**
**Sterlite Technologies UK Ventures Ltd**

**Responsibilities of directors**
As explained more fully in the Directors' Responsibilities Statement set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Our responsibilities for the audit of the financial statements**
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Sanjeev Phadke (Senior Statutory Auditor)
for and on behalf of Butler & Co LLP
Chartered Accountants
& Statutory Auditor
Third Floor
126-134 Baker Street
London
W1U 6UE

Date: 5 June 2018

## STERLITE TECHNOLOGIES UK VENTURES LTD

### Income Statement
### FOR THE YEAR ENDED 31 MARCH 2018

| | Notes | 2018 £ | 2017 £ |
|---|---|---|---|
| **TURNOVER** | | - | - |
| Administrative expenses | | 1,188 | 3,350 |
| **OPERATING LOSS** | | (1,188) | (3,350) |
| Interest payable and similar expenses | | 26,587 | 25,746 |
| **LOSS BEFORE TAXATION** | | (27,775) | (29,096) |
| Tax on loss | | - | - |
| **LOSS FOR THE FINANCIAL YEAR** | | (27,775) | (29,096) |

The notes form part of these financial statements

## STERLITE TECHNOLOGIES UK VENTURES LTD (REGISTERED NUMBER: 08550019)

### Balance Sheet
### 31 MARCH 2018

| | Notes | 2018 £ | 2018 £ | 2017 £ | 2017 £ |
|---|---|---|---|---|---|
| **FIXED ASSETS** | | | | | |
| Investments | 3 | | 2,009,903 | | 1,971,026 |
| **CURRENT ASSETS** | | | | | |
| Cash at bank | | 1,965 | | 1,965 | |
| **CREDITORS** | | | | | |
| Amounts falling due within one year | 4 | - | | 6,700 | |
| **NET CURRENT ASSETS/(LIABILITIES)** | | | 1,965 | | (4,735) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | 2,011,868 | | 1,966,291 |
| **CREDITORS** | | | | | |
| Amounts falling due after more than one year | 5 | | 2,116,167 | | 2,042,815 |
| **NET LIABILITIES** | | | (104,299) | | (76,524) |
| **CAPITAL AND RESERVES** | | | | | |
| Called up share capital | | | 3,150 | | 3,150 |
| Retained earnings | | | (107,449) | | (79,674) |
| **SHAREHOLDERS' FUNDS** | | | (104,299) | | (76,524) |

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were authorised for issue by the Board of Directors on 05 JUNE 2018 and were signed on its behalf by:

A Agarwal - Director

The notes form part of these financial statements

## Notes to the Financial Statements
## FOR THE YEAR ENDED 31 MARCH 2018

### 1. STATUTORY INFORMATION

Sterlite Technologies UK Ventures Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

### 2. ACCOUNTING POLICIES

**Basis of preparing the financial statements**
These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Investments in subsidiaries**
Investments in subsidiary undertakings are recognised at cost.

**Taxation**
Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Going concern:**
The financial statements have been prepared on a going concern basis. The parent company will provide the necessary support to maintain the company as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

### 3. FIXED ASSET INVESTMENTS

| | Shares in group undertakings £ |
|---|---|
| **COST** | |
| At 1 April 2017 | 1,971,026 |
| Additions | 38,877 |
| At 31 March 2018 | 2,009,903 |
| **NET BOOK VALUE** | |
| At 31 March 2018 | 2,009,903 |
| At 31 March 2017 | 1,971,026 |

The above investment represents a 58% holding in Sterlite Conduspar Industrial LTDA, a company incorporated in Brazil.

These financial statements contain information about Sterlite Technologies UK Ventures Ltd as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 401 of the Companies Act 2006 as the company itself is a subsidiary undertaking and its parent undertaking is not established under the law of an EEA state. The company is included in consolidated accounts of its parent company.



continued...

## Notes to the Financial Statements - continued
## FOR THE YEAR ENDED 31 MARCH 2018

### 4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| Other creditors | - | 6,700 |

### 5. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| Amounts owed to group undertakings | 2,116,167 | 2,042,815 |

The parent company has provided a line of credit of $ 3,500,000. As at the year end a sum of £2,116,167 (2017: £2,042,815) has been drawn. Interest is payable in quarterly instalments at the rate of 0.75%.

The amount drawn is repayable on demand. However, the lender has confirmed that the amount outstanding will not be recalled within the next 12 months.

### 6. RELATED PARTY DISCLOSURES

As at 31 March 2018 the company owed a sum of £2,116,167 (2017: £2,042,815) to Sterlite Technologies Ltd (the ultimate parent company). Interest payable on this loan was £26,587 (2017: £25,746).

## Detailed Profit and Loss Account
## FOR THE YEAR ENDED 31 MARCH 2018

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Income** | | - | | - |
| **Expenditure** | | | | |
| Legal and Professional fees | 188 | | 1,350 | |
| Auditors' remuneration | 1,000 | | 2,000 | |
| | | 1,188 | | 3,350 |
| | | (1,188) | | (3,350) |
| **Finance costs** | | | | |
| Other interest | | 26,587 | | 25,746 |
| **NET LOSS** | | (27,775) | | (29,096) |

This page does not form part of the statutory financial statements

# Sterlite Conduspar Industrial Ltda.

## Financial Statements for FY 2017-18

**STERLITE CONDUSPAR INDUSTRIAL LTDA**
**CNPJ/MF: 17.819.305/0001-22**
**BALANCETE DE VERIFICAÇÃO**

**ENCERRADO EM 31 DE DEZEMBRO DE 2017**

(Valores expressos em milhares de reais - R$)

## ATIVO

| | |
|---|---|
| **ATIVO CIRCULANTE** | |
| **DISPONÍVEL** | **419** |
| Disponibilidades | 419 |
| **CRÉDITOS** | **13.409** |
| Clientes a Receber | 6.569 |
| Tributos a Recuperar | 945 |
| Adiantamentos e Desp.Exerc.Seguinte | 553 |
| Estoques | 5.319 |
| Mútuos | 0 |
| Operações Hedge | 0 |
| Outros Ativos | 23 |
| **Total do ATIVO CIRCULANTE** | **13.828** |
| **NÃO CIRCULANTE** | |
| **REALIZAVEL A LONGO PRAZO** | **0** |
| Tributos a Recuperar | 0 |
| Partes Relacionadas | 0 |
| Depositos Judiciais | 0 |
| Creditos Fiscais Diferidos | 0 |
| **INVESTIMENTOS** | **0** |
| Sterlite Conduspar Industrial Ltda | 0 |
| **IMOBILIZADO** | **8.117** |
| Bens em Operação | 10.242 |
| (-) Depreciações | (2.125) |
| Imobilizado em Andamento | 0 |
| **INTANGÍVEL** | **0** |
| Bens Intangiveis | 0 |
| (-) Amortizações | 0 |
| **Total do ATIVO NÃO CIRCULANTE** | **8.117** |
| **Total do ATIVO** | **21.945** |

## PASSIVO E PATRIMONIO LIQUIDO

| | |
|---|---|
| **PASSIVO CIRCULANTE** | |
| **EXIGÍVEL A CURTO PRAZO** | **20.136** |
| Fornecedores | 12.613 |
| Impostos e Contribuições | 2.386 |
| Emprest / Financiamentos | 0 |
| Salarios e Encargos | 94 |
| Provisões | 390 |
| Outras Obrigações | (271) |
| Partes Relacionadas | 4.955 |
| Adiantamentos Clientes | 0 |
| Operações Hedge | 0 |
| **Total do PASSIVO CIRCULANTE** | **20.136** |
| **NÃO CIRCULANTE** | |
| **OBRIGAÇÕES A LONGO PRAZO** | **1.041** |
| Fornecedores | 0 |
| Emprestimos /Financiamentos | 0 |
| Parcelamentos Tributários | 1.041 |
| Provisões para contigências | 0 |
| **DIFERIDO** | **0** |
| Debitos Fiscais Diferidos | 0 |
| **Total do Passivo NÃO CIRCULANTE** | **1.041** |
| **Total do PASSIVO** | **21.177** |
| **PATRIMÔNIO LÍQUIDO** | |
| **CAPITAL SOCIAL** | **12.814** |
| Capital Social Subscrito | 12.814 |
| **RESERVAS** | (12.046) |
| Reserva de Lucros | (11.206) |
| Reserva Legal | |
| Reserva para Futuro Aumento de Capital | 0 |
| Resultado Exercicio | (840) |
| Ajuste Avaliação Patrimonial | 0 |
| Lucros Distribuídos | 0 |
| | 0 |
| **Total do PATRIMÔNIO LÍQUIDO** | **768** |
| **Total do PASSIVO + PATRIM. LIQUIDO** | **21.945** |

Reconhecemos a exatidão do presente Balancete de Verificação com base na documentação apresentada, encerrado em **31 DE DEZEMBRO DE 2017** somando tanto em seu ATIVO como no PASSIVO, a importância supra de R$ **21.945** ****************(Vinte e Hum Milhões, novecentos e quarenta e cinco Mil Reais)**********

Andre R. Abage

ANDRE RAUEN ABAGE
ADMINISTRADOR
CPF: 961.591.209-30

EDUARDO VITALE
PR-064653/O-7
CPF: 133.532.718-56

**STERLITE CONDUSPAR INDUSTRIAL LTDA**

**CNPJ/MF: 17.819.305/0001-22**

**DEMONSTRAÇÃO DO RESULTADO DO EXERCICIO**

**PERÍODO: 01 DE DEZEMBRO DE 2017 A 31 DE DEZEMBRO DE 2017**

(Valores expressos em milhares de reais - R$)

| | dezembro-17 | acumulado - 17 |
|---|---|---|
| **RECEITA OPERACIONAL BRUTA** | **1.860** | **27.174** |
| Receitas de Vendas | 1.860 | 27.174 |
| (-)Cut-Off 2014 | - | - |
| **( - ) DEDUÇÕES DA RECEITA** | **(513)** | **(8.001)** |
| Impostos Incidentes Sobre Faturamento | (513) | (6.823) |
| Devoluções de Vendas | - | (1.178) |
| | | - |
| **OUTRAS RECEITAS OPERACIONAIS** | - | **74** |
| Receitas Operacionais Diversas | - | 74 |
| **RECEITA OPERACIONAL LÍQUIDA** | **1.347** | **19.247** |
| **CUSTOS** | **(1.372)** | **(16.399)** |
| Custo dos Produtos Vendidos | (1.372) | (16.399) |
| (-)Cut-Off 2014 | - | - |
| **LUCRO BRUTO OPERACIONAL** | **(25)** | **2.848** |
| **( - ) DESPESAS OPERACIONAIS** | | |
| **DESPESAS OPERACIONAIS** | **(418)** | **(3.858)** |
| Despesas com Folha de Pagamento | (20) | (153) |
| Impostos e Taxas | (2) | (31) |
| Despesas Administrativas Diversas | (397) | (3.673) |
| **DESPESAS E RECEITAS FINANCEIRAS** | **101** | **175** |
| **DESPESAS FINANCEIRAS** | **(20)** | **275** |
| Juros Pagos ou Incorridos | (8) | (105) |
| Outras despesas financeiras | (4) | (51) |
| Variações Monetárias | (8) | 431 |
| **RECEITAS FINANCEIRAS** | **121** | **(100)** |
| Juros e Rendimentos Auferidos | 10 | 85 |
| Variações Monetárias | 111 | (185) |
| **RESULTADO LÍQUIDO OPERACIONAL** | **(342)** | **(834)** |
| **RESULTADOS NÃO OPERACIONAIS** | - | **(6)** |
| Despesas Indedutíveis | | (6) |
| **RESULTADO LIQUIDO** | **(342)** | **(840)** |
| **PROVISOES TRIBUTOS** | | |
| Impostos sobre o Lucro - diferido | | |
| **RESULTADO LÍQUIDO DO EXERCÍCIO** | **(342)** | **(840)** |

André R. Abage

ANDRE RAUEN ABAGE
ADMINISTRADOR
CPF: 961.591.209-30

EDUARDO VITALE
PR-064653/O-7
CPF: 133.532.718-58

# STERLITE TECHNOLOGIES EUROPE VENTURES LIMITED

FINANCIAL STATEMENTS

Period from 1 April 2017 to 31 March 2018

# STERLITE TECHNOLOGIES EUROPE VENTURES LIMITED

FINANCIAL STATEMENTS
Period from 1 April 2017 to 31 March 2018

## CONTENTS

# STERLITE TECHNOLOGIES EUROPE VENTURES LIMITED

## BOARD OF DIRECTORS AND OTHER OFFICERS

| | |
|---|---|
| **Board of Directors:** | Anand Agarwal<br>Andreas Avraamidis<br>Popi Savva |
| **Company Secretary:** | Chelco Management Services Limited |
| **Independent Auditors:** | Costas Tsielepis & Co Ltd<br>Certified Public Accountants and Registered Auditors<br>205, 28th October Street<br>Louloupis Court, 1st Floor<br>3035 Limassol<br>Cyprus |
| **Registered office:** | 221 Christodoulou Chatzipavlou<br>Helios Court, 1st floor<br>3036, Limassol<br>Cyprus |
| **Banker:** | ICICI Bank UK Plc |
| **Registration number:** | 289252 |

**COSTAS TSIELEPIS & CO**
AUDIT | TAX | ADVISORY

# Independent Auditor's Report

## To the Members of Sterlite Technologies Europe Ventures Limited

### Report on the Audit of the Financial Statements

#### Qualified Opinion

We have audited the financial statements of Sterlite Technologies Europe Ventures Limited (the "Company"), which are presented in pages 5 to 12 and comprise the statement of financial position as at 31 March 2018 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period from 1 April 2017 to 31 March 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2018 and of its financial performance and its cash flows for the period from 1 April 2017 to 31 March 2018 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

#### Basis for Qualified Opinion

Even though the bank balance have been agreed to bank statements, it was not made possible however to obtain bank confirmation reply from the Company's sole bank and as such we have not been able to assess completeness of bank balances.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### Emphasis of Matter

We draw attention to note 2 of the financial statements where it is indicated that the financial statements have not been prepared on a going concern basis since it is the intention of the members to liquidate the Company as soon as arrangements can be made. Our opinion is not qualified in respect of this matter.

#### Other Information

The Board of Directors is responsible for the other information. The other information comprises the additional information to the statement of profit or loss and other comprehensive income in pages 13 to 15, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Costas Tsielepis & Co Ltd
205, 28th October Str., Louloupis Court, 1st Floor, 3035 Limassol, Cyprus | P.O. Box 51631, 3507 Limassol, Cyprus
T: +357 25871000 | F: +357 25373737 | E: info@tsielepis.com.cy www.tsielepis.com.cy



Registration No. HE195250 | Licensed Statutory Auditors, ICPAC Certificate No. E165/A
**George Tsielepis**, BSc, FCA, **Alexis Tsielepis**, BSc, FCA, **Antonis Christodoulides**, BSc, FCCA, **Costas Constantinou**
**Nicolas Papaponayiotou**, BSc, MBA, FCCA

# Independent Auditor's Report (continued)

## To the Members of Sterlite Technologies Europe Ventures Limited

### Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

# Independent Auditor's Report (continued)

## To the Members of Sterlite Technologies Europe Ventures Limited

**Other Matter**

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Antonis Christodoulides
Certified Public Accountant and Registered Auditor
for and on behalf of
**Costas Tsielepis & Co Ltd**
**Certified Public Accountants and Registered Auditors**

Limassol, 5 April 2018

# STERLITE TECHNOLOGIES EUROPE VENTURES LIMITED

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Period from 1 April 2017 to 31 March 2018

| | Note | **01/04/2017-31/03/2018 €** | 01/04/2016-31/03/2017 € |
|---|---|---|---|
| Administration expenses | | **(893)** | (1.119) |
| **Operating loss** | 4 | **(893)** | (1.119) |
| Finance costs | 5 | **(19)** | (15) |
| **(Loss) before tax** | | **(912)** | (1.134) |
| Tax | 6 | **-** | - |
| **Net loss for the period** | | **(912)** | (1.134) |
| **Other comprehensive income** | | **-** | - |
| **Total comprehensive expense for the year** | | **(912)** | (1.134) |

# STATEMENT OF FINANCIAL POSITION
31 March 2018

| | Note | 31 March 2018 € | 31 March 2017 € |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Receivables | 7 | **6.037** | 7.822 |
| Cash at bank and in hand | 8 | **2.474** | 2.496 |
| | | **8.511** | 10.318 |
| **Total assets** | | **8.511** | 10.318 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 9 | **2.000** | 2.000 |
| Share premium | | **13.000** | 13.000 |
| Accumulated losses | | **(6.489)** | (5.577) |
| **Total equity** | | **8.511** | 9.423 |
| **Current liabilities** | | | |
| Trade and other payables | 10 | **-** | 895 |
| | | **-** | 895 |
| **Total equity and liabilities** | | **8.511** | 10.318 |

On 5 April 2018 the Board of Directors of Sterlite Technologies Europe Ventures Limited authorised these financial statements for issue.

.................................
Director

.................................
Director

# STERLITE TECHNOLOGIES EUROPE VENTURES LIMITED

## STATEMENT OF CHANGES IN EQUITY
Period from 1 April 2017 to 31 March 2018

| | Share capital € | Share premium € | Accumulated losses € | Total € |
|---|---|---|---|---|
| **Balance at 1 April 2016** | **2.000** | **13.000** | **(4.443)** | **10.557** |
| Total comprehensive expense for the year | - | - | (1.134) | (1.134) |
| **Balance at 31 March 2016/ 1 April 2016** | **2.000** | **13.000** | **(5.577)** | **9.423** |
| Total comprehensive expense for the year | - | - | (912) | (912) |
| **Balance at 31 March 2018** | **2.000** | **13.000** | **(6.489)** | **8.511** |

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 9 to 12 form an integral part of these financial statements.

# STERLITE TECHNOLOGIES EUROPE VENTURES LIMITED

## CASH FLOW STATEMENT
Period from 1 April 2017 to 31 March 2018

| | Note | 01/04/2017-31/03/2018 € | 01/04/2016-31/03/2017 € |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **(Loss) before tax** | | **(912)** | (1.134) |
| | | **(912)** | (1.134) |
| **Changes in working capital:** | | | |
| Decrease/(increase) in receivables | | **1.785** | (7.822) |
| Decrease in trade and other payables | | **(895)** | (106) |
| **Cash used in operations** | | **(22)** | (9.062) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | **-** | - |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from loans from related companies | | **-** | - |
| **Net decrease in cash and cash equivalents** | | **(22)** | (9.062) |
| Cash and cash equivalents at beginning of the period | | **2.496** | 11.558 |
| **Cash and cash equivalents at end of the period** | 8 | **2.474** | 2.496 |

The notes on pages 9 to 12 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS
Period from 1 April 2017 to 31 March 2018

## 1. Incorporation and principal activities

### Country of incorporation

The Company Sterlite Technologies Europe Ventures Limited (the "Company") was incorporated in Cyprus on 23 June 2011 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 221 Christodoulou Chatzipavlou, Helios Court, 1st floor, 3036, Limassol, Cyprus.

### Principal activity

The Company did not carry out any operations during the year.

## 2. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

### Going concern basis

The financial statements have not been prepared on a going concern basis since it is the intention of the members to liquidate the Company as soon as arrangements can be made.

### Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention.

### Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 Jannuary 2017. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

### Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

### Foreign currency translation

**(1) Functional and presentation currency**
Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

**(2) Transactions and balances**
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

## 2. Significant accounting policies (continued)

### Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

### Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank.

### Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

## 3. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

*Judgments*

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Income taxes**

  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

## 4. Operating loss

| | **01/04/2017-31/03/2018** | 01/04/2016-31/03/2017 |
|---|---|---|
| | **€** | € |
| Operating loss is stated after charging the following items: | | |
| Auditors' remuneration | **893** | 893 |

### 5. Finance costs

| | 01/04/2017-31/03/2018 € | 01/04/2016-31/03/2017 € |
|---|---|---|
| Bank charges | 19 | 15 |
| | 19 | 15 |

### 6. Tax

The tax on the Company's results before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

| | 01/04/2017-31/03/2018 € | 01/04/2016-31/03/2017 € |
|---|---|---|
| (Loss) before tax | (912) | (1.134) |
| Tax calculated at the applicable tax rates | (114) | (142) |
| Tax effect of expenses not deductible for tax purposes | 23 | - |
| Tax effect of tax loss for the period | 91 | 142 |
| **Tax charge** | - | - |

The corporation tax rate is 12,5%.

Due to tax losses sustained in the period, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years. As at 31 March 2018, the balance of tax losses which is available for offset against future taxable profits amounts to €18.488 for which no deferred tax asset is recognised in the statement of financial position.

### 7. Receivables

| | 31 March 2018 € | 31 March 2017 € |
|---|---|---|
| Shareholders' current accounts - debit balances (Note 11.1) | 6.037 | 7.822 |
| | 6.037 | 7.822 |

The parent company's balance bears no interest and there is no specified repayment date.

The fair values of receivables due within one year approximate to their carrying amounts as presented above.

### 8. Cash at bank and in hand

Cash balances are analysed as follows

| | 31 March 2018 € | 31 March 2017 € |
|---|---|---|
| Cash at bank and in hand | 2.474 | 2.496 |
| | 2.474 | 2.496 |

### 9. Share capital

| | 2018 Number of shares | 2018 € | 2017 Number of shares | 2017 € |
|---|---|---|---|---|
| **Authorised** | | | | |
| Ordinary shares of €1 each | 10.000 | 10.000 | 10.000 | 10.000 |
| **Issued and fully paid** | | € | | € |
| Balance at 1 April | 2.000 | 2.000 | 2.000 | 2.000 |
| **Balance at 31 March** | 2.000 | 2.000 | 2.000 | 2.000 |

### 10. Trade and other payables

| | 31 March 2018 € | 31 March 2017 € |
|---|---|---|
| Accruals | - | 895 |
| | - | 895 |

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

### 11. Related party transactions

The Company is controlled by Sterlite Technologies Limited, incorporated in India, which owns 100% of the Company's shares.

### 11.1 Parent company's current accounts - debit balances (Note 7)

| | 31 March 2018 € | 31 March 2017 € |
|---|---|---|
| Sterlite Technologies Ltd | 6.037 | 7.822 |
| | 6.037 | 7.822 |

The parent company's accounts are interest free, and have no specified repayment date.

### 12. Contingent liabilities

The Company had no contingent liabilities as at 31 March 2018.

### 13. Commitments

The Company had no capital or other commitments as at 31 March 2018.

### 14. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

**Independent auditor's report on pages 2 to 4**

# ADMINISTRATIVE EXPENSES
Period from 1 April 2017 to 31 March 2018

| | **01/04/2017-31/03/2018 €** | 01/04/2016-31/03/2017 € |
|---|---|---|
| **Administration expenses** | | |
| Auditors' remuneration | **893** | 893 |
| Other professional fees | **-** | 226 |
| | **893** | 1.119 |

# STERLITE TECHNOLOGIES EUROPE VENTURES LIMITED

## FINANCE COSTS
Period from 1 April 2017 to 31 March 2018

| | **01/04/2017-31/03/2018 €** | 01/04/2016-31/03/2017 € |
|---|---|---|
| **Finance costs** | | |
| **Sundry finance expenses** | | |
| Bank charges | **19** | 15 |
| | **19** | 15 |

# STERLITE TECHNOLOGIES EUROPE VENTURES LIMITED

## COMPUTATION OF CORPORATION TAX
Period from 1 April 2017 to 31 March 2018

| | Page | € | € |
|---|---|---|---|
| Net loss per income statement | 5 | | (912) |
| Add: | | | |
| Deemed interest | | 181 | |
| | | | 181 |
| **Net loss for the year** | | | (731) |

| **Apportionment to the relevant years of assessment** | 2018 € | 2017 € |
|---|---|---|
| Period 1/4/2017 - 31/12/2017 | - | (548) |
| Period 01/01/2018 - 31/3/2018 | (183) | - |
| | (183) | (548) |
| Period 01/01/2017 - 31/3/2017 | - | (284) |
| | (183) | (832) |
| Loss brought forward | | (7,877) |
| **Loss carried forward** | | (8,709) |

*ELITECORE TECHNOLOGIES (MAURITIUS) LIMITED*

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

ELITECORE TECHNOLOGIES (MAURITIUS) LIMITED

**FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 MARCH 2018**

**CONTENTS**

**ELITECORE TECHONOLOGIES (MAURITIUS) LIMITED**

**CORPORATE DATA**

| | | | Date of appointment | Date of resignation |
|---|---|---|---|---|
| **DIRECTORS** | : | Boodhooa Shailendranath | 06 February 2012 | - |
| | | Jain Nikhil | 06 February 2012 | |
| | | Navin Sharma | 06 October 2017 | |

**ADMINISTRATOR & SECRETARY** : Stanhope Corporate & Management Services Ltd
9th Floor, Ebene Tower,
52, Cybercity
**Ebene**
**MAURITIUS**

**REGISTERED OFFICE** : Stanhope Corporate & Management Services Ltd
9th Floor, Ebene Tower,
52, Cybercity
**Ebene**
**MAURITIUS**

**AUDITORS** : Mazars
Chartered Accountants
4th Floor, Unicorn Centre
Frère Félix de Valois Street
**Port Louis**
**MAURITIUS**

**BANKER** : The Hongkong and Shanghai Banking Corporation Limited
HSBC Centre, 18, Cybercity
**Ebene**
**MAURITIUS**

EILTECORE TECHNOLOGIES (MAURITIUS) LIMITED

COMMENTARY OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2018

## PRINCIPAL ACTIVITIES

The principal activity of Elitecore Technologies (Mauritius) Limited (the "Company") is to provide computer engineering services in Mauritius.

## RESULTS AND DIVIDEND

The company's loss for the year is **Rs. 24,227** (2017 profit: Rs. 53,421). The directors do not recommend the payment of any dividend in respect of the period under review.

## DIRECTORS

The present membership of the Board is set out on page 2.

## DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance, changes in equity and cash flows of the Company. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

## AUDITORS

The auditors, Mazars, have indicated their willingness to continue in office and will be automatically reappointed at the next annual general meeting.

**Authorised for issue by the Board of Directors on ............................................**
**and signed on its behalf by:**

...........................................  ...........................................

Director Navin Sharma    Director Nikhil Jain

**ELITECORE TECHNOLOGIES (MAURITIUS) LIMITED**

**CERTIFICATE FROM THE SECRETARY**
**UNDER SECTION 166 (d) OF THE COMPANIES ACT 2001**

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of Elitecore Technologies (Mauritius) Limited under the Companies Act 2001 during the financial year ended 31 March 2018.

..................................................

**Stanhope Corporate & Management Services Ltd**
**9th Floor, Ebene Tower ,**
**52 Cybercity Ebene ,**
**Mauritius**

Date:

MAZARS



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

## ELITECORE TECHNOLOGIES (MAURITIUS) LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of the Elitecore Technologies (Mauritius) Limited ("the Company") on pages 12 to 21, which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 12 to 21 give a true and fair view of the financial position of the "Company at 31 March 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and comply with the Mauritius Companies Act 2001.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

#### Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

#### Other information

The directors are responsible for the other information. The other information comprises the Corporate Governance Report, Commentary of the Directors and Secretary's Certificate as required by the Mauritius Companies Act 2001, which we obtained prior to the date of the audit report. Other information does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Chartered Accountants

4th Floor, Unicorn Centre, Frere Felix de Valois Street, Port Louis, Mauritius
Tel: +230 208 7777 - Fax: +230 208 4444 • info@mazars.mu • www.mazars.mu

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

ELITECORE TECHNOLOGIES (MAURITIUS) LIMITED

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and in compliance with Mauritius Companies Act 2001, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

ELITECORE TECHNOLOGIES (MAURITIUS) LIMITED

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the financial statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The Mauritius Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

a) we have no relationship with, or interests in, the Company other than in our capacity as auditors;

b) we have obtained all the information and explanations we have required; and

c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Other matter

This report, including the opinion has been prepared for and only for the Company's members, as a body, in accordance with Section 205 of the Mauritius Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

mazars

*Mazars*

*Udaysingh Taukoordass, FCA*
Licensed by FRC

Date: 06 AUG 2018

*ELITECORE TECHNOLOGIES (MAURITIUS) LIMITED*

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED 31 MARCH 2018**

| | Notes | 2018<br>Rs | 2017<br>Rs |
|---|---|---|---|
| Income | 5 | **6,427,512** | 10,014,281 |
| Operating expenses | | **(5,281,823)** | (8,655,036) |
| **Operating profit** | 6 | **1,145,689** | 1,359,245 |
| Other gains - net | 7 | **(413,424)** | (99,754) |
| **Expenses** | | | |
| Professional and administrative expenses | | **(750,646)** | (1,170,962) |
| **(Loss) / Profit before taxation** | | (18,381) | 88,529 |
| Taxation | 8 | (5,846)- | (35,108) |
| **(Loss) / Profit for the year** | | (24,227) | 53,421 |
| Other comprehensive income | | - | - |
| **Total comprehensive income for the year** | | (24,227) | 53,421 |

The notes on pages 12 to 21 form an integral part of these financial statements.

*ELITECORE TECHNOLOGIES (MAURITIUS) LIMITED*

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

| | Notes | 2018<br>Rs | 2017<br>Rs |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Trade and other receivables | 9 | **3,689,468** | 1,232,332 |
| Cash and cash equivalents | 10 | **1,067,217** | 3,479,883 |
| Current tax asset | 8 | **26,647** | |
| **TOTAL ASSETS** | | **4,783,332** | 4,712,215 |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Stated capital | 11 | **760,600** | 760,600 |
| Retained earnings | | **1,893,253** | 1,917,480 |
| **Shareholders' interest** | | **2,653,853** | 2,678,080 |
| **Current liabilities** | | | |
| Trade and other payables | 12 | **2,129,479** | 1,999,027 |
| Taxation | 8 | **-** | 35,108 |
| **Total liabilities** | | **2,129,479** | 2,034,135 |
| **TOTAL EQUITY AND LIABILITIES** | | **4,783,332** | 4,712,215 |

**Authorised for issue by the Board of Directors on..........................**
**and signed on its behalf by :**

Navin Sharma
} **DIRECTORS**
Nikhil Jain

The notes on pages 12 to 21 form an integral part of these financial statements.

*ELITECORE TECHNOLOGIES (MAURITIUS) LIMITED*

**STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED 31 MARCH 2018**

| | | Stated capital Rs | Retained earnings Rs | Total Rs |
|---|---|---|---|---|
| At 31 March 2016 | | 760,600 | 1,864,059 | 2,624,659 |
| Profit for the year | | - | 53,421 | 53,421 |
| At 31 March 2017 | | **760,600** | **1,917,480** | **2,678,080** |
| Loss for the year | | **-** | **(24,227)** | **(24,227)** |
| At 31 March 2018 | Rs | **760,600** | **1,893,253** | **2,653,853** |

*ELITECORE TECHNOLOGIES (MAURITIUS) LIMITED*

**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED 31 MARCH 2018**

| | Notes | 2018 Rs | 2017 Rs |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| (Loss)/Profit before taxation | | **(18,381)** | 88,529 |
| **Operating profit before working capital changes** | | **(18,381)** | 88,529 |
| Increase in trade and other receivables | | **(2,457,136)** | 18,609,986 |
| Increase in trade and other payables | | **130,452** | (19,448,008) |
| **Cash used in operating activities** | | **(2,345,065)** | (749,493) |
| Tax paid | | **(67,601)** | (139,239) |
| Net cash used in operating activities | | **(2,412,666)** | (888,732) |
| **Net decrease in cash and cash equivalents** | | **(2,412,666)** | (888,732) |
| Cash and cash equivalents at beginning of the year | | **3,479,883** | 4,368,615 |
| **Cash and cash equivalents at end of year** | 10 | **1,067,217** | 3,479,883 |

*ELITECORE TECHNOLOGIES (MAURITIUS) LIMITED*

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018**

## 1 GENERAL INFORMATION

Elitecore Technologies (Mauritius) Limited (the "Company") was incorporated on 06 February 2012 as a private company with limited liability under the Mauritius Companies Act 2001 in Mauritius. The registered office of the Company is 9th Floor, Ebene Tower, 52, Cybercity Ebene, Mauritius..

The Company's principal activity of the Company is to provide computer engineering services in Mauritius.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

(i) Basis of presentation

The financial statements have been prepared in accordance with and in compliance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued by the International Accounting Standards Board ("IASB") and its related bodies. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are described in Note 3.

*Changes in accounting policies and disclosures*

*Applicable of new and reversed International Financial Reporting*

In the current year, the company has approved all of the new and revised standards and Interpretations issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretation Committee ("IFRIC") of the IASB that are relevant to its operations and effective accounting periods beginning on 01 March 2017.

*New and revised IFRSs and IFRICs issued but not yet effective*

The directors have assessed the relevance of Standards, Amendments and Interpretations to the existing Standards that have been published and are mandatory for the accounting periods beginning on or after 01 March 2017 or later periods and conclude that these will not have a material impact to the financial statements for the year ended 31 March 2018.

**Foreign currency translation**

*Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Mauritian Rupees ("Rs"), which is the Company's functional and presentation currency.

*ELITECORE TECHNOLOGIES (MAURITIUS) LIMITED*

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Translation differences on assets and liabilities are carried at fair value are reported as part of their value gain or loss. Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transactions.

**Taxation**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the financial position date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantively enacted by the financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets on the tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**Financial instruments**

Financial instruments are initially recognised on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments carried on the statement of financial position include trade and other receivables, cash and cash equivalents, and trade and other payables. The particular recognition methods adopted are disclosed below:

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Financial instruments (continued)**

*Financial assets*

Trade and other receivables

Trade and other receivables (except prepayments) are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and in hand. Cash equivalents are short term, highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

Financial liabilities

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or designated as such on initial recognition. Directly attributable transactions costs are recognised in the profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value any directly attributable transaction costs. Subsequently to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Trade and other payables

Trade payables are stated at fair value, and are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial assets and liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

*Offsetting of financial instruments*

Financial assets and liabilities are offset and the net amount presented on the statement of financial position when, and only when, the Company has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liabilities simultaneously.

*ELITECORE TECHNOLOGIES (MAURITIUS) LIMITED*

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial instruments (continued)**

**Impairment**

At the reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. The carrying amount of an asset or cash generating unit is reflected at the lower of cost and the recoverable amount. Impairment losses, or reversals thereof, are recognised as expenses or income. An impairment loss reversal, however, cannot result in a carrying amount exceeding original cost.

**Stated capital**

Ordinary shares are classified as equity.

**Operating leases**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except of the relevant lease.

Contingent rentals arising under the operating leases are recognised in the period in which they are incurred.

Lease incentives and similar arrangement of incentives are taken into account when calculating the straight line expenses.

**Corporate social responsibility**

Corporate social responsibility to the Company is calculated at the rate of 2% on chargeable income for the preceding year.

**Related parties**

Related parties are individuals and companies where the individual or companies has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

**Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflows of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Revenue recognition**

The Company recognises revenue when the amount if revenue can be reliably measured and it is probable that future economic benefits will flow to the entity and when specific criteria have been met for Company's activity as described below:

*Rendering of services*

Revenue from rendering of services are recognised in the accounting year in which the services are rendered. (by reference to the completion of the specific transaction assessed on the basis of the actual service provides as a proportion of the total services to be provided).

## 3 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a verity of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. This note presents information about the Company's exposure to each of the said risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate measures and controls and to monitor risks and adherence to limits. Risks management policies and systems are reviewed regularly to reflect changes in market conditions and on the Company's activities.

The Company's exposure to the various types of risks associated to its activity and financial instruments is detailed below:

**(a) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

*(i) Currency risk*

Currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because if changes in foreign exchange rate, The Company holds financial assets and liabilities denominated in foreign currencies, mainly the United States Dollar ("USD"). Consequently, the Company is exposed to the risk that the exchange rate of Rs relative to the USD may change in a manner which have a material effect on the reported values of the Company's assets and liabilities which are denominated in USD.

*ELITECORE TECHNOLOGIES (MAURITIUS) LIMITED*

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018**

**3 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(a) Market risk (continued)**

*(i) Currency risk (continued)*

The currency profile of the Company's financial assets and liabilities is summarised as follows:

| | **Financial assets 2018 Rs** | **Financial liabilities 2018 Rs** | Financial assets 2017 Rs | Financial liabilities 2017 Rs |
|---|---|---|---|---|
| Mauritian Rupee | **2,653,074** | **1,843,703** | 3,171,196 | 823,228 |
| USD | **2,999,480** | **1,175,799** | 1,541,019 | 1,175,799 |
| | **5,625,554** | **3,019,502** | 4,712,215 | 1,999,027 |

The following table depicts the Company's sensitivity to a 5% appreciation or depreciation of United States Dollar against Mauritian Rupee:

| | **2018 Rs** | 2017 Rs |
|---|---|---|
| Impact on profit for the year | **91,184** | 18,261 |

*(ii) Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company has no exposure to interest rate risk as it has no interest bearing financial assets and liabilities.

*(iii) Price risk*

Equity price risk is the risk if unfavourable changes in fair values of equities as the result of changes in the value of individual shares. The Company has no exposure to equity price risk at year end.

**(b) Credit risk**

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. With respect to credit risk arising from financial assets which comprise of trade and other receivables (excluding prepayments) and cash and cash equivalents, the Company's exposure arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets at the reporting date. Cash and cash equivalents is maintained with reputable banks. The risk is minimal on the trade and other receivables as it is with related parties. The Company also limits its credit exposure by transacting with related parties.

**(c) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining adequate cash reserves to meet its obligations as they fall due and through financing from related parties.

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Liquidity risk (continued)

The table below summarises the maturity profile of the Company's financial liabilities at 31 March 2018 based on contractual undiscounted payments:

| | **Due within 1 year 2018 Rs** | **Total 2018 Rs** | Due within 1 year 2017 Rs | Total 2017 Rs |
|---|---|---|---|---|
| Trade and other payables | **1,988,688** | **1,988.688** | 962.367 | 962,367 |
| | ========= | ========= | ========= | ========= |

### (d) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it, in light if changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to shareholders, or issue new shares.

### (e) Fair values

The management assessed the fair value of trade and other receivables (excluding prepayments), cash and cash equivalents and trade and other payables approximate their carrying amounts, largely due to the short-term maturities of these instruments.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS)

The Company makes estimates and judgements that affect the reported amounts of assets and liabilities within the next year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

*Determination of functional currency*

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in Note 2, the directors have considered those factors therein and have determined that the functional currency of the Company is the Mauritian Rupee ("Rs").

## 5 TURNOVER

| | **2018 Rs** | 2017 Rs |
|---|---|---|
| Service fees | **6,427,512** | 10,014,281 |
| | ========= | ========= |

*ELITECORE TECHNOLOGIES (MAURITIUS) LIMITED*

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018**

## 6 OPERATING PROFIT

The following items have been charged in arriving at the operating profit:

| | 2018<br>Rs | 2017<br>Rs |
|---|---|---|
| Salaries and related expenses (Note 6(a)) | **4,976,257** | 8,299,022 |
| Rental(Note 14) | **441,629** | 733,732 |
| Professional fees | **90,338** | 241,105 |
| Provision of impairment on trade receivable | **-** | (2,041) |

## 6(a) SALARIES AND RELATED EXPENSES

| | 2018<br>Rs | 2017<br>Rs |
|---|---|---|
| Salaries and other related expenses | **4,886,770** | 8,172,077 |
| NPF, NSF and Levy | **89,487** | 126,945 |
| | **4,976,257** | 8,299,022 |

| | Number | Number |
|---|---|---|
| Number of employees at end of the year | 4 | 4 |

## 7 OTHER GAINS - NET

| | 2018<br>Rs | 2017<br>Rs |
|---|---|---|
| Net foreign exchange gain on operations | **413,424** | 99,754 |

## 8 TAXATION

The Company, being the holder of a Category 1, Global Business Licence, is liable to income tax in Mauritius on its taxable profit at the rate of 15%. The Company's foreign sourced income is eligible for a foreign tax credit which is computed as the higher of the Mauritian tax and the foreign tax on the respective foreign sourced income. The foreign tax for a GBL1 company is based on either the foreign tax charged by the foreign country or a presumed amount of foreign tax: the presumed amount of foreign tax is based on 80% of the Mauritian tax on the relevant foreign sourced income. (In computing its total foreign tax credit, the Company is allowed to pool all its foreign sourced income.) Capital gains are outside the scope of the Mauritian tax while trading profits made by the Company from the sale of shares are exempt from tax.

Capital gains are outside the scope of the Mauritian tax while trading profits made by the Company from the sale of shares are exempt from tax.

Reconciliation between the accounting loss and the actual income tax expense is presented below:

| | 2018 Rs | 2017 Rs |
|---|---|---|
| (Loss) / Profit before tax | **(18,381)** | 88,529 |
| Tax calculated at 15% (2017:15%) | **(2,757)** | 13,280 |
| Income not subject to tax | **-** | (306) |
| Expenses not deductible for tax purposes | **-** | 4,226 |
| Tax losses not utilised | **2,757** | - |
| Corporate social responsibility | **5,846-** | 17,908 |
| Tax charge for the year | **5,846-** | 35,108 |

Income tax liability

| | 2018 Rs | 2017 Rs |
|---|---|---|
| At beginning of year/period | **35,108** | 139,239 |
| Charge for the year/period | **5,846-** | 35,108 |
| Paid during the year/period | **(67,601)** | (139,239) |
| At end of year/period | **(26,647)** | 35,108 |

The company had accumulated tax losses of **USD 2,757** at 31 March 2018 (2017: Nil) and is therefore not liable to income tax. The accumulated loss is available for set off against future taxable profits up the following years:

| | 2018 Rs | 2017 Rs |
|---|---|---|
| Year ended 31 March 2018 | **-** | - |
| Year ended 31 March 2019 | **-** | - |
| Year ended 31 March 2020 | **-** | - |
| Year ended 31 March 2021 | **-** | - |
| Year ended 31 March 2022 | **2,757** | - |
| | **2,757** | - |

## 9 TRADE AND OTHER RECEIVABLES

| | 2018 Rs | 2017 Rs |
|---|---|---|
| Trade receivables (Note 13) | **2,812,237** | 510,041 |
| Deposits and other receivables | **1,016,370** | 861,430 |
| Provision for impairment | **(139,139)** | (139,139) |
| | **3,689,468** | 1,232,332 |

## 10 CASH AND CASH EQUIVALENTS

| | 2018 Rs | 2017 Rs |
|---|---|---|
| Cash at bank | **1,067,217** | 3,479,883 |

## 11 STATED CAPITAL

| | 2018 Number | 2017 Number | 2018 Rs | 2017 Rs |
|---|---|---|---|---|
| *Issued and fully paid:* | | | | |
| Ordinary shares of Rs.100 each | **7,606** | 7,606 | **760,600** | 760,600 |

## 12 TRADE AND OTHER PAYABLES

| | 2018 Rs | 2017 Rs |
|---|---|---|
| Amount due to related company (Note 13) | **1,036,660** | 1,036,660 |
| Accruals and other payables | **1,092,818** | 962,367 |
| | **2,129,478** | 1,999,027 |

The carrying amounts of trade and other payables approximate their fair values.

## 13 RELATED PARTY TRANSACTIONS

| *Name of company* | *Nature of transactions* | *Volume of transactions* | | *Balances Debit / (Credit)* | |
|---|---|---|---|---|---|
| *Sterlite Technologies Limited* | *Loans and Advances* | - | 19,453,087 | **(1,036,660)** | **(1,036,660)** |
| *Sterlite Technologies Limited* | *Project management* | **6,427,512** | 10,147,281 | - | - |
| *Sterlite Technologies Limited* | *Advances* | **2,302,196** | **18,753,848** | **2,812,237** | **510,014** |

The amounts due to the related companies are unsecured, interest free and repayable in demand.

## 14 COMMITMENTS

*Operating lease commitments*

The future aggregate minimum lease payments under operating leases, payable within one year is **nil** at 31 March 2018 (2017: 1,457,839). During the year ended 31 March 2018, an amount of **Rs 441,629** (2017: Rs 733,732) was recognised in the statement of profit or loss and other comprehensive income as operating lease expense.

## 15 REPORTING CURRENCY

The financial statements are presented in Mauritian rupee (Rs).

## 16 HOLDING COMPANY

The ultimate holding company is Sterlite Technologies Limited, a company incorporated in India and listed on the BSE and NSE Stock Exchange in India.

# ELITECORE TECHNOLOGIES SDN. BHD.
(1152215-W)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 March 2018

1152215-W

**Elitecore Technologies Sdn. Bhd.**
**(Incorporated in Malaysia)**

**Contents**

**Elitecore Technologies Sdn. Bhd.**
**(Incorporated in Malaysia)**

**Directors' report**

The directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 March 2018.

**Principal activity**

The principal activity of the Company is to provide global IT products and services.

The Company undertake projects on turnkey basis, providing hardware, software, technology, business solutions, infrastructure development, services for system development, installations, maintenance, support, consulting, outsourcing, contracting activities in information technology, telecommunication and network security sectors.

There has been no significant change in the nature of the principal activity during the financial year.

**Ultimate holding company**

The ultimate holding company is Sterlite Technologies Limited, a company incorporated in India and listed on the National Stock Exchange of India.

**Results**

| | RM |
|---|---|
| Profit for the financial year | 382,221 |

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

**Dividend**

No dividend has been paid or declared by the Company since the end of the previous financial period. The directors do not recommend the payment of any dividend for the current financial year.

**Elitecore Technologies Sdn. Bhd.**
**(Incorporated in Malaysia)**

**Directors**

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Navin Ashok Kumar Sharma
Vaibhav Mehta
Khadijah binti Sood
G Vijaya Kumar a/l Gopal (resigned on 7 May 2018)
Zaiton Binti Sutor @ Sitor (appointed on 7 May 2018)

**Directors' benefits**

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the date of incorporation, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

**Directors' interests**

The directors in office at the end of the financial year did not have any interest in shares in the Company or its related corporations during the financial year.

**Indemnity and insurance costs**

During the current financial year, no indemnity was given to or insurance effected for any directors or officers of the Company.

**Other statutory information**

(a) Before the statement of comprehensive income and statement of financial position of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was necessary; and

**Elitecore Technologies Sdn. Bhd.**
**(Incorporated in Malaysia)**

**Other statutory information (contd.)**

(a) (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or to make any allowance for doubtful debts in respect of the financial statements of the Company; and

(ii) the values attributed to the current assets in the financial statements of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

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**Elitecore Technologies Sdn. Bhd.**
**(Incorporated in Malaysia)**

**Auditors**

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

| | RM |
| --- | --- |
| Ernst & Young | 35,000 |

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28th september 2018

ELITECORE TECHNOLOGIES SDN. BHD. ★ Malaysia (1152215-W) ★

Navin Ashok Kumar Sharma

Vaibhav Mehta

NOTARY ★ YOGENDRA S. RAJPUT Reg. No. 5299 / 08 Ahmedabad (MY COMMISSION EXP. ON 24-02-2023) GOVERNMENT OF INDIA ★

TRUE COPY
YOGENDRA S. RAJPUT
NOTARY
GOVT. OF INDIA

1152215-W

**Elitecore Technologies Sdn. Bhd.**
**(Incorporated in Malaysia)**

**Statement by directors**
**Pursuant to Section 251(2) of the Companies Act 2016**

We, Navin Ashok Kumar Sharma and Vaibhav Mehta, being two of the directors of Elitecore Technologies Sdn. Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 35 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of its financial performance and the cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28th September 2018

Navin Ashok Kumar Sharma

ELITECORE TECHNOLOGIES SDN. BHD. ★ Malaysia (1152215-W) ★

Vaibhav Mehta

**Statutory declaration**
**Pursuant to Section 251(1)(b) of the Companies Act 2016**

I, Navin Ashok Kumar Sharma, being the director primarily responsible for the financial management of Elitecore Technologies Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 35 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act in India.

Navin Ashok Kumar Sharma
Company Director

ELITECORE TECHNOLOGIES SDN. BHD. ★ Malaysia (1152215-W) ★

NOTARY ★ GOVERNMENT OF INDIA ★
YOGENDRA S. RAJPUT
Reg. No. 5393/08
Ahmedabad
(MY COMMISSION EXP. ON 24-02-2023)

Subscribed and solemnly declared by the abovenamed Navin Ashok Kumar Sharma at Ahmedabad in India on 28th September 2018

TRUE COPY
YOGENDRA S. RAJPUT
NOTARY
GOVT. OF INDIA

Building a better working world

Ernst & Young
GST Reg No: 001556430848
Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
50490 Kuala Lumpur Malaysia

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+603 2095 9078
ey.com

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## Independent auditors' report to the members of Elitecore Technologies Sdn. Bhd. (Incorporated in Malaysia)

### Report on the audit of the financial statements

*Opinion*

We have audited the financial statements of Elitecore Technologies Sdn. Bhd., which comprise the statement of financial position as at 31 March 2018, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 35.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2018, and of its financial performance and cash flows for the year ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

*Basis of opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence and other ethical responsibilities*

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

*Information other than the financial statements and auditors' report thereon*

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

**Independent auditors' report to the members of**
**Elitecore Technologies Sdn. Bhd. (contd.)**
**(Incorporated in Malaysia)**

**Report on the audit of the financial statements (contd.)**

*Information other than the financial statements and auditors' report thereon (contd.)*

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the directors for the financial statements*

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

*Auditors' responsibility for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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**Independent auditors' report to the members of Elitecore Technologies Sdn. Bhd. (contd.) (Incorporated in Malaysia)**

**Report on the audit of the financial statements (contd.)**

*Auditors' responsibility for the audit of the financial statements (contd.)*

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Independent auditors' report to the members of
Elitecore Technologies Sdn. Bhd. (contd.)
(Incorporated in Malaysia)

## Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Ng Kim Ling
No. 03236/04/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
28 September 2018

**Elitecore Technologies Sdn. Bhd.**
**(Incorporated in Malaysia)**

**Statement of comprehensive income**
**For the financial year ended 31 March 2018**

| | Note | 2018 RM | 2017 RM |
|---|---|---|---|
| Revenue | 4 | 7,326,706 | 4,565,471 |
| Cost of sales | 5 | (6,019,962) | (3,554,278) |
| Gross profit | | 1,306,744 | 1,011,193 |
| Other income | | 12,319 | - |
| Administrative expenses | | (507,851) | (677,838) |
| **Profit before tax** | 6 | 811,212 | 333,355 |
| Income tax expense | 7 | (428,991) | (80,005) |
| **Profit net of tax, representing total comprehensive income** | | 382,221 | 253,350 |

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

1152215-W

**Elitecore Technologies Sdn. Bhd.**
**(Incorporated in Malaysia)**

**Statement of financial position**
**As at 31 March 2018**

| | Note | 2018 RM | 2017 RM (restated) |
|---|---|---|---|
| **Non-current assets** | | | |
| Deferred tax assets | 8 | 17,831 | 16,297 |
| **Current assets** | | | |
| Trade and other receivables | 9 | 3,952,241 | 2,344,136 |
| Cash at bank balances | | 1,376,836 | 1,158,989 |
| | | 5,329,077 | 3,503,125 |
| **Total assets** | | 5,346,908 | 3,519,422 |
| **Current liabilities** | | | |
| Trade and other payables | 13 | 2,559,257 | 2,216,070 |
| Amount due to holding company | 14 | 1,380,606 | 214,776 |
| Tax payable | | 79,031 | 142,783 |
| | | 4,018,894 | 2,573,629 |
| **Net current assets** | | 1,328,014 | 945,793 |
| **Equity attributable to owners of the Company** | | | |
| Share capital | 11 | 100 | 100 |
| Retained earnings | 12 | 1,327,914 | 945,693 |
| **Total equities** | | 1,328,014 | 945,793 |
| **Total equity and liabilities** | | 5,346,908 | 3,519,422 |

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

**Elitecore Technologies Sdn. Bhd.**
**(Incorporated in Malaysia)**

**Statement of changes in equity**
**For the financial year ended 31 March 2018**

| | Share capital RM | Distributable retained profits RM | Total RM |
|---|---|---|---|
| **At 1 April 2017** | 100 | 945,693 | 945,793 |
| Total comprehensive income for the year | - | 382,221 | 382,221 |
| **At 31 March 2018** | 100 | 1,327,914 | 1,328,014 |
| **At 1 April 2016** | 100 | 692,343 | 692,443 |
| Total comprehensive income for the year | - | 253,350 | 253,350 |
| **At 31 March 2017** | 100 | 945,693 | 945,793 |

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

**Elitecore Technologies Sdn. Bhd.**
**(Incorporated in Malaysia)**

**Statement of cash flows**
**For the financial year ended 31 March 2018**

| | 2018 RM | 2017 RM |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit before taxation | 811,212 | 333,355 |
| Adjustments for: | | |
| Unrealised (gain)/loss on foreign exchange | (12,319) | 67,903 |
| Operating profit before working capital changes | 798,893 | 401,258 |
| Changes in working capital: | | |
| Trade and other receivables | (1,608,105) | 269,489 |
| Trade and other payables | 343,187 | 1,005,412 |
| Intercompanies | 1,178,149 | (3,402,492) |
| Cash flows (used in)/generated from operations | 712,124 | (1,726,333) |
| Tax paid | (494,277) | (174,412) |
| Net cash flows generated from/(used in) operating activities | 217,847 | (1,900,745) |
| **Net increase/(decrease) in cash and bank balances** | 217,847 | (1,900,745) |
| Cash and cash equivalents at beginning of year | 1,158,989 | 3,059,734 |
| **Cash and bank balances at the end of financial year** | 1,376,836 | 1,158,989 |

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

## 1. Corporate information

Elitecore Technologies Sdn. Bhd. ("the Company") is a private limited liability company, incorporated and domiciled in Malaysia. The registered office and the principal place of business of the Company is located at Level 2, No 11, Jalan PJU 1A/41B NZX Commercial Centre, Ara Jaya, 47301, Petaling Jaya, Selangor.

The ultimate holding of the Company are Sterlite Technologies Limited which is incorporated in India. The ultimate holding company is listed on the National Stock Exchange of India.

The principal activity of the Company is to provide global IT products and services.

The Company undertake projects on turnkey basis, providing hardware, software, technology, business solutions, infrastructure development, services for system development, installations, maintenance, support, consulting, outsourcing, contracting activities in information technology, telecommunication and network security sectors.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 September 2018.

## 2. Significant accounting policies

### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") and the requirements of the Companies Act 2016 in Malaysia. These financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM"), except when otherwise indicated.

## 2. Significant accounting policies (contd.)

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2017, the Company adopted the following new and amended MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2017.

| Description | Effective for annual periods beginning on or after |
|---|---|
| MFRS 107 Disclosure Initiative (Amendments to MFRS 107) | 1 January 2017 |
| MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112) | 1 January 2017 |
| Annual Improvements to MFRS Standards 2014–2016 Cycle - Amendments to MFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in MFRS 12 | 1 January 2017 |

Adoption of the above standards and interpretations did not have any significant impact on the financial performance or position of the Company.

### 2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

| Description | Effective for annual periods beginning on or after |
|---|---|
| Annual Improvements to MFRSs 2014 - 2016 cycle | 1 January 2018 |
| Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions | 1 January 2018 |
| MFRS 9 Financial Instruments | 1 January 2018 |
| MFRS 15 Revenue from Contracts with Customers | 1 January 2018 |
| Amendments to MFRS 140: Transfer of Investment Property | 1 January 2018 |
| IC Interpretation 22 Foreign Currency Transaction and Advance Consideration | 1 January 2018 |
| Annual Improvements to MFRSs 2015 - 2017 cycle | 1 January 2019 |

## 2. Significant accounting policies (contd.)

### 2.3 Standards issued but not yet effective (contd.)

| Description | Effective for annual periods beginning on or after |
|---|---|
| Amendments to MFRS 9: Prepayment Features with Negative Compensation | 1 January 2019 |
| MFRS 16 Leases | 1 January 2019 |
| Amendments to MFRS 119 (Plan Amendment, Curtailment or Settlement) | 1 January 2019 |
| Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures | 1 January 2019 |
| IC Interpretation 23 Uncertainty over Income Tax Treatments | 1 January 2019 |
| Amendments to MFRS 2 Share-based Payment | 1 January 2020 |
| Amendments to MFRS 3 Business Combinations | 1 January 2020 |
| Amendments to MFRS 6 Exploration for and Evaluation of Mineral Resources | 1 January 2020 |
| Amendments to MFRS 14 Regulatory Deferral Accounts | 1 January 2020 |
| Amendments to MFRS 101 Presentation of Financial Statements | 1 January 2020 |
| Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors | 1 January 2020 |
| Amendments to MFRS 134 Interim Financial Reporting | 1 January 2020 |
| Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets | 1 January 2020 |
| Amendments to MFRS 138 Intangible Assets | 1 January 2020 |
| Amendments to IC Interpretation 12 Service Concession Arrangements | 1 January 2020 |
| Amendments to IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments | 1 January 2020 |
| Amendments to IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine | 1 January 2020 |
| Amendments to IC Interpretation 22 Foreign Currency Transaction and Advance Consideration | 1 January 2020 |
| Amendments to IC Interpretation 132 Intangible Assets - Web Site Costs | 1 January 2020 |
| MFRS 17 Insurance Contracts | 1 January 2021 |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |

## 2. Significant accounting policies (contd.)

### 2.3 Standards issued but not yet effective (contd.)

**MFRS 9 Financial Instruments**

MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company in 2018 when the Company adopts MFRS 9.

Based on the analysis of the Company's financial assets and liabilities as at 31 March 2018 on the basis of facts and circumstances that exist at that date, the directors of the Company have assessed the impact of MFRS 9 to the Company's financial statements as follows:

**(i) Classification and measurement**

The Company does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of MFRS 9.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Company analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

**(ii) Impairment**

The Company will apply the simplified approach and record lifetime expected losses on all trade receivables.

## 2. Significant accounting policies (contd.)

### 2.3 Standards issued but not yet effective (contd.)

**MFRS 15 Revenue from Contracts with Customers**

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual years beginning on or after 1 January 2018 with early adoption permitted. The directors anticipate that the application of MFRS 15 will not have a material impact on the amounts reported and disclosures made in the Company's financial statements. The Company is currently assessing the impact of MFRS 15.

### 2.4 Foreign currencies

**(a) Functional and presentation currency**

The financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

**(b) Foreign currency transactions**

Transactions in foreign currencies are initially recorded by the Company at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate ruling at the reporting date.

## 2. Significant accounting policies (contd.)

### 2.4 Foreign currencies (contd.)

#### (b) Foreign currency transactions (contd.)

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net invetsment, at which time they are reclassified to profit or loss. tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss of the item that gave rise to the translation differences (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is aso recognised in other comprehensive income or profit or loss respectively).

### 2.5 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and bank balances include cash on hand and at banks which have insignificant risk of changes in value.

### 2.6 Leases

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

### 2.7 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## 2. Significant accounting policies (contd.)

### 2.8 Taxes

#### (a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the end of the reporting period, in the country where the Company operates and generates taxable income.

Current taxes are recognised in profit or loss.

#### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

## 2. Significant accounting policies (contd.)

### 2.8 Taxes (contd.)

#### (c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

### 2.9 Employee benefits

#### (i) Short term benefits

Wages, salaries, bonuses, paid annual leave, paid sick leave and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leaves are recognised when the absences occur.

#### (ii) Defined contribution plan

As required by law, the Company makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension scheme are recognised as an expense in the period in which the related service is performed.

### 2.10 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when payment is made.

No revenue will be recognised unless and until:
- a clear contractual arrangement can be evidenced;
- delivery has been made in accordance with that contract;
- if required, contractual acceptance criteria have been met; and
- the fee has been agreed and collectability is probable.

## 2. Significant accounting policies (contd.)

### 2.11 Service contracts

Where the outcome of a contract can be reliably estimated, contract revenue and contract costs associated with the contract are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by the proportion of the total cost incurred for work performed to date to the estimated cost to complete each contract.

Where the outcome of a contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the year in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on service contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

### 2.12 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of the assets in the unit or groups of units on a pro-rata basis.

There is no impairment losses of non-financial assets recognised in profit or loss.

## 2. Significant accounting policies (contd.)

### 2.13 Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Company determines the classification of its financial assets at initial recognition. Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. All financial assets of the Company are classified as loans and receivables.

**Loans and receivables**

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

**Impairment of financial assets**

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

**Loans and receivables**

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

## 2. Significant accounting policies (contd.)

### 2.13 Financial assets (contd.)

**Loans and receivables (contd.)**

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in subsequent period, the amount of the impairment loss decreases as a result of an event occurring after the impairment was recognised, the previously recognised impairment loss is reserved to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

### 2.14 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

**Other financial liabilities**

The Company's financial liabilities include trade payable, other payables and amount due to intermediate and immediate holding company.

Trade payable, other payables and amount due to intermediate and immediate holding company are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

**2. Significant accounting policies (contd.)**

**2.14 Financial liabilities (contd.)**

**Other financial liabilities (contd.)**

For the other financial liabilities, gain and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**2.15 Share capital**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**2.16 Current versus non-current classification**

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:
- expected to be realised or intended to sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:
- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## 3. Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

### 3.1 Critical judgements

There are no significant critical judgements made by management in the process of applying the Company's accounting policies that have significant effect on the amounts recognised in the financial statements.

### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of the income tax expense are disclosed in Note 7.

(b) Deferred tax assets

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

As at 31 March 2018, the Company has recognised deferred tax assets of RM17,831. Details of the deferred tax are disclosed in Note 8.

## 4. Revenue

| | 2018<br>RM | 2017<br>RM |
|---|---|---|
| Revenue from rendering of services | 7,326,706 | 4,565,471 |

## 5. Cost of sales

| | 2018<br>RM | 2017<br>RM |
|---|---|---|
| Cost of sales represents cost of services rendered | 6,019,962 | 3,554,278 |

## 6. Profit before tax

The following amounts have been included in arriving at the profit before tax:

| | 2018<br>RM | 2017<br>RM |
|---|---|---|
| Auditors' remuneration | 35,000 | 35,000 |
| Rental expenses | 243,749 | 285,298 |
| Unrealised (gain)/loss on foreign exchange | (12,319) | 67,903 |
| Realised loss on foreign exchange | 14,175 | 41,601 |

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## 7. Income tax expense

| | 2018 RM | 2017 RM |
|---|---|---|
| Malaysian income tax: | | |
| - Current year | 180,121 | 181,033 |
| - Underprovision in prior year | 250,404 | - |
| | 430,525 | 181,033 |
| Deferred tax (Note 8): | | |
| - Relating to origination and reversal of temporary differences | 38,066 | (101,028) |
| - Overprovision in prior year | (39,600) | - |
| | (1,534) | (101,028) |
| Income tax expense | 428,991 | 80,005 |

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the year.

Reconciliation between tax expense and accounting profit

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

| | 2018 RM | 2017 RM |
|---|---|---|
| Profit before tax | 811,212 | 333,355 |
| Taxation at Malaysian statutory tax rate of 24% (2017: 24%) | 194,691 | 80,005 |
| Expenses not deductible for tax purposes | 23,496 | - |
| Overprovision of deferred tax in prior year | (39,600) | - |
| Underprovision of income tax expense in prior years | 250,404 | - |
| Tax expense for the year | 428,991 | 80,005 |

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## 8. Deferred tax assets

| | 2018 RM | 2017 RM |
|---|---|---|
| At beginning of the financial year | (16,297) | 84,731 |
| Recognised in profit or loss | (1,534) | (101,028) |
| At end of the financial year | (17,831) | (16,297) |
| Presented after appropriate offsetting as follows: | | |
| Deferred tax assets | (20,787) | (16,297) |
| Deferred tax liability | 2,956 | - |
| | (17,831) | (16,297) |

The component and movement of deferred tax liability and assets during the financial year is as follows:

**Deferred tax liability:**

| | Unrealised foreign exchange difference RM |
|---|---|
| At 1 April 2017 | (16,297) |
| Recognised in profit or loss | 19,253 |
| At 31 March 2018 | 2,956 |

**Deferred tax assets:**

| | Provision RM | Unrealised foreign exchange difference RM | Total RM |
|---|---|---|---|
| At 1 April 2016 | - | 84,731 | 84,731 |
| Recognised in profit or loss | - | (101,028) | (101,028) |
| At 31 March 2017 | - | (16,297) | (16,297) |
| At 1 April 2017 | - | - | - |
| Recognised in profit or loss | (20,787) | - | (20,787) |
| At 31 March 2018 | (20,787) | - | (20,787) |

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## 9. Trade and other receivables

| | 2018 RM | 2017 RM (restated) |
|---|---|---|
| **Trade receivables** | | |
| Third parties (Note (a)) | 1,649,188 | 1,344,265 |
| Unbilled receivables (Note (b)) | 900,000 | 900,000 |
| Amount due from customers on contract (Note 10) | 1,303,701 | - |
| Other receivables | 99,352 | 99,871 |
| Total trade and other receivables | 3,952,241 | 2,344,136 |
| Add: Cash and bank balances | 1,376,836 | 1,158,989 |
| Less: Amount due from customers on contract | (1,303,701) | - |
| Total loans and receivables | 4,025,376 | 3,503,125 |

Trade receivables are non-interest bearing and generally on 30 to 60 days days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

### (a) Trade receivables

Ageing analysis of trade receivables

| | 2018 RM | 2017 RM |
|---|---|---|
| Neither past due nor impaired | 1,551,761 | 1,344,265 |
| 1 to 30 days past due not impaired | 97,427 | - |
| 31 to 60 days past due not impaired | - | - |
| 61 to 90 days past due not impaired | - | - |
| More than 90 days past due not impaired | - | - |
| | 1,649,188 | 1,344,265 |

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Company.

Receivables that are past due but not impaired

Receivables that are past due but not impaired is related to customer with good track record with the Company.

### (b) Unbilled receivables

Unbilled receivables are related to the services performed where invoices have not been issued as at reporting date.

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## 10. Amount due from customers on contract

| | 2018 RM |
|---|---|
| Service contract costs incurred to date | 1,485,343 |
| Attributable profits | 631,255 |
| | 2,116,598 |
| Less: Progress billings | (812,897) |
| Amount due from customers on contract | 1,303,701 |

## 11. Share capital

| | Number of ordinary shares 2018 | Number of ordinary shares 2017 | Amount 2018 RM | Amount 2017 RM |
|---|---|---|---|---|
| **Issued and fully paid:** | | | | |
| At beginning/end of the financial year | 100 | 100 | 100 | 100 |

## 12. Retained earnings

The Company may distribute dividends out of its entire retained earnings under the single tier system.

## 13. Trade and other payables

| | 2018 RM | 2017 RM (restated) |
|---|---|---|
| Deferred revenue (Note (a)) | 1,215,000 | 1,215,000 |
| Other payables (Note (b)) | 1,344,257 | 1,001,070 |
| Total trade and other payables | 2,559,257 | 2,216,070 |
| Add: Amount due to holding company | 1,380,606 | 214,776 |
| Less: Deferred revenue | 1,215,000 | 1,215,000 |
| Total financial liabilities carried at amortised cost | 2,724,863 | 1,215,846 |

(a) **Deferred revenue**

Deferred revenue represents income arising from fees billed but not yet earned

(b) **Other payables**

Other payables are non-interest bearing and are normally settled on an average term of 30 days.

## 14. Amount due to holding company

The non-trade amounts due to holding company are unsecured, non-interest bearing and are repayable on demand. Further details on the related party transactions are disclosed in Note 15.

## 15. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place at terms agreed between the parties during the financial year:

| | 2018 RM | 2017 RM |
|---|---|---|
| Operating expenses recharged by holding company | 2,510,865 | - |

## 16. Lease commitments

### Operating lease commitments - as lessee

The Company has not entered into any commercial leases under a non-cancellable operating lease arrangement.

## 17. Financial instruments

The carrying amounts of the financial assets and liabilities of the Company as at reporting date approximate their fair values due to their short term nature.

## 18. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include liquidity risk, credit risk, foreign currency risk and interest rate risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the period under review, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposures to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

## 18. Financial risk management objectives and policies (contd.)

### (a) Liquidity risk

The Company manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Company maintains sufficient levels of cash to meet its working capital requirements. In addition, the Company strives to maintain available banking facility at a reasonable level to its overall debt position. As far as possible, the Company raises committed funding from either through its immediate and intermediate holding companies, or through financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

As of reporting date, the Company's financial liabilities are repayable on demand or are due within one year.

### (b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from receivables. For other financial assets (including cash and bank balances), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. Receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

<u>Credit risk concentration profile</u>

All the Company's trade receivables at the reporting date are from Malaysia.

At the reporting date, 62% of the Company's trade receivable were due from one major customer. Receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

<u>Receivables that are past due but not impaired</u>

Information regarding trade receivables that are past due but not impaired is disclosed in Note 9.

## 18. Financial risk management objectives and policies (contd.)

### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's income and operating cash flows are not substantially dependent of changes in market interest rates. The Company has no interest-bearing financial assets or liabilities.

### d) Foreign currency risk

The Company is exposed to various currencies, mainly United State Dollars ("USD"). Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases give rise to foreign exchange exposure.

There is no formal hedging policy with respect to foreign currency exposure. Exposure to foreign currency risk is monitored on an on-going basis and the Company endeavors to keep the net exposure at an acceptable level.

The net financial liabilites of the Company that are not denominated in the functional currency of the Company are related to amount due to ultimate holding company. At the reporting date, such foreign balances amount to RM1,380,606 (2017: RM214,776).

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's profit net of tax to a reasonable change in USD assuming all other variables are held constant at the reporting date.

| | Profit, net of tax | |
|---|---|---|
| | **2018** | **2017** |
| | **RM** | **RM** |
| **RM against USD** | | |
| - strengthened 5% (2017: 5%) | 52,463 | 8,161 |
| - weakened 5% (2017: 5%) | (52,463) | (8,161) |

## 19. Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the year ended 31 March 2018. The Company is not subject to any externally imposed capital requirements.

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## 20. Comparatives

The comparative figures below have been reclassified to conform with the current year's presentation.

**Statement of financial position as at 31 March 2017**

| | 2017 RM (previously stated) | Reclassification RM | 2017 RM (restated) |
|---|---|---|---|
| **Statement of financial position** | | | |
| Trade and other receivables (Note 9) | 2,244,136 | 100,000 | 2,344,136 |
| Trade and other payables (Note 13) | 2,116,070 | (100,000) | 2,216,070 |

**Notes to financial statements**

| | 2017 RM (previously stated) | Reclassification RM | 2017 RM (restated) |
|---|---|---|---|
| **Note 9** | | | |
| **Trade and other receivables** | | | |
| Third parties | 2,144,265 | (800,000) | 1,344,265 |
| Unbilled receivables | - | 900,000 | 900,000 |
| Other receivables | 99,871 | - | 99,871 |
| | 2,244,136 | 100,000 | 2,344,136 |
| **Note 13** | | | |
| **Trade and other payables** | | | |
| Deferred revenue | 1,215,000 | - | 1,215,000 |
| Other payables | 901,070 | (100,000) | 1,001,070 |
| | 2,116,070 | (100,000) | 2,216,070 |