

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements

The financial statements are prepared under historical cost convention in accordance with the Generally Accepted Accounting Principles in India and comply in all material respects with the accounting standards specified under the Section 133 of the Act read with rule 7 of the Companies (Accounts) Rules 2014. All the assets and liabilities have been classified as Current or non-current as per Company's normal operating cycle. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

2. Revenue recognition

- a) Revenue from Sale of goods and services are recognized as per sale contracts terms.
- b) Other Income is accounted on accrual basis except where the receipt of income is uncertain.

3. Fixed Assets

Fixed Assets are stated at the cost of acquisition including taxes, duties, freight and other incidental expenses related to acquisition and installation less accumulated depreciation and impairment if any.

The useful life of assets prescribed in Schedule II to the Companies Act, 2013 are not considered for the purpose of Computation of Depreciation. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

4. Depreciation

Depreciation on Fixed Assets is provided on the straight-line basis at the rates and manner prescribed under schedule XIV of the Companies Act, 1956. The Company has not followed the requirement of Schedule II of the Companies Act 2013 in regard to the calculation of depreciation and continues to provide the depreciation as per schedule XIV of the Companies Act 1956 only. The same is based on the notification issued by MCA dated 29th August 2014 whereby the requirements of components accounting has been made voluntary in respect of financial year commencing on or after 1st April 2016 and mandatory for financial statement in respect of financial year commencing on or after 1st April 2017.

5. Inventories

- a) Raw Materials, Stores and spares, and other inventories are valued at cost or net receivable value whichever is low on FIFO basis.
- b) Hardware, peripheral and software sets are valued at cost on FIFO basis.
- c) We have not verified the stock physically and we relied upon management.

6. Miscellaneous Expenditure

The preliminary and pre-operative expenses and project development expenses are written off over a period of 10 years.

7. Retirement Benefits

The gratuity payable is accounted as and when applicable on the actuarial basis.

8. Provisions, Contingent Liabilities

Provisions: provisions are recognized when there is a present obligation as a result of past events and it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

9. Income Tax

Provision for taxation includes current tax and deferred tax. Current Tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax assets and liabilities are recognized for further tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are not recognized unless, in the management judgment, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax is reviewed at each balance sheet date.

10. Investments

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and quoted/fair value, computed category wise. Long Term Investments are stated at cost. Decline in value, if any, which is not considered temporary in nature, is provided for.

11. OTHER NOTES ON ACCOUNTS

1. In the opinion of the Board, current assets, loans and advances have a value on realization at least equal to the account at which they are stated in the books of accounts and provision for all known liabilities have been made, except as mentioned otherwise.
2. The Company is engaged in the business of Telecom System development and electronic hardware and software trading and other product and there is no separate reportable segment as per Accounting Standard (AS) 17 on segment reporting.
3. In accordance with the Accounting Standard (AS) 28 on "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the company assesses potential generating of economic benefits from its business assets and is of the view that assets employed in continuing business are capable of generating adequate returns over their useful lives in the usual course of business. There is no indication to the contrary and accordingly the management is of the view that no provision is called for in the accounts for the year.
4. The balances of debtors, creditors, loans & advances are subject to confirmation.
5. The previous years figures are regrouped, rearranged or recast, wherever required, to make them comparable.

As per our report of even date

For Mahesh Kumar Jain & Co
Chartered Accountants
Firm Registration No 114179W

Sd-
Mahesh Kumar Jain
Proprietor
Membership No. 047473
Place : Mumbai ,
Date : June 14, 2017

Mobile Telecommunications Limited
Notes to financial statements for the year ended 31 March 2017

2.01 Share capital

	31 March 2017 Rupees	31 March 2016 Rupees
a. Authorized shares capital		
i. 300,000,000 equity shares of Re. 1/- each	300,000,000	300,000,000
b. Issued, subscribed and paid-up capital		
i. 13,94,56,178 equity shares of Re. 1/- each	139,451,178	139,456,178
Total issued, subscribed and fully paid-up shares capital	139,451,178	139,456,178

DISCLOSURES

a Reconciliation of the shares outstanding
i. Equity shares

	31 March 2017 Numbers	31 March 2016 Numbers
i. At the beginning of the period	139,451,178	119,000,000
ii. Issued during the period	-	20,456,178
iii. Issued during the period-ESOP	-	-
iv. Redeemed during the period	-	-
v. Forfeited During the period	-	-
Outstanding at the end of the period	139,451,178	139,456,178

b. Description of the rights, preferences and restrictions attached to each class of shares

Equity Shares

- i The company has only one class of equity shares having a par value of Re.1/- per share. Each holder of equity shares is entitled to one vote per share held.
- ii 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 in proportion to the number of equity shares held by the share holders.
- iii During the year March 31, 2017, the amount of dividend per share recognised as distributions to equity shareholders is Rs. NIL (March 31, 2016: Rs. NIL)

c. Details of shares held within the Group N.A.

d. Includes 20456278 Equity Shares of Re. 1/- each issued for consideration part for cash and part other than cash

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

Name of Shareholder	As at 31 March 2017		As at 31 March 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Anil Babulal Vedmehta	62,936,147	45.13	62,936,147	45.13
Sunil Mehta	14,635,480	10.50	14,635,480	10.5
Fairson Holding (BVI) Limited	12,074,862	8.67	12,074,862	8.67
Sun Fair Electric Wire & Cable (HK) Company Limited	8,376,316	6.01	8,376,316	6.01

Mobile Telecommunications Limited
Notes to financial statements for the year ended 31 March 2017

2.02 Reserve and surplus	31 March 2017	31 March 2016
	Rupees	Rupees
A. General reserve		
Balance as per the last financial statements	2,978,431	2,978,431
Add: amount transferred from surplus balance in the statement of profit and loss	-	-
Closing Balance	2,978,431	2,978,431
B. Surplus/(deficit) in the statement of profit and loss		
Balance as per the last financial statements	57,899,909	71,327,439
Add : Profit for the year	(33,091,173)	(13,427,530)
Less: Short Provision of Income Tax (AY 2014-15)	-	-
Less: Short Provision of Depreciation (AY 13-14 & AY 14-15)	-	-
Total appropriation	(33,091,173)	(13,427,530)
Net surplus in the statement of profit and loss	24,808,736	57,899,909
C Share Premium	57,277,298	57,277,298
Total	85,064,465	118,155,638
2.03 Long-term borrowings		
	31 March 2017	31 March 2016
	Rupees	Rupees
Term Loans		
- from banks		
Kotak Mahindra Bank - Vehicle Loan*	-	-
- from other parties		
Volkswagen Finance Pvt Ltd-Vehicle Loan*	2,419,950	2,419,950
Total	2,419,950	2,419,950
*Terms of redemption		
Disclosure required for Secured Loans		
* Against hypothecation of Motor Cars		
2.04 Deferred tax liability (net)		
	31 March 2017	31 March 2016
	Rupees	Rupees
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	3,848,711	8,848,711
Gross deferred tax liability/(Assets) during the year	572,688	(5,000,000)
Net deferred tax assets/ Liabilities	4,421,399	3,848,711

Mobile Telecommunications Limited
Notes to financial statements for the year ended 31 March 2017

2.05 Short-term borrowings		31 March 2017	31 March 2016
		<i>Rupees</i>	<i>Rupees</i>
A	<u>Secured</u>		
	Loans repayable on demand		
	-from banks		
	i. Cash Credit*	108,875,874	58,978,033
	A	108,875,874	58,978,033
*Against Hypothecation of, Raw Material,finished goods, store & spares, Receivables and Personal Guarantee of CMD of the Company			
B	<u>Unsecured</u>		
	Loans and advances from related parties		
	i. Due from Companies under same management	-	-
	ii. From Key management persons	38,266,529	43,399,597
	B	38,266,529	43,399,597
	Total (A+B)	147,142,403	102,377,630

2.06 Trade payable and Other current liabilities

		31 March 2017	31 March 2016
		<i>Rupees</i>	<i>Rupees</i>
	i. Trade payables		
	Sundry creditors		
	(a) Due to Micro and Small Enterprises*		
		-	-
	(b) Due to Others	676,382,265	77,142,121
	Total (A)	676,382,265	77,142,121
	(f) Unpaid dividends	248,401	248,834
	F.Y. 2010-11 - Rs. 204287/-		
	F.Y. 2011-12 - Rs. 44,114/-		
	I. Statutory dues payable		
	Vat/Service Tax/Professional Tax	(1,155,132)	667,634
	II. Salary Payable	-	-
	III. Trade Advance Recived	18,616,438	3,978,078
	IV. Bank OD	-	-
	V. deposits from customers	3,043,311	761,000
	Total (B)	20,753,018	5,655,546
	Total (A+B)	697,135,283	82,797,667

* As per Information and explanation given by the management no vendor is reported to be fall under MSME

Mobile Telecommunications Limited
Notes to financial statements for the year ended 31 March 2017

2.07 Provisions - Short Term

	31 March 2017	31 March 2016
	Rupees	Rupees
Short Term Provisions		
Proposed equity dividend	-	-
Provision for tax on proposed equity dividend	-	-
Provision for tax	600,000	600,000
TOTAL (A)	600,000	600,000
TOTAL	600,000	600,000

Mobile Telecommunications Limited											
Notes to financial statements for the year ended 31 March 2017											
(Rupees)											
TANGIBLE FIXED ASSETS											
Assets	RATE OF DEPR.	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As at 31.3.2016	Additions during Year	Deduction During the year	As at 31.3.2017	As at 31.3.2016	For the Year	Deductions	As at 31.3.2017	As at 31.3.2017	As at 31.3.2016
Land	-	5,556,230	-	-	5,556,230	-	-	-	-	5,556,230	5,556,230
Factory Building	9.50%	54,839,528	-	-	54,839,528	3,365,508	-	-	22,778,641	32,060,887	35,426,395
Plant & Machineries	45.07%	26,093,623	-	-	26,093,623	1,888,329	-	-	23,792,182	2,301,441	4,189,770
Computer Equipment	63.16%	14,722,965	-	-	14,722,965	-	-	-	14,722,965	-	-
Furniture and Fittings	25.89%	3,016,782	-	-	3,016,782	35,045	-	-	2,916,467	100,315	135,360
Electrical Installation	45.07%	5,990,254	-	-	5,990,254	339,375	-	-	5,576,634	413,620	752,995
Air Conditioners	45.07%	3,331,107	-	-	3,331,107	267,977	-	-	3,004,504	326,603	594,580
Office Equipment	45.07%	37,540	-	-	37,540	49	-	-	37,481	59	108
Motor Car*	25.89%	8,488,700	-	-	8,488,700	504,647	-	-	7,044,152	1,444,548	1,949,195
Capital Work in progress		117,700,997	8,382,041	-	126,083,038	-	-	-	-	126,083,038	117,700,997
Software Capitalized	63.16%	25,000,000	-	-	25,000,000	4,763,096	-	-	22,221,778	2,778,222	7,541,318
Total		264,777,725	8,382,041	-	273,159,766	11,164,025	-	-	102,094,803	171,064,963	173,846,948
Previous Year		-	-	-	-	-	-	-	-	-	-

* The CMD of the Company is entitled for the car and the same is in his personal name.

Mobile Telecommunications Limited
Notes to financial statements for the year ended 31st March, 2017

2.09 Non-current investments-Non Trade

	31 March 2017		31 March 2016	
	Nos	Value in Rs.	Nos	Value in Rs.
NON CURRENT INVETEMENTS - UNQUOTED				
Investments in Equity shares : Un Quoted	-			
Investment in others	-			
Mohini Fibers Private Limited*	-	-	-	-
(Face Value Rs.10 Premium per Share is Rs.70/-)				
		-		-
Less:-Provision for diminution	-	-		
	-	-		-
		-		-

* Shown at Book Value

Mobile Telecommunications Limited
Notes to financial statements for the year ended 31 March 2017

2.10 Inventories (valued at lower of cost and net realizable value on FIFO Basis)

	31 March 2017 Rupess	31 March 2016 Rupess
Stock-in-trade	104,716,347	104,308,267
Total	104,716,347	104,308,267

2.11 Trade receivables and other assets

Trade receivables

	31 March 2017 Rupess	31 March 2016 Rupess
a. Trade receivables outstanding for a period less than six months		
Unsecured, considered good	757,920,720	156,462,837
Unsecured, considered doubtful		
Less: Provision for doubtful debts	-	
	757,920,720	156,462,837
b. Trade receivables outstanding for a period exceeding six months		
Unsecured, considered good	-	-
Unsecured, considered doubtful		
Less: Provision for doubtful debts		
Provision for doubtful receivables	-	-
Total	757,920,720	156,462,837

2.12 Cash and bank balances

	31 March 2017 Rupess	31 March 2016 Rupess
Cash and cash equivalents		
Balances with banks:		
On current accounts (Including cheques in Hand)	70,143	40,385
On Current Account - Dividend A/c	248,834	248,834
Cash on hand	1,669,292	1,499,211
	1,988,269	1,788,430

2.13 Loans and advances

	31 March 2017 Rupess	31 March 2016 Rupess
A. Security Deposits		
Unsecured, considered good	1,310,033	1,055,033
	1,310,033	1,055,033
B. Advances recoverable in cash or kind		
Unsecured, considered good	33,269,405	6,229,321
	33,269,405	6,229,321
	34,579,438	7,284,354

2.14 Other current assets

	31 March 2017 Rupess	31 March 2016 Rupess
Advance Income-tax /TDS	5,559,974	5,559,974
Prepaid Expenses	404,967	404,967
Others	-	-
Total	5,964,941	5,964,941

Mobile Telecommunications Limited
Notes to financial statements for the year ended 31 March 2017

3.01 Revenue from operations

	31 March 2017 Rupess	31 March 2016 Rupess
Income from sale of products		287,345,712
Income from sale of Trading Goods	1,528,682,926	964,354,386
Income from Sales of Services	-	-
	1,528,682,926	1,251,700,098

3.02 Other income

	31 March 2017 Rupess	31 March 2016 Rupess
Interest income on		
Bank deposits	-	-
Sundry written back		700,000
Miscellaneous income	2,122,313	-
Rental Income	461,783	1,285,000
	2,584,096	1,985,000

3.03 i. (Increase)/decrease in Inventories

	31 March 2017 Rupess	31 March 2016 Rupess	(Increase)/decrease
Inventories at the end of the year			
Traded goods	104,716,347	104,308,267	
Raw Material	-	-	
	104,716,347	104,308,267	(408,080)
Inventories at the begining of the year			
Traded goods	104,308,267	124,682,118	
Raw Material	-	-	
	104,308,267	124,682,118	20,373,851

ii. Details of Purchase of Traded Goods

	31 March 2017 Rupess	31 March 2016 Rupess
A. Purchase Traded Goods	1,535,802,272	1,209,949,179
B. Purchase Raw Material	-	-
	1,535,802,272	1,209,949,179

3.05 Employee benefit expense

	31 March 2017	31 March 2016
	Rupess	Rupess
Salaries, wages and bonus	2,425,128	378,539
Staff welfare expenses	42,173	-
	2,467,301	378,539

3.06 Other expenses

	31 March 2017	31 March 2016
	Rupess	Rupess
Audit fee	357,000	300,000
Rent, Rates and Taxes	627,480	1,125,400
Communication Expenses	24,703	175,332
Factory Expenses	492,164	-
Repairs & Maintenance - others	97,295	95,328
Advertisement Selling and Distribution Expenses	354,275	264,366
Travelling, Coveyance Expenses	327,200	35,634
Bank Charges	399,546	53,478
Transporation Expenses	103,900	-
Legal & Professional Fees	337,828	644,262
Vehicle Expenses	39,655	-
Printing & Stationery Expenses	9,235	45,631
Electricity Expenses	1,940,179	1,592,505
Insurance Charges	123,500	217,303
Office Expenses	905,670	341,138
Labour Charges	830,470	-
Labour Supply Expenses	44,700	-
Security Charges	234,150	-
Excise Duties	17,480	-
Franking Charges	285,300	-
Valuation Charges	84,798	-
Miscellaneous Expenditure written off	209,727	-
	7,846,255	4,890,377

Payment to Auditor

	31 March 2017	31 March 2016
	Rupess	Rupess
As Auditor:		
Audit fee	175,000	175,000
Tax Audit fee	125,000	125,000
Others	57,000	57,000
	357,000	357,000

2.08 Depreciation and Amortization Expenses

	31 March 2017	31 March 2016
	Rupess	Rupess
Depreciation of tangible assets	11,164,025	27,289,244
Less: recoupment from revaluation reserve	-	-
	11,164,025	27,289,244

3.07 Finance Costs

	31 March 2017	31 March 2016
	Rupess	Rupess
Interest Expenses		
Term Loan	-	-
Cash Credit	6,913,734	8,631,438
Other finance Cost	-	-
	6,913,734	8,631,438