

AUDITORS REPORT

To,

The Members

M/s. Telecanor Global Limited

1. We have audited the attached Balance Sheet of TELECANOR GLOBAL LIMITED, as at 30th September 2013, the Statement of Profit & Loss and the Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted the audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003(CARO) issued by the Central Government of India in terms of subsection (4A) of Section 227 of the Companies Act, 1956, We enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from my examination of those books;
 - iii) The balance sheet, the Statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the balance sheet, the Statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956 ;
 - v) On the basis of written representations received from the directors, as on 30 September 2013, and taken on record by the Board of Directors, We report that none of the directors are disqualified as on 30 September 2013 from being appointed as director in terms of clause (g) of Subsection 1 of section 274 of the Companies Act, 1956 ;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with accounting policies and other notes attached thereto give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a) In the case of the Balance Sheet, of the State of Affairs of the Company as at 30 September 2013.
 - b) In the case of the Statement of Profit and Loss , of the Loss for the period ended on that date and
 - c) In the case of the cash flow statement, of the cash flows of the company or the period ended on that date.

For **M/S. GOPAL & RAJAN**
 CHARTERED ACCOUNTANTS
 Firm Registration No.000953S

Place : Hyderabad
 Date : 6-12-2013

K.GOUTHAM SUBBAIAH
 PARTNER
 Membership No.203237

RE. TELECANOR GLOBAL LIMITED**Annexure to Audit Report****Referred to in paragraph 3 of our report of even date.**

- (i)
 - a. The company has maintained records showing full particulars including quantitative details of situation of fixed assets.
 - b. The fixed assets were physically verified by the management during the year, and discrepancies noticed on such verification have been properly dealt with in the accounts.
 - c. During the year, the company has disposed/written down Fixed assets to the tune of Rs. 26,80,882/- (Gross Value) as the instalments to the finance company was not paid and the vehicle was sold by the finance company. Based on communication received from the finance company the liability was accounted in the books of the company.
- (ii)
 - a. The management of the company has conducted physical verification of its inventories adequately during the year.
 - b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c. The company is maintaining records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The company, as per the information and explanations provided, has not accepted or taken loans from the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, and hence the matters regarding rate of interest, terms & conditions of loans, repayments and overdue amounts more than Rs. 1 Lakh are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, apart from certain procedures that need strengthening on an ongoing basis, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of my audit, no major weakness has been noticed in internal controls.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - a. The particulars of contracts or arrangements referred to section 301 that needed to be entered in the Register maintained under the said section have been so entered.
 - b. Where each of such transaction is in excess of Rs. 5 lakhs in respect of any party, the transactions have been at prices which are prima facie reasonable having regard to prevailing market prices at the relevant time. There are no such transactions.
- (vi) The company has not accepted deposits from the public and hence the provisions of Section 58 A of the Companies Act, 1956 and the rules framed there under are not applicable to the company. In the company's case, no order has been passed by the Company Law Board.
- (vii) The company has not yet established a formal internal audit system and the company functions with a detailed review of transactions by its audit committee, which is commensurate with the size and nature of its present business.
- (viii) As per the information provided by the Management, that the Company is not covered by the rules made by the Central Government for the maintenance of cost records under Sec 209 (I)(d) of the Companies Act, 1956.
- (viii) According to the information and explanations given to us in respect of statutory dues the details are as follows :

Details of undisputed dues to various statutory authorities are as follows:

CST payable	Rs. 2,27,324/-
FBT payable	Rs. 75,000/-
IT Payable	Rs. 1,23,14,271/-
TDS Payable	Rs. 25,63,322/-
Service Tax Payable	Rs. 54,73,603/-
VAT Payable	Rs. 16,74,815/-

We are informed that the company has no liability towards gratuity and that the provisions of the Provident Fund & ESI Act are not applicable to it.

In our opinion, the accumulated losses of the company are not more than fifty percent of its net worth. The company has incurred cash loss during the period ended 30th September 2013 (15 months).

- (xi) In our opinion and according to the information and explanations given to us, the company has dues and has defaulted in repayment to financial institution, bank or debenture holders with respect to interest and instalments. The Company has defaulted with respect to repayment of Term Loan instalments and interest on Overdraft availed from Dhanalakshmi bank and as per the communication received from Dhanalakshmi bank, the bank has initiated legal proceedings for recovery of loan at Debt Recovery Tribunal (DRT).
- (x) In our opinion, and according to the information and explanations given to us that the company has been granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities against 7,00,000 shares pledged with dhanalakshmi bank Ltd
- (xiii) In our opinion, the company is not a chit fund or a nidhi, mutual benefit, fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) The company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information provided and explanations given that the company has taken term loans and were applied by the company for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, We report that the no funds raised on short term basis have been used for long-term assets except permanent working capital.
- (xviii) According to information and explanation received the company has paid an amount of Rs.16,89,000/- to Vimal S shah towards settlement of a dispute with him. Mr. Vimal S Shah had lodged an FIR on Company and its directors and has claimed compensation on several accounts including delay in listing of shares and dematerialization of the same
- (xix) According to the information and explanations given to us, the company has not issued any debentures during the year under audit or any period prior to it.
- (xviii) According to the information given that the company has not made any public issue during the year. Hence this clause is not applicable.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of my audit.

For **M/S. GOPAL & RAJAN**
 CHARTERED ACCOUNTANTS
 Firm Registration No.000953S

Place : Hyderabad
 Date : 6-12-2013

K.GOUTHAM SUBBAIAH
 PARTNER
 Membership No.203237

Auditor's Certificate on Compliance with Corporate Governance pursuant to Clause 49 of the Listing Agreement.

The members of

TeleCanor Global Limited

1. We have examined the compliance of conditions of Corporate Governance by TeleCanor Global Limited (the Company) for the period ended 30 September 2013, as stipulated in clause 49 of the listing agreement of the said Company with the stock exchanges in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and explanations given to us, We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **M/S. GOPAL & RAJAN**
CHARTERED ACCOUNTANTS
Firm Registration No.000953S

Place : Hyderabad
Date : 6-12-2013

K.GOUTHAM SUBBAIAH
PARTNER
Membership No.203237

TELECANOR GLOBAL LIMITED**(Formerly Victory Projects Limited)**

Cash Flow Statement	As on 31-03-2013 Rs.
A. Cash from Operations	
Net Loss / Profit before Interest and Taxes	(44,440,713.00)
Adjustment for Depreciation	33,230,689.00
Profit before working capital changes	(11,210,024.00)
(Increase) / Decrease in Current Assets	4,020,079.00
Increase / (Decrease) in Current Liabilities	41,883,810.00
Current Taxes	-
Loss on sale of asset	
Net Cash used in Operating activities	34,693,865.00
B. Cash flow from Investing Activities	
(Purchase) / Sales in Fixed Assets	(18,742,550.00)
C. Cash Flow from financing Activities	
Decrease in Long term borrowings	(16,315,415.00)
Increase in Capital	
Decrease in Long term loans and advances (asset)	(364,100.00)
E. Cash and Cash Equivalents as at Beginning	634,989.00
G. Cash and Cash Equivalents as at Ending	270,889.00

For **M/S. GOPAL & RAJAN**
 CHARTERED ACCOUNTANTS
 Firm Registration No.000953S

K.GOUTHAM SUBBAIAH
 PARTNER
 Membership No.203237

Place : Hyderabad
 Date : 6-12-2013

For and on behalf of the Board

Maruti Ram Praturi
 Managing Director

D. Seenu Reddy
 Director

TELECANOR GLOBAL LIMITED**Balance Sheet as at 30th June 2013**

Particulars	Note	As on 30-09-2013 (For 15 Month)	As on 30-06-2012 (For 15 Month)
Equity and Liabilities			
Shareholders Funds			
Share Capital	2	86,041,584.00	86,041,584
Reserves and Surplus	3	254,616,795.30	313,983,648
Share warrants	4	2,500,000.00	2,500,000
Expired Share warrants	5	9,804,555.00	9,804,555
Non Current Liabilities			
Long Term Borrowings	6	-	12,067,622
Deferred Tax	7	15,492,134.00	15,492,134
Current Liabilities			
Trade Payables	8	572,808.00	447,720
Other Current Liabilities	9	100,896,992.87	80,241,369
Short Term provisions	10	8,624,042.00	-
		478,548,911.17	520,578,632
Assets			
Non Current Assets			
Fixed Assets	11	397,731,355.55	440,626,633
Long Term Loans and Advances	12	4,512,766.00	4,171,789
Other Non Current Assets	13	13,425,223.00	13,425,223
Current Assets			
Trade Receivables	14	60,960,618.43	59,027,921
Short term loans and advances	15	1,896,092.00	3,056,177
Cash and Cash Equivalents	16	22,856.19	270,889
		478,548,911.17	520,578,632
Notes to Balance sheet and Statement of Profit and Loss	1 to 22	-	

For **M/S. GOPAL & RAJAN**
CHARTERED ACCOUNTANTS
 Firm Registration No.000953S

For and on behalf of the Board

K.GOUTHAM SUBBAIAH
PARTNER
 Membership No.203237

Maruti Ram Praturi
 Managing Director

D. Seenu Reddy
 Director

Place : Hyderabad
 Date : 6-12-2013

TELECANOR GLOBAL LIMITED**Profit & Loss Account for the year ended 30th June 2013**

Particulars	Note	For the year 30-09-2013 (For 15 Month)	For the year 30-06-2012 (For 15 Month)
Revenue From Operations			
Income from IT & Aqua	17	2,901,045.00	115,414,399
Other Income	18	796.00	-
Total Revenue		2,901,841.00	115,414,399
EXPENSES			
Cost of Materials Consumed	19	38,236.00	2,751,355
Employee Benefit Expenses	20	391,420.00	9,785,967
Finance costs	21	14,309,061.00	11,119,792
Depreciation	11	41,202,272.00	33,230,689
Other Expenses	22	6,327,704.00	102,967,309
Total Expenses		62,268,693.00	159,855,112
Loss Before Tax		59,366,852.00	44,440,713
Current Tax		-	-
Deferred Tax		-	-
Loss After Tax		59,366,852.00	44,440,713
Profit /Loss b/f from previous year			32,591,339
Loss transferred to Balance Sheet		59,366,852.00	11,849,374
Notes to Balance sheet and Statement of Profit and Loss	1 to 22		

For **M/S. GOPAL & RAJAN**
 CHARTERED ACCOUNTANTS
 Firm Registration No.000953S

For and on behalf of the Board

K.GOUTHAM SUBBAIAH
 PARTNER
 Membership No.203237

Maruti Ram Praturi
 Managing Director

D. Seenu Reddy
 Director

Place : Hyderabad
 Date : 6-12-2013

Notes to Balance Sheet and Statement of Profit and Loss**Note No. : 1****Accounting Policies****a) Basis for Accounting**

The financial statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the Generally Accepted Accounting Principles, Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and the relevant provisions thereof. During the year, Revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company for preparation and presentation of its financial statements. The Company has reclassified the previous year figures in accordance with the requirements in the current year.

b) Revenue Recognition

- (i) Revenue from sale of goods is recognised net of rebates and discounts on transfer of significant risks and rewards of ownership to the buyer.
- (ii) Revenue from services rendered is recognised on prorata basis in proportion to the stage of completion of the related transaction.

c) Tangible Assets

Tangible assets are stated at cost less accumulated depreciation and net of impairment, if any.

d) Intangible Assets

Intangible assets are stated at cost less accumulated amortisation and net of impairment, if any. An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and its cost can be measured reliably. Intangible assets having finite useful lives are amortised on a straight line basis over their estimated useful lives.

e) Depreciation and Amortisation

Depreciation is provided on a straight line basis applying the rates specified in Schedule XIV to the Companies Act, 1956 except the following GIS-GPS software depreciated at 20% IVR PG software depreciated at 20% Comweb software depreciated at 20%

f) Impairment

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognised in the Statement of Profit and Loss if the carrying amount of an asset exceeds its recoverable amount.

h) Foreign Currency Transactions

Transactions in foreign exchange currencies are recorded at ruling rate on the date of the transaction. Monetary items of assets and liabilities are translated on reporting date. Exchange differences are recognized, if any material, in the statement of profit and loss for the period. However there are no such items to be recognized.

I) Inventories

Inventories are valued at cost or net realizable value whichever is lower. However there are no inventories as on the end of reporting period.

J) Deferred Tax

Deferred tax is accounted for by computing the tax effect of timing differences which arise during the year and reverse in subsequent periods. However deferred tax was not provided during the year as the company has incurred loss during the year.

K) Loans and Advances

During the period ended 30th September 2013 the company has not paid instalments regularly with respect to the Term Loan and the loan is overdue. The OD interest is also not paid and the same has become overdue for non payment of interest.

L) Exceptional Items

During the period under review fixed assets worth(Gross value) Rs. 26,80,882/- was sold for Rs. 14,62,768/- as there was default in payment of instalments

M) Earnings per share

The earnings considered in ascertaining the companys Earnings Per Share(EPS) comprise of the net profit after tax less dividend(including dividend distribution tax) on preference shares. The number of shares used for computing the basis EPS is the weighted average number of shares outstanding during the year. During the period under review the company has incurred cash loss.

N) Contingencies and events occurring after the balance sheet date**O) Employee Benefits**

Based on the past experience and the position as on the reporting date, no provision is made for the retirement benefits as none of the present employees are entitled for the same.

P) Segment Reporting

The Company has identified three reportable segments, viz Construction, Information Technology and Acqaculture in terms of requirements of Accounting Standard 17. Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment.