

TAMILNADU TELECOMMUNICATIONS LIMITED

(A Joint Venture of TCIL, Govt. of India Enterprise & TIDCO, Govt. of Tamilnadu Enterprise)

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(Indian Rupees in hundreds)

Particulars	STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED ON 30TH JUNE 2019			
	For the Quarter Ended			For the Year Ended
	June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
(Refer Notes Below)	Unaudited	Audited	Unaudited	Audited
(I) Revenue from Operations	-	-	-	-
(II) Other Income	572	3,358	794	5,461
(III) Total Income (i+ii)	572	3,358	794	5,461
(IV). Expenses				
(a) Cost of Materials consumed	-	-	2,801	2,801
(b) Excise Duty	-	-	-	-
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	-	-	-	-
(d) Employee benefits expense	68,288	118,269	126,476	495,994
(e) Finance Cost	227,899	225,156	214,336	896,646
(f) Depreciation and amortisation expense	7,349	7,356	7,426	29,935
(g) Other expenses	31,392	84,291	31,067	150,632
Total Expenses (IV)	334,928	435,072	382,106	1,576,008
(V). Profit / (Loss) before exceptional items and Tax ((III-IV)	(334,356)	(431,714)	(381,312)	(1,570,547)
(VI). Exceptional Items	-	-	-	-
(VII) Profit / (Loss) before tax (V-VI)	(334,356)	(431,714)	(381,312)	(1,570,547)
(VIII). Tax expense				
Current Tax	-	-	-	-
Deferred Tax	-	-	-	-
(IX) Net Profit / (Loss) for the period from Continuing Operation after tax (VII-VIII)	(334,356)	(431,714)	(381,312)	(1,570,547)
(X) Profit / (Loss) from discontinued operations before tax	-	-	-	-
(XI) Tax Expense of discontinued operations	-	-	-	-
(XII) Profit / (Loss) from discontinued operations after tax (X-XI)	-	-	-	-
(XIII). Profit / (Loss) for the period	(334,356)	(431,714)	(381,312)	(1,570,547)
(XIV). Other Comprehensive Income	-	(22,915)	-	(22,915)
(XV) Total Comprehensive Income for the period [(XIII-XIV) Comprising profit/(Loss) from ordinary activities after tax and Other Comprehensive Income for the period]	(334,356)	(454,629)	(381,312)	(1,593,462)
(XVI). Paid-up equity share capital (Face Value of Rs 10. Each)	4,567,620	4,567,620	4,567,620	4,567,620
(XVII) Reserves excluding revaluation reserves as per Balance Sheet of previous accounting year	(15,124,218)	(14,789,861)	(13,577,712)	(14,789,861)
(XVIII) Earnings Per Equity Share (for Continuing Operation) (of Rs 10/- each) (not annualised):				
(a) Basic	(0.73)	(0.95)	(0.83)	(3.44)
(b) Diluted	(0.73)	(0.95)	(0.83)	(3.44)

Notes to Statement of unaudited financial results and Statement of assets and liabilities

1) The Ind AS compliant interim unaudited stand alone financial statements for the three months period ended 30th June 2019 have been prepared in accordance with the regulations and measurement principles laid down in Ind AS-34- "Interim Financial Reporting" prescribed as per section 133 of the Companies Act 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. The management have exercised necessary due diligence and ensured that the aforesaid statements provide a true and fair view of its affairs in accordance with the Companies (Indian Accounting Standards) Rules 2015.

2) The above results have been reviewed and approved by the Board of Directors at its meeting held on 08th August 2019.

3) The accumulated losses of the Company, Rs. 1,512,421,702/- as of 30th June 2019 had exceeded the net worth of the Company. The net worth of the Company as of 30th June 2019 is negative at Rs. 1,055,659,702/-

4) The accumulated losses of the company had exceeded its net worth again during 2011-12. The Erstwhile BIFR has already approved a Sanctioned Scheme for the Company during 2010-11 and the Company is under re-habilitation period and is being monitored by it through the Monitoring Agency. Lack of executable orders and dull phase of Optical Fiber Cable (OFC) market from 2010-11 onwards is the main reason for such performance since then. The requirement of OFC in the country is huge; however, the delay is due to various procedural issues in execution of big projects by Govt. clients. As such the company is hopeful of improving its order book position. Considering this and anticipating financial support from its Holding Company TCIL, Govt of India's Department of Telecommunications etc, the accounts have been prepared on "Going Concern basis" for the present.

5) Same accounting policies as that of last financial year are followed in the current quarter.

6) Provision for Employee Benefits have been made on estimated basis.




7) During the year the Company has not accounted / taken the credit / charge for the deferred tax assets / liabilities. The excess of timing difference over the deferred tax liability has been ignored for want of reasonable certainty of the Company making taxable income in the near future. Similarly, for the same reason, certain other provisions made in the earlier years have been ignored for creation of deferred tax asset. The accumulated losses and carried forward depreciation under the tax laws have been ignored for creating the deferred tax asset considering that there is no reasonable certainty of the Company making taxable income in the future.

8) In view of the commitment by the company to pay Telecommunications Consultants India Limited (the holding company) on demand basis, the company has taken a conservative approach to reflect the amount due of Rs.1,108,664,242/- at book value and not at fair value. Further since the aforesaid financial liabilities are current in nature there would only be an immaterial finance cost/income involved, on account of restatement of the balances to fair value.

9) The balances of debtors, creditors, loans and advances (other than Telecommunications Consultants India Limited (TCIL)) as on 30th June 2019 are subject to confirmation.

10) No provision is made for one long pending debtor amounting to Rs. 33,950,521/- in view of the arbitration proceeding completed against the Purchaser for which Award is received in favour of the Company but has been challenged by the Purchaser in the Court. The Court has remitted back to the Arbitrator for issuing speaking orders which has also been awarded in favour of the Company. The Purchaser has again appealed in the Court.

11) No provision is made for Rs. 1,339,656/- due from RailTel which was under Arbitration. In the Arbitration award, six claims were in favour of the Company and one against the Company. Company has appealed against the award in Delhi High court and the proceedings are in progress.

12) Depreciation has been provided as per the requirement of Part C of Schedule II to the Companies Act, 2013.

13) Contingent Liabilities

a) Commercial Tax Department had demanded a sum of Rs.18,608,794/- as Additional Sales Tax in respect of Financial Year 2000-2001 and 2001-2002 (up to November 2001). The company has obtained a Stay from Madras High Court against the collection of above demand by depositing a sum of Rs. 75,000 with Commercial Tax Department as directed by the High Court while granting the stay. As the demand is disputed, the same is not provided for in the accounts. The case came up for hearing during November, 2011 and directions were issued to post the case along with the writ appeal before the Bench in another similar case where the judgment is in favour of the assessee. The writ petitions were heard by High Court, Madras, on 02-09-2015 and on 09-09-2015. On hearing the argument single Judge of High court Madras reserved the judgement. Orders are still not given by the Court.

b) The Sales Tax department has demanded a sum of Rs. 2,295,000/- during the financial year 2006-07 for non-submission of "C" Forms from BSNL / MTNL pertaining to AY 2001-02, 2002-03 and 2003-04. The Government has exempted "C" forms in respect of inter-state sales to BSNL / MTNL. The company has represented to the Department and also referred the matter to BSNL / MTNL. Next hearing date is not yet fixed.

c) The Customs Authority has demanded an amount of Rs. 3,155,226/- towards difference in classification of Optical Fibre during the year 2006-07. However, the order of the Commissioner of Customs has come in favour of the Company during the year 2009-10 dropping the proceedings. Department has gone for appeal against the order. The company has filed the Counter. The Tribunal vide its Final Order dated 19/12/2017 remanded the matter back to the Commissioner for fresh decision after the outcome of the case pending in Supreme Court on the issue of jurisdiction of DRI to issue the notice. As such, the issue has to be argued and decided afresh.

d) There is a demand from IT department for Rs. 1,774,729/- towards short deduction of TDS against interest payable to TCIL. We have represented the case with IT Department.

e) Total penalty amounting to Rs. 4,776,640/- is levied by the BSE and NSE stock exchanges pursuant to non-compliance with SEBI(Listing Obligations & Disclosure Requirements). The Company has made written representation to the Stock exchanges for waiver of this penalties.

14) The figures of the quarter ended 31st March 2019 are the balancing figures between audited figures in respect of the full financial year and published unaudited year to date figures upto the Third quarter of the respective financial year.

15) Previous period's amounts are regrouped and rearranged to conform to the current period's classification.

16) The financial results have been reviewed by the Statutory Auditors as required under Regulation 33 of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 and has qualified their limited review report on the unaudited financial results for the quarter ended 30th June 2019 in respect of the following matters:

a) The company has not carried out actuarial valuation as of 30th June 2019, relating to Gratuity and leave encashment benefits in terms of Ind AS 19 impacting total comprehensive income attributable to equity shareholders.

b) The Company has not recognized the following financial liability/asset at fair value in terms of Ind AS 109.

- i. Amount due to Fujikura Ltd amounting to Rs.1,89,65,590/- and
- ii. Trade receivables (considered good) amounting to Rs.7,12,57,092/-
- iii. Unsecured Trade Payables amounting to Rs. 3,31,07,285/-

As the Company in respect of these liabilities/assets would be making payments/receiving at book value and not at fair value, the Management has decided to continue the respective balances at their book values.

17) The Auditors have drawn attention to the following matters in their Limited Review report for the quarter ended 30th June 2019.

a) Note No. 3 & 4 of the notes to Statement of unaudited financial results and Statement of assets and liabilities. The Company's accumulated losses of Rs. 1,512,421,702/- has eroded the Net Worth of the Company, indicating the existence of material uncertainty that may cast a doubt about the Company's ability to continue as a Going Concern. Based on the mitigating factors discussed in the said note, the Management believes that the Going Concern assumption is appropriate.

b) Note No. 8 of the notes to Statement of unaudited financial results and Statement of assets and liabilities which states the reason for non-recognition of amounts due to the holding Company viz., Telecommunications Consultants India Limited amounting to Rs. Rs.1,108,664,242/- at Fair Value in accordance with IndAS 109.

c) Note No. 9 of the notes to Statement of unaudited financial results and Statement of assets and liabilities, which states that the balances carried in the debtors, creditors, advances & deposits payable / recoverable are subject to confirmation from all parties (other than Telecommunications Consultants India Limited).

18) The Company's business activity falls within a single primary business segment viz., telephone cables.

Date: 08 August, 2019

For and on behalf of the Board of Directors



8/8/19
Sanjeev Kumar Kesari
Managing Director

Partners:

CA. R. BUPATHY, B.Com., FCA
CA. V. THIAGARAJAN, B.Com., FCA
CA. D. PURUSHOTHAMAN, B.Com., FCA., DISA (ICAI)
CA. T. THULASIMALA, B.Com., FCA
CA. T. SANGEETH, B.Com., FCA
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INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

To

The Board of Directors,
Tamilnadu Telecommunications Limited,
Chennai.

1. We have reviewed the accompanying statement of the unaudited financial results of TAMILNADU TELECOMMUNICATIONS LIMITED, (the "Company") for the Quarter ended 30th June, 2019 (the "Statement") prepared by the Company pursuant to the requirement of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
2. This statement which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereafter and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly we do not express an audit opinion.
4. **Basis for Qualified Conclusion:**
 - a. The company has not carried out actuarial valuation as of 30th June, 2019, relating to Gratuity and leave encashment benefits in terms of Ind AS 19 impacting total comprehensive income attributable to equity shareholders.
 - b. The Company has not recognized the following financial liability/asset at fair value in terms of Ind AS 109.
 - i) Amounts due to M/s Fujikura Limited amounting to Rs. 1,93,78,840/-
 - ii) Trade Receivables (considered good) amounting to Rs. 7,12,57,092/-
 - iii) Unsecured Trade Payables amounting to Rs. 3,31,07,285/-

5. Qualified Conclusion:

Based on our review conducted as stated in Para 3 hereinabove, Except for the effects of matters as detailed in para 4 hereinabove, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited financial results read with notes thereon, prepared in accordance with the Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules 2014 and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. Emphasis of Matter:

- a) We draw attention to Note No. 3 & 4 of the notes to Statement of unaudited financial results and Statement of assets and liabilities. The Company's accumulated losses of Rs. 1,512,421,702/- has eroded the Net Worth of the Company, indicating the existence of material uncertainty that may cast a doubt about the Company's ability to continue as a Going Concern. Based on the mitigating factors discussed in the said note, the Management believes that the Going Concern assumption is appropriate. Our conclusion is not modified in respect of this matter.
- b) We draw attention to Note No. 8 of the notes to Statement of unaudited financial results and Statement of assets and liabilities which states the reason for non-recognition of amounts due to the holding Company viz., Telecommunications Consultants India Limited amounting to Rs. 1,108,664,242/- at Fair Value in accordance with IndAS 109. Our conclusion is not modified in respect of this matter.
- c) Attention is invited to Note No. 9 of the notes to Statement of unaudited financial results and Statement of assets and liabilities, which states that the balances carried in the debtors, creditors, advances & deposits payable / recoverable are subject to confirmation from all parties (other than Telecommunications Consultants India Limited). The impact if any, on financial results is not ascertainable and therefore our conclusion is not modified in this respect.

For R.Bupathy & Co.,
Chartered Accountants
FRN: 000525S



[Signature]
CA. V. Thiagarajan
Partner
ICAI Membership No. 203328

Place: Chennai
Date: 08th August 2019