



# TAMILNADU TELECOMMUNICATIONS LIMITED

(A Joint venture of TCIL, a Govt. of India Enterprise &  
TIDCO, a Govt. of Tamilnadu Enterprises)

**OPTICAL FIBRE CABLE DIVISION**



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TTL/BSE/2019-20

30.05.2019

The Manager,  
Bombay Stock Exchange Limited,  
Floor No. 25, PJ Towers,  
Dalal Street, MUMBAI – 400 001

Dear Sir/ Madam

**SUB:** Outcome of the Board Meeting – regarding

**REF:** Scrip Code - **523419**

With reference to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Meeting of the Board of Directors of M/s. TAMILNADU TELECOMMUNICATIONS LIMITED, schedule on 30.05.2019 (Thursday) at 03.30 pm, at M/S TELECOMMUNICATIONS CONSULTANTS INDIA LIMITED, TCIL Bhawan, Greater Kailash-I, New Delhi-11 0048, for adoption of the audited accounts for the year ended 31<sup>st</sup> March 2019, Accordingly, in the Board Meeting held on today 30.05.2019 (Thursday) at 03.30 pm, at M/S TELECOMMUNICATIONS CONSULTANTS INDIA LIMITED, TCIL Bhawan, Greater Kailash-I, New Delhi-11 0048, the Board has approved the audited results of the Company for the year 2018-19 along with other business:

Please find enclosed herewith the following for your information and records:

- 1) Duly authenticated Statement of the audited results for the year ended 31<sup>st</sup> March, 2019 along with other relevant periods, as per the prescribed format.

Kindly acknowledge receipt.

Thanking you,  
Yours faithfully,

(Sanjeev Kumar Kesari)  
Managing Director



Encl: Audited Financial Results for the F.Y. 2018-19.

**AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2019**

Particulars	Quarter Ended			Year Ended	
	March 31, 2019	December 31, 2018	March 31, 2018	March 31, 2019	March 31, 2018
	Audited	UnAudited	Audited	Audited	Audited
(Refer Notes Below)					
(I) Revenue from Operations	-	-	-	-	160,689
(II) Other Income	3,358	1,272	7,907	5,461	9,553
(III) Total Income (I+II)	3,358	1,272	7,907	5,461	170,242
(IV). Expenses					
(a) Cost of Materials consumed	-	-	(541)	2,801	103,843
(b) Excise Duty	-	-	-	-	777
(c) Changes in Inventories of finished goods, work-in-progress and stock-in-trade	-	-	325	-	7,968
(d) Employee benefits expense	118,269	127,214	137,021	495,994	513,564
(e) Finance Cost	225,156	234,124	217,956	896,646	844,196
(f) Depreciation and amortisation expense	7,356	7,652	7,381	29,935	30,255
(g) Other expenses	84,291	9,622	29,983	150,632	108,017
Total Expenses (IV)	435,072	378,612	392,125	1,576,008	1,608,620
(V). Profit / (Loss) before exceptional items and Tax ((III-IV)	(431,714)	(377,340)	(384,218)	(1,570,547)	(1,438,378)
(VI). Exceptional Items	-	-	-	-	2,155
(VII) Profit / (Loss) before tax (V-VI)	(431,714)	(377,340)	(384,218)	(1,570,547)	(1,440,533)
(VIII). Tax expense					
Current Tax					
Deferred Tax					
(IX) Net Profit / (Loss) for the period from Continuing Operation after tax (VII-VIII)	(431,714)	(377,340)	(384,218)	(1,570,547)	(1,440,533)
(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	(431,714)	(377,340)	(384,218)	(1,570,547)	(1,440,533)
(XIV). Other Comprehensive Income	(22,915)	-	20,550	(22,915)	20,550
(XV) Total Comprehensive Income for the period [ (XIII-XIV) Comprising profit/(Loss) from ordinary activities after tax and Other Comprehensive Income for the period]	(454,629)	(377,340)	(363,668)	(1,593,462)	(1,419,983)
(XVI). Paid-up equity share capital (Face Value of Rs 10. Each)	4,567,620	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	(14,789,861)	(14,335,233)	(13,196,400)	(14,789,861)	(13,196,400)
(XVIII) Earnings Per Equity Share (for Continuing Operation) (of Rs 10/- each) (not annualised):					
(a) Basic	(0.95)	(0.83)	(0.84)	(3.44)	(3.15)
(b) Diluted	(0.95)	(0.83)	(0.84)	(3.44)	(3.15)

**Notes to Published Results:**

- The above Financial Results (as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations) have been reviewed by the Audit Committee of the Board and approved by the Board of Directors at its meeting held on 30th May 2019. The statutory auditors have audited the financial results for the Quarter and year to date ended March 31, 2019 as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and the related report does not have any impact on the above Audited Financial Results and notes thereon.
- The Financial statement as on 31.03.2019 are prepared in compliance with the Indian Accounting Standard (Ind As).
- 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.



4) Deferred tax: 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.

5) No provision is made for one long pending debtor Rs. 3.40 crores, in view of the arbitration proceeding completed against the Purchaser for which Award is received in favour of the Company but has since been challenged by the Purchaser in the Court. The Court has remitted back to the Arbitrator for speaking orders which has also been awarded in favour of the Company. The Purchaser has again appealed in the Court.

6) No provision is made for Rs.0.13 crores, 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.

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

8) The figures of the quarter ended 31st March 2019 and 31st March 2018 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. Also the figures up to the end of the third quarter were only reviewed and not subject to audit.

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

10) The financial statement for the year ended 31st March 2019 are subject to supplementary audit by the Comptroller and Auditor General of India u/s 143 of the Companies Act, 2013.

Place: New Delhi  
Date: 30th May, 2019



For and on behalf of the Board of Directors



30/5/19  
Sanjeev Kumar Kesari  
Managing Director

**STATEMENT OF ASSETS AND LIABILITIES**

(Indian Rupees in Hundreds)

Particulars	Year Ended	
	March 31, 2019	March 31, 2018
<b>ASSETS</b>		
<b>1 NON CURRENT ASSETS</b>		
(a) Property, Plant and Equipment	892,159	921,876
(b) Other non-current assets	4,740	6,895
<b>Total Non current assets</b>	<b>896,899</b>	<b>928,771</b>
<b>2 CURRENT ASSETS</b>		
(a) Inventories	278,690	281,492
(b) Financial Assets		
(i) Trade Receivables	712,571	743,531
(ii) Cash and Cash equivalents	54,425	92,946
(iii) Short term loans	207	185
(c) Other current assets	120,026	127,455
<b>Total Current assets</b>	<b>1,165,919</b>	<b>1,245,609</b>
<b>Total Assets</b>	<b>2,062,818</b>	<b>2,174,380</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
(a) Equity share Capital	4,567,620	4,567,620
(b) Other Equity	(14,789,861)	(13,196,398)
<b>Total Equity</b>	<b>(10,222,241)</b>	<b>(8,628,778)</b>
<b>LIABILITIES</b>		
<b>1 Non Current Liabilities</b>		
(a) Financial Liabilities		
(i) Long term borrowings	1,165,730	1,165,730
(ii) Long Term Provisions	322,556	264,740
<b>Non Current Liabilities</b>	<b>1,488,286</b>	<b>1,430,470</b>
<b>2 Current Liabilities</b>		
(a) Financial Liabilities		
(i) Short term Borrowings	1,512,498	1,242,766
(ii) Trade Payables	6,213,791	6,209,088
(iii) Other Financial liabilities	2,486,381	1,631,856
(b) Other current liabilities	113,196	86,204
(c) short term provisions	470,907	202,774
<b>Current Liabilities</b>	<b>10,796,773</b>	<b>9,372,688</b>
<b>Total of Equity and Liabilities</b>	<b>2,062,818</b>	<b>2,174,380</b>

For and on behalf of Board of Directors

Place            New Delhi  
 Date            30th May, 2019

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)  
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## INDEPENDENT AUDITOR'S REPORT

To

The Members of Tamilnadu Telecommunications Limited

### Report on the Audit of the Standalone Financial Statements

#### Qualified Opinion

We have audited the standalone financial statements of Tamilnadu Telecommunications Limited ("the Company"), which comprise the Balance sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of changes in equity and the Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the aforesaid financial statements give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31<sup>st</sup>, 2019, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Qualified Opinion

The Company has not recognized the following financial liability/asset at Fair Value in terms of IndAS 109 (including comparative figures as of 31<sup>st</sup> March 2018):

- i) Amounts due to M/s Fujikura Limited amounting to Rs. 1,93,78,840/- (Previous Year- Rs. 1,89,65,590/-/-)
- ii) Trade Receivables (considered good) amounting to Rs. 7,12,57,092/- (Previous Year- Rs. 7,43,53,067/-/-)
- iii) Unsecured Trade Payables amounting to Rs. 3,31,07,285/- (Previous Year - Rs. 3,28,46,998/-/-)

#### Emphasis of Matter

- 1) We draw attention to Note No. 28(Sl. No. 22) of the explanatory notes to the financial statements which states the reason for non-recognition of amounts due to the holding Company viz., Telecommunications Consultants India Limited amounting to Rs. 1,08,39,68,014/- (Previous Year - Rs. 97,17,45,550/-/-) at Fair Value in accordance with IndAS 109. Our opinion is not modified in respect of this matter.



- 2) Attention is invited to Note Nos. 3,5,8,14,15 of the notes to financial statements, where the balances carried in the debtors, creditors, advances & deposits payable / recoverable are subject to confirmation from all parties (other than Telecommunications Consultants India Limited) as stated in Note No.28(Sl. No. 2). The impact if any, on financial statements is not ascertainable and therefore our opinion is not modified in this respect.
- 3) Attention is invite to Note No. 28(Sl. No. 19) of the explanatory notes to the financial statements which states that the Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence the disclosure relating to amounts unpaid as at the year- end together with interest paid / payable under this Act could not be ascertained. Our opinion is not modified in this respect.

#### **Material Uncertainty Related to Going Concern**

We draw attention to Note No. 28(Sl. No. 4) of the explanatory notes to the financial statements. As at 31<sup>st</sup> March 2019, the Company's accumulated losses of 1,47,89,86,086/- (including a loss of Rs. 15,93,46,225/- incurred during the FY 2018-19) 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 factors detailed in the said note, the Management believes that the Going Concern assumption is appropriate. Our opinion is not modified in respect of this matter.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matter described in the *Basis for Qualified Opinion* section and *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our report.

#### **Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our 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.

#### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified 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 financial statement that give a true and fair view and 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.

The Board of Directors are also 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 SAs 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.

### 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 Companies Act, 2013, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 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, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) Our observations in "Material Uncertainty Related to Going Concern" Paragraph here-in-above regarding the assumption of Going Concern, in our Opinion, may have adverse effect on the functioning of the Company.
  - f) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - g) 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 B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - h) 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 has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 28(Sl. Nos. 3, 11, 15, 16) to the financial statements;
    - II. The Company has made provision, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long-term contracts.
    - III. According to the information and explanations given to us and based on our examination of the records, there were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.



3. Report on the Directions issued by the Comptroller and Auditor General of India, under Section 143(5) of the Companies Act, 2013 for conducting audit of accounts for the year 2018-19 is given in "Annexure C" to our Report.

For R. Bupathy & Co  
Chartered Accountants  
Firm Registration No. 0005255



CA V. Thiagarajan  
Partner  
ICAI M. No. 203328

Place: Chennai  
Date: 30-May-2019



Partners:

CA. R. BUPATHY, B.Com., FCA  
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**Annexure " A " to the Auditor's Report**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Tamilnadu Telecommunications Limited of even date)

Based on the books and records produced before us and as per the information and explanations given to us and based on such audit check that we considered necessary and appropriate, we report that:

- i) In respect of fixed assets,
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
  - c) The title deeds of Immovable properties are held in the name of the Company subject to the details provided in Annexure C to our Report.
- ii) In respect of its inventories:
  - a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - b) In our Opinion and according to the information and explanations given to us, the discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of accounts.
- iii) In our opinion and according to the information and explanations provided, 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 during the year. Hence, reporting under clause 3(iii) of paragraph 3 of the Order is not applicable.
- iv) In our opinion and according to the information and explanations provided, the Company has neither made any investments nor advanced any loan either to its directors or to any other person in whom the directors are interested or provided any guarantee or security. Therefore, compliance under section 185 and 186 of the Companies Act, 2013 as required under clause 3(iv) of paragraph 3 of the Order is not applicable.
- v) The Company has not accepted any deposits from the public. Hence, reporting under clause 3(v) of paragraph 3 of the Order is not applicable.



vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 in respect of nature of business carried out by the Company and therefore, clause 3(vi) of paragraph 3 of the Order is not applicable.

vii) In respect of statutory dues,

- a) Undisputed statutory dues like Provident Fund, Employees' State Insurance, TDS and Property Tax have not been regularly deposited with the appropriate authorities and there have been serious delays in a large number of cases due to insufficiency of funds with the Company.
- b) Following is the summary of statutory dues as at the last day of the financial year outstanding for a period of more than six months from the date they become payable.

Name of the Statute	Nature of the Dues	Amount	Period
Employees' State Insurance Act	Employer and Employee Contribution	4,080	July'18 to Sep' 2018
The Employees' Provident Funds And Miscellaneous Provisions Act	Employer and Employee Contribution	18,77,744	July'18 to Sep' 2018
The Employees' Provident Funds And Miscellaneous Provisions Act	Voluntary Contribution of Employee	2,49,270	July'18 to Sep' 2018
Income Tax Act	TDS Payable-Interest Charges	4,36,316	Apr'18 to Sep' 2018
Municipal Tax	Property Tax	48,79,000	Since 2009-10 to 2018-19(Apr'18 to Sep'18)
<b>Total</b>		<b>74,46,410</b>	

- c) The details of disputed dues of Sales Tax and Duties of Customs which have not been deposited as on 31<sup>st</sup> March 2019 are as given below:

Statute	Nature of Dues	Amount(Rs.)	Forum where dispute is pending	Remarks
Sales Tax	Additional Sales Tax(FY 2000-2001 & 2001-2002)	1,86,08,794	High Court of Madras	Recognized as Contingent Liability in Balance Sheet
Sales Tax	Non-Submission of C-Forms(AY 2001-02, 02-03 and 03-04)	22,95,000	Commercial Sales Tax Department	Recognized as Contingent Liability in Balance Sheet
Duty of Customs	Difference in Classification of imports(FY 06-07)	31,55,226	Commissioner of Customs	Recognized as Contingent Liability in Balance Sheet
Income Tax	Default in Traces Website	17,74,729	Income Tax Department	Recognized as Contingent Liability in Balance Sheet
Sales Tax	VAT on disposal of Movable Assets(FY 2011-12 to 2015-16)	25,725	Assistant Commissioner(CT)	Provision created in books
Sales Tax	Tax on cross verification of buyer and seller(FY 2013-14)	3,43,057	Assistant Commissioner(CT)	Provision created in books



Sales Tax	Tax on Non Submission of C Forms(FY 2012-13 to FY 2015-16)	14,35,408	Assistant Commissioner(CT)	Provision created in books
Sales Tax	ITC Reversal for CST sales without C Form(FY 2012-13 to FY 2014-15)	27,79,291	Assistant Commissioner(CT)	Provision created in books
TOTAL		3,04,17,230		

- viii) The Company has not borrowed any sums from Banks or Financial Institutions or Debenture holders and hence the question of default in repayment of dues to Banks or Financial Institutions or Debenture holders and reporting under clause 3(viii) of paragraph 3 of the Order does not arise.
- ix) The Company has not raised any moneys by way of initial public offer or further public offer and term loans during the year and hence reporting under clause 3(ix) of paragraph 3 of the Order is not applicable.
- x) According to the information and explanations provided to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) The managerial remuneration has been paid or provided in accordance with the requisite approvals and within the ceiling limit as per the provisions of Section 197 read with Schedule V of the Act.
- xii) The Company is not a Nidhi Company. Accordingly, clause 3(xii) of paragraph 3 of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(xiv) of paragraph 3 of the order is not applicable.
- xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of paragraph 3 of the order is not applicable.
- xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India, 1934. Accordingly, paragraph 3(xvi) of the order is not applicable.

For R. Bupathy & Co  
Chartered Accountants  
Firm Registration No. 005255



CA V. Thiagarajan  
Partner  
ICAI M. No. 203328

Place: Chennai  
Date: 30-May-2019

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  
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**Annexure "B" to the Independent Auditor's Report**

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Tamilnadu Telecommunications Limited of even date)

**Report on the Internal Financial Controls Over Financial Reporting 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 Tamilnadu Telecommunications Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Board of Directors of the Company 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 respective 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 internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- I. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- II. 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
- III. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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, 2019, 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 R. Bupathy & Co  
Chartered Accountants  
Firm Registration No. 000525



CA V. Thiagarajan  
Partner  
ICAI M. No. 203328

Place: Chennai  
Date: 30-May-2019

Partners:

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**Annexure " C " to the Auditor's Report**  
(Referred to in paragraph 3 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Tamilnadu Telecommunications Limited of even date)

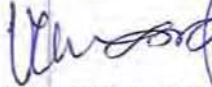
Report on directions issued by Comptroller and Auditor General of India under Section 143(5) of the Companies Act, 2013 for conducting audit of accounts of Tamilnadu Telecommunications Limited(TTL) for the year 2018-19.

S No.	Direction	Observation
1	Whether the Company has clear title/lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available.	<p>The Company is currently in possession of 9.78 acres of land, out of which 2.42 acres of land acquired from CMDA and 7.36 acres of land acquired from Tamilnadu Government in the year 1998.</p> <p>In respect of CMDA land, Memorandum of Lease cum Sale Agreement has been entered and on completion of payment, the Company has executed the sale deed and the same in original was surrendered to SBI, which is yet to be returned by SBI in spite of due clearances received from all the banks of the consortium.</p> <p>Tamilnadu Government Land of 7.36 acres was delivered to TIDCO by Tamilnadu Govt vide Land Delivery Receipt No.3959/96 and TIDCO vide its letter dated 03.09.1997 addressing TTL transferred the Land to TTL. It is stated therein that the transfer of title deed will be completed on receipt of the cost of land in due course. The cost of land was finally determined by Govt in 2010 and the same was paid. Land Delivery Receipt was issued by the Govt to the Company.</p>
2	Please report whether there are any cases of waiver/write off of debts/loans/interest etc., If yes, the reasons and amount involved.	An amount of Rs. 16,81,501/- being amounts due from customs authorities, EMD receivable, Other advances, amount due from others etc., is written off in books in the current year (FY 2018-19) due to long outstanding and uncertainty in recovery.
3	Whether proper records are maintained for inventories lying with third parties and assets received as gift/grant(s) from Govt. or other authorities.	There were no inventories lying with third parties and no assets have been received by the Company as gift/grant(s) from Government or other authorities, during the year.



4	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The Company maintains Tally ERP as the accounting program for maintenance of books of accounts. Tally being the only IT system used by the Company, not all transactions (including payroll processing, stock procurement, stock dispatch etc.,) are computerized thereby resulting in involvement of human intervention. There is no financial implication.
5	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the Company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	In the current period under review (FY 2018-19), there is no restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the Company, even though the Company is not regular in repayment of its dues (Principal and Interest) with respect to the borrowings from M/s Telecommunications Consultants India Limited being one of the promoters of Company.
6	Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its terms and conditions? List the cases of deviation.	The Company did not receive any funds for specific schemes from Central/State agencies during the FY 2018-19.

For R. Bupathy & Co  
Chartered Accountants  
Firm Registration No. 0005255

  
CA V. Thiagarajan  
Partner  
ICAI M. No. 203328



Place: Chennai  
Date: 30-May-2019

Partners:

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Compliance Certificate

We have conducted the audit of accounts of Tamilnadu Telecommunications Limited for the year ended 31<sup>st</sup> March 2019 in accordance with the directions issued by the C&AG of India under Section 143(5) of the Companies Act, 2013 and certify that we have complied with all the directions issued to us.

For R. Bupathy & Co  
Chartered Accountants  
Firm Registration No. 0005255

CA V. Thiagarajan  
Partner  
ICAI M. No. 203328



Place: Chennai

Date: 30-May-2019