



# Ortel Communications Ltd.

www.ortelcom.com

Bringing Convergence to India

Corporate office :  
C-1, Chandrasekharpur  
Behind R.M.R.C., Near BDA Colony  
BBSR- 751016, Odisha, India  
Ph.: (0674) 3983200  
Fax: (0674) 2303448  
email - nodal@ortelgroup.com  
CIN: L74899DL1995PLC069353

August 16, 2019

Company under Corporate Insolvency Resolution  
Process by NCLT Order, dated November 27, 2018

The Listing Department  
**National Stock Exchange of India Limited**  
Exchange Plaza, C-1, Block-G  
Bandra Kurla Complex  
Bandra (E), Mumbai-400 051  
Scrip code-ORTEL

The Deputy General Manager  
(Corporate Services)  
**BSE Limited**  
Floor 25, Phiroze Jeejeebhoy Towers  
Dalal Street, Fort  
Mumbai- 400 001  
Scrip code-539015

Outcome of Meeting of Resolution Professional dated 16<sup>th</sup> August, 2019

Sub: Audited Financial Results of Ortel Communications Limited ("the Company") for the quarter and year ended March 31, 2019

Dear Sirs,

We hereby inform you that the standalone and consolidated audited financial results of the Company for the quarter and year ended March 31, 2019 ("Financial Results") were placed at a co-ordination meeting between the Statutory Auditor, CFO cum Company Secretary, DGM (Finance & Accounts) and the Resolution Professional ("RP") on August 16<sup>th</sup>, 2019. Accordingly, the audited financials of the Company have today been approved by the Resolution Professional in consultation with the Statutory Auditor, CFO cum Company Secretary and DGM (Finance & Accounts). The audited financial results and statement of impact of audit qualifications, in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and report issued by the Statutory Auditors are enclosed herewith for your records. The Financial Results have been certified by the Resolution Professional and the CFO cum Company Secretary of the Company in accordance with Regulation 33(2) of the SEBI (LODR) Regulations, 2015.

This audited financial results were placed before the Statutory Auditor, CFO cum Company Secretary and DGM (Finance & Accounts) on August 16, 2019 for their consideration. Accordingly, the financial results were considered and recommended in the meeting. In view thereof, the RP, in reliance of such examination by and the representations, clarifications and explanations provided by the Statutory Auditor, CFO cum Company Secretary and DGM (Finance & Accounts) has approved the same.

The RP has approved the Financial Results only to the limited extent of discharging the powers of the Board of Directors of the Company (suspended during CIRP) which have been conferred upon him in terms of provisions of Section 17 of the Code. The statutory auditors of the Company have carried out audit on the financial results.

Further, please note that the Company has already made necessary arrangement to publish the same in newspaper as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The meeting was concluded at 07:15 P.M. on August 16, 2019.

The above is for your information and records please.

Thanking You,  
For Ortel Communications Ltd (under CIRP)

Bidu Bhushan Dash

Company Secretary & Compliance Officer

Issued with the approval of Mr. Srigopal Choudhary (RP) (Registration No. IBBI/IPA-001/IP-P01238/2018-2019/11893)



Enclo.: As above

## Ortel Communications Limited

Registered Office: B7/122A, Safdarjung Enclave, New Delhi - 110029

Corporate Office: C-1, BDA Colony, Chandrasekharpur, Bhubaneswar, Odisha - 751016

## STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2019

(Rs. in Lakhs)

Particulars	Standalone					Consolidated	
	Quarter ended		Year ended			Year ended	
	31-Mar-19	31-Dec-18	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
<b>1. Income</b>							
(a) Revenue from Operations	2,224.10	2,541.72	3,986.89	11,056.93	18,403.56	11,056.93	18,403.56
(b) Other Income	251.21	59.77	(21.65)	419.15	209.74	419.15	209.74
<b>Total Income</b>	<b>2,475.31</b>	<b>2,601.49</b>	<b>3,965.24</b>	<b>11,476.08</b>	<b>18,613.30</b>	<b>11,476.08</b>	<b>18,613.30</b>
<b>2. Expenses</b>							
(a) Programming Cost	693.68	869.77	1,143.04	3,571.48	4,525.56	3,571.48	4,525.56
(b) Bandwidth Cost	235.55	275.91	435.93	1,197.69	1,802.81	1,197.69	1,802.81
(c) Employee Benefits Expense	228.61	317.76	504.70	1,549.04	2,080.25	1,549.04	2,080.25
(d) Finance Costs	(77.21)	813.31	765.60	2,103.53	2,918.85	2,103.53	2,918.85
(e) Depreciation and Amortisation Expense	645.55	711.62	687.50	2,782.86	2,710.02	2,782.86	2,710.02
(f) Property, Plant and Equipment written off	95.25	68.25	140.24	365.47	412.02	365.47	412.02
(g) Other Expenses	1,397.47	813.21	1,386.37	5,028.60	5,813.75	5,028.85	5,814.08
<b>Total Expenses</b>	<b>3,218.90</b>	<b>3,869.83</b>	<b>5,063.38</b>	<b>16,598.67</b>	<b>20,263.26</b>	<b>16,598.92</b>	<b>20,263.59</b>
<b>3. Profit/(Loss) before exceptional items and tax (1-2)</b>	<b>(743.59)</b>	<b>(1,268.34)</b>	<b>(1,098.14)</b>	<b>(5,122.59)</b>	<b>(1,649.96)</b>	<b>(5,122.84)</b>	<b>(1,650.29)</b>
<b>4. Exceptional Items - (Income)/Expense (net)</b>	-	-	6,918.20	-	7,883.13	-	7,883.13
<b>5. Profit/(Loss) before tax (3-4)</b>	<b>(743.59)</b>	<b>(1,268.34)</b>	<b>(8,016.34)</b>	<b>(5,122.59)</b>	<b>(9,533.09)</b>	<b>(5,122.84)</b>	<b>(9,533.42)</b>
<b>6. Tax Expense</b>							
- Current Tax	-	-	-	-	-	-	-
- Deferred Tax	-	-	-	-	-	-	-
<b>7. Profit/(Loss) after tax (5-6)</b>	<b>(743.59)</b>	<b>(1,268.34)</b>	<b>(8,016.34)</b>	<b>(5,122.59)</b>	<b>(9,533.09)</b>	<b>(5,122.84)</b>	<b>(9,533.42)</b>
<b>8. Other Comprehensive Income / (Expense)</b>							
- Items that will not be reclassified to profit or loss	(19.48)	1.98	66.69	146.51	78.61	146.51	78.61
<b>9. Total Comprehensive Income / (Expense) after tax (7+8)</b>	<b>(763.07)</b>	<b>(1,266.36)</b>	<b>(7,949.65)</b>	<b>(4,976.08)</b>	<b>(9,454.48)</b>	<b>(4,976.33)</b>	<b>(9,454.81)</b>
<b>10. Profit/(Loss) attributable to:</b>							
(a) Owners of the Company	(743.59)	(1,268.34)	(8,016.34)	(5,122.59)	(9,533.09)	(5,122.84)	(9,533.42)
(b) Non-controlling Interest	-	-	-	-	-	-	-
<b>11. Other Comprehensive Income / (Expense) attributable to:</b>							
(a) Owners of the Company	(19.48)	1.98	66.69	146.51	78.61	146.51	78.61
(b) Non-controlling Interest	-	-	-	-	-	-	-
<b>12. Total Comprehensive Income / (Expense) after tax attributable to (10+11) :</b>							
(a) Owners of the Company	(763.07)	(1,266.36)	(7,949.65)	(4,976.08)	(9,454.48)	(4,976.33)	(9,454.81)
(b) Non-controlling Interest	-	-	-	-	-	-	-
<b>13. Paid-up Equity Share Capital (Face Value Rs. 10/- each)</b>	<b>3,297.69</b>	<b>3,297.69</b>	<b>3,047.69</b>	<b>3,297.69</b>	<b>3,047.69</b>	<b>3,297.69</b>	<b>3,047.69</b>
<b>14. Other Equity excluding Revaluation Reserves</b>				<b>(5,339.15)</b>	<b>(982.70)</b>	<b>(5,339.73)</b>	<b>(983.03)</b>
<b>15. Earnings per share - Basic &amp; Diluted (in Rs.)</b>	<b>*(2.28)</b>	<b>*(3.90)</b>	<b>*(26.32)</b>	<b>(15.70)</b>	<b>(31.29)</b>	<b>(15.70)</b>	<b>(31.30)</b>
(* Not annualised)							



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Company under Corporate Insolvency Resolution  
Process by NCLT Order, dated November 27, 2018

BALANCE SHEET

(Rs. in Lakhs)

Particulars	Standalone		Consolidated	
	As at 31-Mar-19	As at 31-Mar-18	As at 31-Mar-19	As at 31-Mar-18
	(Audited)	(Audited)	(Audited)	(Audited)
<b>A ASSETS</b>				
<b>1. Non-Current Assets</b>				
(a) Property, Plant and Equipment	33,497.28	34,694.42	33,497.28	34,694.42
(b) Capital Work-in-Progress	2,201.28	2,965.03	2,201.28	2,965.03
(c) Goodwill	244.35	109.16	244.35	109.16
(d) Other Intangible Assets	1,986.32	1,576.53	1,986.32	1,576.53
(e) Investment in Subsidiary	1.00	1.00	-	-
(f) Financial Assets				
(i) Investments	211.28	211.28	211.28	211.28
(ii) Loans	248.40	303.92	248.40	303.92
(iii) Other Financial Assets	0.95	551.07	0.95	551.07
(g) Other Non-Current Assets	432.59	514.64	432.59	514.64
(h) Non-Current Tax Assets (Net)	913.59	622.70	913.59	622.70
<b>Total Non-Current Assets</b>	<b>39,737.04</b>	<b>41,549.75</b>	<b>39,736.04</b>	<b>41,548.75</b>
<b>2. Current Assets</b>				
(a) Inventories	59.61	59.46	59.61	59.46
(b) Financial Assets				
(i) Trade Receivables	1,367.43	2,381.29	1,367.43	2,381.29
(ii) Cash and Cash Equivalents	412.81	350.35	413.52	351.02
(iii) Other Bank Balances	675.07	75.10	675.07	75.10
(iv) Loans	27.52	19.31	27.52	19.31
(v) Other Financial Assets	14.78	6.24	14.78	6.24
(c) Other Current Assets	2,160.48	2,656.07	2,160.48	2,656.07
<b>Total Current Assets</b>	<b>4,717.70</b>	<b>5,547.82</b>	<b>4,718.41</b>	<b>5,548.49</b>
<b>Total Assets</b>	<b>44,454.74</b>	<b>47,097.57</b>	<b>44,454.45</b>	<b>47,097.24</b>
<b>B EQUITY AND LIABILITIES</b>				
<b>1. Equity</b>				
(a) Equity Share Capital	3,297.69	3,047.69	3,297.69	3,047.69
(b) Other Equity	(5339.15)	(982.70)	(5,339.73)	(983.03)
(c) Non Controlling Interest	-	-	-	-
<b>Total Equity</b>	<b>(2,041.46)</b>	<b>2,064.99</b>	<b>(2,042.04)</b>	<b>2,064.66</b>
<b>2. Non-Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	14,231.54	10,349.67	14,231.54	10,349.67
(ii) Other Financial Liabilities	1,325.04	1,029.31	1,325.04	1,029.31
(b) Provisions	32.43	68.47	32.43	68.47
(c) Other Non-Current Liabilities	640.93	1,205.00	640.93	1,205.00
<b>Total Non-Current Liabilities</b>	<b>16,229.94</b>	<b>12,652.45</b>	<b>16,229.94</b>	<b>12,652.45</b>
<b>3. Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	3,332.05	2,880.00	3,332.05	2,880.00
(ii) Trade Payables	-	-	-	-
a) total outstanding dues of micro enterprises and small enterprises	-	-	-	-
b) total outstanding dues of creditors other than micro enterprises and small enterprises	4,017.00	3,482.11	4,017.00	3,482.11
(iii) Other Financial Liabilities	19,543.47	21,864.31	19,543.76	21,864.31
(b) Other Current Liabilities	3,366.82	4,152.79	3,366.82	4,152.79
(c) Provisions	6.92	0.92	6.92	0.92
<b>Total Current Liabilities</b>	<b>30,266.26</b>	<b>32,380.13</b>	<b>30,266.55</b>	<b>32,380.13</b>
<b>Total Equity and Liabilities</b>	<b>44,454.74</b>	<b>47,097.57</b>	<b>44,454.45</b>	<b>47,097.24</b>



*B. Prasad*

*Takur (lead)*  
*(K)*

SEGMENT WISE REVENUE, RESULTS, ASSETS AND LIABILITIES

(Rs. in Lakhs)

Particulars	Standalone					Consolidated	
	Quarter ended			Year ended		Year ended	
	31-Mar-19	31-Dec-18	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
<b>1. Segment Revenue</b>							
a) Cable TV	1,756.10	2,035.38	3,137.77	8,748.37	14,540.64	8,748.37	14,540.64
b) Broadband	169.30	207.14	491.51	1,130.32	2,316.21	1,130.32	2,316.21
c) Infrastructure Leasing	217.66	218.16	273.21	850.72	1,172.36	850.72	1,172.36
d) Others	81.04	81.04	84.40	327.52	374.35	327.52	374.35
<b>Net Income from Operations</b>	<b>2,224.10</b>	<b>2,541.72</b>	<b>3,986.89</b>	<b>11,056.93</b>	<b>18,403.56</b>	<b>11,056.93</b>	<b>18,403.56</b>
<b>2. Segment Results</b>							
a) Cable TV	54.55	265.63	(5,634.12)	1,832.65	(1,553.69)	1,832.65	(1,553.69)
b) Broadband	(40.52)	6.11	(211.74)	76.59	313.20	76.54	312.87
c) Infrastructure Leasing	142.07	185.93	127.16	686.56	891.61	686.56	891.61
d) Others	17.36	16.79	31.70	71.27	81.18	71.27	81.18
<b>Total</b>	<b>173.46</b>	<b>474.46</b>	<b>(5,687.00)</b>	<b>2,667.07</b>	<b>(267.70)</b>	<b>2,667.02</b>	<b>(268.03)</b>
Less: i) Finance Costs	(77.21)	813.31	765.60	2,103.53	2,918.85	2,103.53	2,918.85
ii) Other Un-allocable Expenditure net of Un-allocable Income	994.26	929.49	1,563.74	5,686.13	6,346.54	5,686.33	6,346.54
<b>Total Profit/(Loss) Before Tax</b>	<b>(743.59)</b>	<b>(1,268.34)</b>	<b>(8,016.34)</b>	<b>(5,122.59)</b>	<b>(9,533.09)</b>	<b>(5,122.84)</b>	<b>(9,533.42)</b>
<b>3. Segment Assets</b>							
a) Cable TV	15,575.16	17,037.85	17,380.54	15,575.16	17,380.54	15,575.16	17,380.54
b) Broadband	2,875.42	2,192.11	2,302.75	2,875.42	2,302.75	2,875.42	2,302.75
c) Infrastructure Leasing	1,786.52	1,942.70	1,993.90	1,786.52	1,993.90	1,786.52	1,993.90
d) Others	204.97	204.70	241.10	204.97	241.10	204.97	241.10
e) Unallocated	24,012.67	24,899.88	25,179.28	24,012.67	25,179.28	24,012.38	25,178.95
<b>Total Segment Assets</b>	<b>44,454.75</b>	<b>46,277.24</b>	<b>47,097.57</b>	<b>44,454.75</b>	<b>47,097.57</b>	<b>44,454.45</b>	<b>47,097.24</b>
<b>4. Segment Liabilities</b>							
a) Cable TV	10,610.43	10,588.97	10,006.23	10,610.43	10,006.23	10,610.43	10,006.23
b) Broadband	1,008.69	1,147.66	899.77	1,008.69	899.77	1,008.78	899.77
c) Infrastructure Leasing	548.89	648.46	948.34	548.89	948.34	548.89	948.34
d) Others	50.89	50.89	-	50.89	-	50.89	-
e) Unallocated	34,277.30	35,114.31	33,178.24	34,277.30	33,178.24	34,277.50	33,178.24
<b>Total Segment Liabilities</b>	<b>46,496.20</b>	<b>47,550.29</b>	<b>45,032.58</b>	<b>46,496.20</b>	<b>45,032.58</b>	<b>46,496.49</b>	<b>45,032.58</b>



*B. Prasad*

*Take a lead*  
*(CRP)*

**NOTES:**

- 1 Hon'ble National Company Law Tribunal, New Delhi Bench ('NCLT'), in the matter of C.P.No.IB-761/ (ND)/2018 passed an Order dated 27th November, 2018 for commencement of the Corporate Insolvency Resolution Process ('CIRP') under Section 9 of the Insolvency and Bankruptcy Code, 2016 ('IBC') in the matter of Ortel Communications Limited ('the Company') based on the application filed by Sony Pictures Networks India Pvt. Ltd., an operational creditor of the Company. Mr. Anil Bhatia (Reg. No. IBBI/IPA-001/IP-P00587/2017-18/11027) was appointed as Interim Resolution Professional ('IRP') to carry on the functions of an IRP, as defined under the provisions of the IBC, until replaced by the Resolution Professional ('RP'). The Committee of Creditors ('CoC') in its meeting held on 07th January, 2019 had passed a resolution proposing to replace the IRP and appoint Mr. Srigopal Choudhary (Reg. No. IBBI/IPA-001/IP-P01238/2018-2019/11893) as the RP which was confirmed by NCLT vide its order dated 1st February, 2019.

Pursuant to the order, the management of affairs of the Company and powers of board of directors of the Company are now vested with the Resolution Professional ("RP") who is appointed by the Committee of Creditors ("CoC").

A part of these results pertains to a period before the commencement of the CIRP. The Board of Directors of the Company was in charge of the business and affairs of the Company until the commencement of CIRP and all operations until such date (i.e. 27th November, 2018) were being undertaken under the supervision and management of the erstwhile Board of Directors. Hence, for the purpose of approval of these results, the RP has relied upon the results prepared, checked and confirmed by KMP's of the Company (Mr. Bibhu Prasad Rath, CEO, and Mr. Bidu Bhushan Dash, CFO & Company Secretary) and the representations and statements made by them with respect to the financial accounts, records and results. It is clarified, however, that, the RP has not conducted an independent verification of the results, in so far as it pertains to the period prior to commencement of CIRP.

These audited financial results were placed before the RP by the CFO & Company Secretary in the meeting held 16th August, 2019 for their consideration. Accordingly, the audited financial results were considered and recommended in the meeting. The RP has approved the results only for the limited purpose of discharging the powers of the Board of Directors of the Company, which have been conferred upon him as per the provisions of Section 23 of the IBC.

- 2 The Statutory Auditors of the Company have issued a 'Disclaimer of Opinion' on the Standalone and Consolidated financial statements of the Company for the year ended 31st March, 2019. Based on the observations pointed out, it is not practicable to give the cumulative impact of the same on Loss, Net Worth, Total Assets, Turnover/Total Income, Earning Per Share, Total Expenditure, Total liabilities or any other financial item(s) of the above audited financial results.
- 3 The Segment information has been prepared in line with the review of operating results by the Chief Operating Decision Maker ("CODM"), as per Ind AS 108 "Operating Segments". Accordingly, the Company's entire operations relate to four broad operating segments viz. (i) Cable TV, (ii) Broadband Service, (iii) Infrastructure Leasing (IFL), (iv) Others and it operates in the domestic market only.
- 4 During the year ended 31st March, 2018, the Company had made provision for doubtful receivables amounting to Rs. 3063.76 lakhs in respect of both retail and non-retail customers, as considered necessary, based on the management's best estimate. Thereafter, the Company identified customers who had suffered disruption of services/deficient provision of services during the period 1st October, 2016 to 31st December, 2018 and during the quarter ended 31st March, 2019, the Company issued further Credit Notes amounting to Rs. 1,295.11 lakhs to such customers. Accordingly, the Company has debited 'Provision for doubtful receivables' with Rs. 1,295.11 lakhs and the related Service Tax/Goods and Services Tax ('GST') liability with Rs. 231.85 lakhs and credited 'Trade Receivables' with Rs. 1,526.96 lakhs.
- 5 There is persistent severe strain on the working capital and operations of the Company and it is undergoing significant financial stress. It has incurred a net loss of Rs. 5122.59 lakhs for the year ended 31st March, 2019 and, as of that date, the net worth of the Company is fully eroded. CIRP was initiated in respect of the Company wef 27th November, 2018, as explained in Note No. 1 hereinabove. The Company has material obligations towards borrowings, employee benefits expense and statutory dues, amongst others. The Company's current level of income is barely sufficient to meet all operational expenses but not the past liabilities and the debt servicing obligations regarding the financial creditors. However, the Company has assessed that considering its plans to deal with the aforesaid events or conditions, the use of the going concern assumption is appropriate in the circumstances and hence, the results have been prepared on a going concern basis. Certain crucial aspects of the Company's plans in this regard are as follows:-
  - a) Restructuring/reorganising the loss making locations to eliminate recurring operating losses;
  - b) Drastic reduction in overhead expenditure;
  - c) Reduction in manpower cost by outsourcing certain functions;
  - d) Introduction of new sales schemes to increase net growth in the customer base of existing locations; and
  - e) Obtaining new contracts for construction and maintenance of networks. The Company has already received certain orders in this regard and expects more such orders on a regular basis.

Further, the CIRP provides for a moratorium as envisaged under Section 14(1) of IBC, with effect from 27th November, 2018 till the completion of the CIRP process, provided that at any time during the CIRP if a resolution plan is approved under Section 31(1) of IBC or an order for liquidation of the Company is passed under Section 33 of IBC, the moratorium shall cease to have effect from the date of such approval or liquidation order, as the case may be. CIRP is ongoing and ultimately a resolution plan needs to be presented to and approved by the CoC and further approved by the NCLT. Pending the consummation of the said process under CIRP, the results have been prepared on a going concern basis.



*B. Prasad* — Take on lead  
*[Signature]*

- 6 Considering the probability that the Company will collect the consideration to which it is entitled to, wef from 1st November, 2018, the Company has postponed recognition of income from channel carriage fees in respect of a party amounting to Rs. 90.28 lakhs. Due to this, loss is higher by Rs. 54.17 lakhs and Rs. 90.28 lakhs for the quarter and year ended 31st March, 2019, respectively. The said income from channel carriage fees would be considered as revenue of the period in which it is properly recognised.
- 7 The Company has not recognised interest payable, after the CIRP commencement date i.e. 27th November, 2018, on borrowings from banks and financial institutions and preference shares amounting to Rs. 1,067.14 Lakhs. The same is not in compliance with Ind AS - 23 on "Borrowing Cost" read with Ind AS - 109 on "Financial Instruments". Had provision for interest been recognised, finance cost, total expenses and loss for the year ended 31st March, 2019 would have been higher by Rs. 1,067.14 Lakhs having consequential impact on other current financial liability and other equity.
- 8 The Company's auditors had issued a modified Limited Review Report for the quarter and nine months ended 31st December, 2018 on the standalone financial results by stating therein, inter alia, the following qualifications :-

(i) "We had qualified our conclusion on the Company's financial results for the quarter and half year ended 30th September, 2018 by stating, inter alia, the following in the Limited Review Report: "As informed to us by the management, the Company has issued Credit Notes amounting to Rs. 1419.72 lakhs during the quarter ended 30th September, 2018 towards disruption of services/deficient provision of services during the period 1st July, 2017 to 30th April, 2018. Accordingly, the Company has debited 'Provision for doubtful receivables' with Rs. 1419.72 lakhs and the related Goods and Services Tax ('GST') liability with Rs. 255.55 lakhs and credited 'Trade Receivables' with Rs. 1675.27 lakhs. However, we have been unable to obtain sufficient appropriate evidence regarding the appropriateness of issuance of such credit notes viz. the monthwise /areawise /analog or digital wise break-up of Rs. 1419.72 lakhs, the internal auditor's/any other external expert's vetting regarding the due processes and checks and balances having been followed etc. Hence, we are unable to comment on the issuance of such Credit Notes by the Company and the impact of the same, if any, on the Statement cannot be ascertained."

Since we have not yet been provided with sufficient appropriate evidence with regard to the aforesaid matter, the impact of the same, if any, on the Statement cannot be ascertained."

(ii) "As informed to us by the management, the Company has issued further Credit Notes amounting to Rs. 1445.05 lakhs during the quarter ended 31st December, 2018 towards disruption of services/deficient provision of services during the period 1st July, 2017 to 30th September, 2018. Accordingly, the Company has debited 'Provision for doubtful receivables' with Rs. 1445.05 lakhs and the related Goods and Services Tax ('GST') liability with Rs. 260.11 lakhs and credited 'Trade Receivables' with Rs. 1705.16 lakhs. However, we have been unable to obtain sufficient appropriate evidence regarding the appropriateness of issuance of such credit notes viz. the monthwise /areawise /analog or digital wise break-up of Rs. 1445.05 lakhs, the internal auditor's/any other external expert's vetting regarding the due processes and checks and balances having been followed etc. Hence, we are unable to comment on the issuance of such Credit Notes by the Company and the impact of the same, if any, on the Statement cannot be ascertained."

(iii) "The Company has not provided to us for our verification GST Returns for the quarter and nine months ended 31st December, 2018 and reconciliation of such Returns with the books of accounts, along with the related documents, if any. Hence, the impact of the same, if any, on the Statement is not ascertainable.

Our Limited Review Report for the quarter and six months ended 30th September, 2018 was similarly qualified in this regard."

(iv) "As per the relevant GST Act/Rules, where the recipient of goods/services fails to pay to the suppliers of goods or services or both ( other than the supplies on which tax is payable on reverse charge basis ) the amount towards the value of supply along with the tax payable thereon within a period of one hundred and eighty days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be added to his output tax liability, along with interest thereon.

As at 31st December, 2018, the Company has material amount of outstanding payables in respect of supplies of goods and services, which includes dues for a period of more than 180 days from the date of issue of invoices by the relevant suppliers. However, the Company has not provided to us the relevant details of suppliers for whom the amount payable is due for a period of more than 180 days and has not added to its GST output tax liability any amount towards the input tax credit availed by it in respect of the invoices raised by such suppliers, together with the applicable interest. The impact of the same, if any, on the Statement cannot be ascertained.

Our Limited Review Report for the quarter and six months ended 30th September, 2018 was similarly qualified in this regard."

(v) "We had qualified our conclusion on the Company's financial results for the quarter and half year ended 30th September, 2018 by stating, inter alia, the following in the Limited Review report : "The Company was having an outstanding loan of Rs. 9630.54 lakhs from an NBFC as at 30th June, 2018. During the quarter ended 30th September, 2018, the Company has accounted for a new loan of Rs. 9630.54 lakhs from the same NBFC against which the actual funds received by the Company was Rs. 1700 lakhs (used to pay off a part of the old loan) and the balance of old loan amounting to Rs. 7930.54 lakhs (i.e. Rs. 9630.54 lakhs - Rs. 1700 lakhs) was adjusted by the Company against the new loan by way of a book entry. No confirmation or any other relevant document from the NBFC has been provided to us for our verification, which evidences the fact that part of the new loan amounting to Rs. 7930.54 lakhs is adjustable towards extinguishment of the old loan by way of a book entry. In absence of such a confirmation/relevant document, we are not in a position to comment on the aforesaid unilateral adjustment of loan accounted for by the Company in its books of accounts and the impact of the same, if any, on the Statement is not ascertainable."

Since no confirmation/relevant documents/details has yet been provided to us for our verification/review, with regard to the aforesaid matter, the impact of the same, if any, on the Statement cannot be ascertained and our conclusion is qualified in respect of the matter as stated above."

(vi) "During the quarter ended 31st December, 2018, the Company has received Rs. 4000 lakhs from an existing financial creditor ('FC') and the amount was repaid back to the FC on the same date on which the amount was received. However, the transaction has not been explained to us and the Company has not provided to us the relevant documents/details in this regard. Hence, we are unable to comment on the said transaction and the impact of the same, if any, on the Statement cannot be ascertained."



*[Handwritten signature]*

*Talapatra on behalf of*  
*[Handwritten initials]*

**Company under Corporate Insolvency Resolution  
Process by NCLT Order, dated November 27, 2018**

(vii) "The Company had taken a loan of Rs. 1060 lakhs from its wholly-owned subsidiary, Ortel Broadband Limited ('OBL'), during the quarter ended 30th September, 2018. During the quarter ended 31st December, 2018, the Company has passed an accounting entry in the books of accounts to transfer the aforesaid loan along with the outstanding interest to the credit of FC. As informed to us by the management, based on the understanding between the Company, OBL and FC, the aforesaid loan amount along with outstanding interest/future interest needs to be repaid by the Company to the FC and not to OBL. No confirmation or any other relevant document from OBL or FC has been provided to us for our verification, based on which the loan amount payable along with outstanding interest stands transferred as aforesaid. In absence of such a confirmation/relevant documents, we are not in a position to comment on the aforesaid accounting entry made by the Company in its books of accounts and the impact of the same, if any, on the Statement is not ascertainable. "


The qualifications as aforesaid in Note No. 8(i) to (vii) have not yet been resolved and form part of the 'Basis for Disclaimer of Opinion' in their Independent Auditor's Reports dated 16th August, 2019 for the year ended 31st March, 2019 on the standalone & consolidated financial statements. The Company is in the process of collating and providing the necessary evidences/ documents/ details/ explanations etc. as required by the Company's auditors.

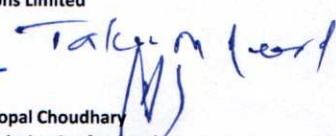
- 9 As per the IBC, the RP has to receive, collate and admit all the claims submitted by the operational and financial creditors of the Company. Such claims can be submitted to the RP during the CIRP, till the approval of a resolution plan by the CoC. To the extent the process for submission and reconciliation of claims remains an on-going process, no accounting impact in the books of accounts has been made in respect of excess, short or non-receipts of claims for operational and financial creditors.
- 10 The figures for the quarter ended 31st March, 2019 and 31st March, 2018 are the balancing figures between the audited figures in respect of the full financial year and the year-to-date figures upto the 3rd quarter of the respective financial year.
- 11 Previous years/periods' figures have been rearranged/regrouped/reclassified, wherever considered necessary, to make them comparable with those of current year/period.

For and on behalf of Ortel Communications Limited



Place: Kolkata  
Date: 16th August, 2019

  
Bidu Bhusan Dash  
Chief Financial Officer &  
Company Secretary

  
Srigopal Choudhary  
Resolution Professional  
IP Registration No. IBBI/IPA-001/IP-  
P01238/2018-2019/11893



# Ortel Communications Ltd.

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email - nodal@ortelgroup.com  
CIN: L74899DL1995PLC069353

**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with  
Annual Audited Financial Results  
Standalone**

Statement on Impact of Audit Qualifications for the Financial Year ended 31 <sup>st</sup> March, 2019 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) Rs in Lakhs	Adjusted Figures (audited figures after adjusting for qualifications) Rs in Lakhs*
	1.	Total income	11476.08	11476.08
	2.	Total Expense (including tax expense)	16598.67	17665.81
	3.	Net Profit/(Loss)	(5122.59)	(6189.73)
	4.	Earnings Per Share -Basic -Diluted	(15.70) (15.70)	(18.97) (18.97)
	5.	Total Assets	44454.74	44454.74
	6.	Total Liabilities	46496.20	47563.34
	7.	Net Worth	(2041.46)	(3108.60)
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-
* Refer comment given by Management in Item No. II (d) hereinbelow.				
<b>Audit Qualification (each audit qualification separately):</b>				
II.	a.	Details of Audit Qualification: Refer Annexure-A		
	b.	Type of Audit Qualification : Disclaimer of Opinion		
	c.	Frequency of qualification: First time.		
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:		

*[Signature]*

*[Signature]*





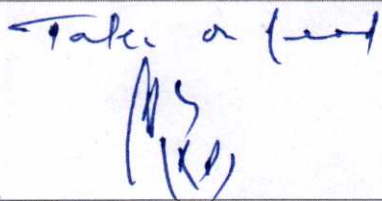
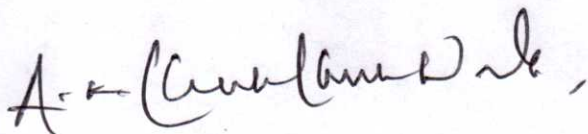
- The Statutory Auditor has quantified the impact of the audit qualification stated in point no (j) of the 'Basis for Disclaimer of Opinion' paragraph of the Independent Auditor's Report dated 16th August, 2019 on the standalone financial statements of the Company. The said audit qualification is reproduced in SI No. 1(j) of Annexure-A. Refer comment given by Management in SI No. 1(j) under 'Management's view' of Annexure- A in this regards.

e. For Audit Qualification(s) where the impact is not quantified by the auditor:

(i) **Management's estimation on the impact of audit qualification:** As per the management, there is no impact of the audit qualifications, stated in point no (b),(c),(d),(e),(f),(g),(h),(i),(k),(l),(m) and (n) of the 'Basis for Disclaimer of Opinion' paragraph of the Independent Auditor's Report dated 16<sup>th</sup> August,2019, on the profit, net worth, total assets, total income, earning per share, total expenditure, total liabilities or any other financial items of the audited financial statements. The said audit qualifications are reproduced in SI No. 1(b),(c),(d),(e),(f),(g),(h),(i),(k),(l),(m) and (n) of Annexure-A. Refer comment given by the management in SI No. 1(b),(c),(d),(e),(f),(g),(h),(i),(k),(l),(m) and (n) under 'Management's view' of Annexure- A in this regards.

(ii) **If management is unable to estimate the impact, reasons for the same:** As per the management, for audit qualification stated in point no (a) of the 'Basis for Disclaimer of Opinion' paragraph of the Independent Auditor's Report dated 16<sup>th</sup> August,2019, the management is unable to estimate the impact, if any, on the profit, net worth, total assets, total income, earning per share, total expenditure, total liabilities or any other financial items of the audited financial statements . The said observation are reproduced in SI No. 1(a) of Annexure-A. Reasons for not being able to estimate the impact has been given by the management in SI No. 1(a) under 'Management's view' of Annexure- A.

(iii) **Auditors' Comments on (i) or (ii) above:** Refer Annexure -A

III.	<b>Signatories:</b>	
	Chief Financial Officer & Company Secretary: Mr. Bidu Bhusan Dash	 
	Resolution Professional: Mr. Srigopal Choudhary	
	Statutory Auditor: For Haribhakti & Co. LLP Chartered Accountants ICAI Firm Registration No.: 103523W/ W100048 Anand Kumar Jhunjunwala Partner Membership No.: 056613	
	Place : Kolkata Date : 16 <sup>th</sup> August,2019	


## Annexure- A


Sl. No	Details of Audit Qualification (s)	Management's Views & Auditor's comment thereon
1.	<p><b>Basis for Disclaimer of Opinion</b></p> <p>a) As informed to us by the management, the Company has issued Credit Notes amounting to Rs 6844.75 lakhs during the year ended 31st March, 2019 towards disruption of services/deficient provision of services during the period 1st October, 2016 to 31st December, 2018. Accordingly, the Company has debited 'Provision for doubtful receivables' with Rs. 6844.75 lakhs and the related Service Tax/Goods and Services Tax ('GST')/Entertainment tax liability with Rs. 1205.76 lakhs and credited 'Trade Receivables' with Rs. 8050.51 lakhs. However, the Company has not provided to us sufficient appropriate audit evidence regarding the appropriateness of issuance of such credit notes viz. the monthwise /areawise /analog or digital wise break-up of Rs. 6844.75 lakhs, the internal auditor's/any other external expert's vetting regarding the due processes and checks and balances having been followed etc. Hence, we are unable to comment on the issuance of such credit notes by the Company and it is not practicable to quantify the financial effects of the same, if any, on the standalone financial statements.</p> <p>b) The Company has not provided to us for our verification GST Returns relating to the year ended 31st March, 2019 and reconciliation of such Returns with the books of accounts, along with other related documents, if any. Hence, it is not practicable to quantify the financial effects of the same, if any, on the standalone financial statements.</p> <p>c) As per the relevant GST Act/Rules, where the recipient of goods/services fails to pay to the suppliers of goods or services or both ( other than the supplies on which tax is payable on reverse charge basis ) the amount towards the value of</p>	<p>a) <b><u>Management's View</u></b> It relates to various dynamism which will be known in the due course.</p> <p><b><u>Auditor's Comment on Management's View</u></b> We are unable to understand as to what exactly the management means to say by way of its aforesaid view.</p> <p>b) <b><u>Management's View</u></b> Management do not believe there is any material financial impact of the audit qualification.</p> <p><b><u>Auditor's Comment on Management's View</u></b> Before verifying GST Returns and the reconciliation thereof with books of accounts, it would be premature to comment on the possible financial impact, if any.</p> <p>c) <b><u>Management's View</u></b> Management do not believe there is any material financial impact of the audit qualification.</p> <p><b><u>Auditor's Comment on Management's View</u></b></p>

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*Talwar & Co*  
*[Handwritten signature]*

Sl. No	Details of Audit Qualification (s)	Management's Views & Auditor's comment thereon
	<p>supply along with the tax payable thereon, within a period of one hundred and eighty days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be added to his output tax liability, along with interest thereon.</p> <p>As at 31st March, 2019, the Company has material amount of outstanding payables in respect of supplies of goods and services, which, as informed to us by the management, includes dues for a period of more than 180 days from the date of issue of invoices by the relevant suppliers. However, the Company has not added to its GST output tax liability any amount towards the input tax credit availed by it in respect of such invoices raised by the relevant suppliers, together with the applicable interest. Since the Company has not provided to us the relevant details of supplies in respect of which the amount payable by the Company is due for a period of more than 180 days, it is not practicable to quantify the financial effects of the same on the standalone financial statements.</p> <p>d) The Company was having an outstanding loan of Rs. 9630.54 lakhs from a Non-Banking Financial Company ('NBFC') as at 30th June, 2018. Subsequently, during July, 2018, the Company has accounted for a new loan of Rs. 9630.54 lakhs from the same NBFC against which the actual funds received by the Company from the NBFC was Rs. 1700 lakhs (used to pay off a part of the old loan) and the balance of old loan amounting to Rs. 7930.54 lakhs (i.e. Rs. 9630.54 lakhs – Rs. 1700 lakhs) was adjusted by the Company against the new loan by way of a book entry. No confirmation or any other relevant document in this regard from the NBFC, evidencing the aforesaid 'adjustment' of old loan against the new loan, has been provided to us by the Company. In absence of such a confirmation/relevant document, we are not in a position to comment on the aforesaid unilateral adjustment of loan accounted for by the Company in its books of accounts and it is not practicable to quantify the financial effects of the same, if any, on the standalone financial statements.</p> <p>e) We observed from the Company's bank statement that during the year ended 31st March, 2019, the Company received Rs. 4000 lakhs from the NBFC referred to in (d) above in one instance and the</p>	<p>Before verifying the relevant details in this regard, it would be premature to comment on the possible financial impact, if any.</p> <p><b>d) <u>Management's View</u></b> Management do not believe there is any financial impact on the audit qualification.</p> <p><b><u>Auditor's Comment on Management's View</u></b></p> <p>In absence of corroborative audit evidence regarding the old loan getting squared off by the new loan, it is difficult to reach a conclusion whether there can be any possible financial impact.</p> <p><b>e) <u>Management's View</u></b> Management do not believe there is any</p>



Take a lead  


Sl. No	Details of Audit Qualification (s)	Management's Views & Auditor's comment thereon
	<p>amount went back to the NBFC on the same date. No accounting entry was passed in the Company's books of accounts in this respect. However, neither the transaction has been explained to us nor any relevant documents/details in this regard have been provided by the Company. Hence, we are unable to comment on the said transaction and it is not practicable to quantify the financial effects of the same, if any, on the standalone financial statements.</p> <p>f) The Company took a loan of Rs. 1060 lakhs from its wholly-owned subsidiary, Ortel Broadband Limited ('OBL') in July, 2018 and subsequently transferred the aforesaid loan to the credit of the NBFC referred to in (d) above by way of an accounting entry in its books of accounts. As informed to us by the management, based on an understanding between the Company, OBL and the NBFC, the aforesaid loan amount along with outstanding interest needs to be repaid by the Company to the NBFC and not to OBL. No confirmation or any other relevant documents from OBL or the NBFC has been provided to us for our verification, based on which the loan amount along with outstanding interest stands transferred as aforesaid. In absence of such a confirmation/relevant documents, we are not in a position to comment on the aforesaid accounting entry made by the Company in its books of accounts and it is not practicable to quantify the financial effects of the same, if any, on the standalone financial statements.</p> <p>g) As mentioned in Note no. 57 to the standalone financial statements, no impairment assessment of Property, Plant and Equipment, Capital Work-in-Progress, Goodwill and Stores &amp; Spares in carrying values as at 31st March 2019 has been made by the Company. Therefore, we are unable to comment on the consequential impairment, if any, that is required to be made in the carrying value of Property, Plant and Equipment, Capital Work-in-Progress, Goodwill and Stores &amp; Spares.</p> <p>h) In respect of Company's borrowings from banks and financial institutions aggregating to Rs. 17524.90 lakhs and bank balances (current account and term deposits) aggregating Rs 59.41 lakhs, independent balance confirmations as at 31st March 2019 have not been received.</p>	<p>financial impact on the audit qualification.</p> <p><b><u>Auditor's Comment on Management's View</u></b></p> <p>Prima facie, it may seem that there is no financial impact but looking at the materiality of the amount involved, it is very much desirable that the Company knows for sure as to why such a material "contra entry" has appeared in its bank statement, especially when it involves one of its existing lenders.</p> <p>f) <b><u>Management's View</u></b> Management do not believe there is any financial impact on the audit qualification.</p> <p><b><u>Auditor's Comment on Management's View</u></b></p> <p>Prima facie, it may seem that there is no financial impact but detailed and complete documentation is required to arrive at a definitive conclusion.</p> <p>g) <b><u>Management's View</u></b> Management do not believe there is any impairment on all these assets.</p> <p><b><u>Auditor's Comment on Management's View</u></b></p> <p>We cannot comment on the management's belief as aforesaid unless there is an independent impairment assessment done by an expert.</p> <p>h) <b><u>Management's View</u></b> Management do not believe there is any financial impact.</p> <p><b><u>Auditor's Comment on Management's View</u></b></p>


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*Take a leaf*  
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Sl. No	Details of Audit Qualification (s)	Management's Views & Auditor's comment thereon
	<p>i) As a part of Corporate Insolvency Resolution Process ("CIRP"), creditors were called upon to submit their claims. The process of submitting claims is still going on and it is also under reconciliations with amounts as appearing in the books of accounts. Pending reconciliations and final outcome of the CIRP, no accounting impact in the books of accounts has been made in respect of excess, short, or non-receipts of claims for operational and financial creditors. Hence, it is not practicable to quantify the financial effects of the same, if any, on the standalone financial statements. (refer Note No. 56 to the standalone financial statements.)</p> <p>j) Attention is drawn to Note No. 52 to the standalone financial statements, regarding non-recognition of interest amounting to Rs. 1067.14 lakhs, subsequent to Insolvency Commencement Date i.e. 27th November, 2018, on borrowing from banks and financial institutions and on non-convertible, redeemable cumulative preference shares, which is not in compliance with the requirements of Ind AS - 23 on "Borrowing Costs" read with Ind AS - 109 on "Financial Instruments". Had the aforesaid interest expense been recognised, finance costs, total expenses and loss for the year would have been higher by the said amount having consequential impact on other current financial liabilities and other equity.</p> <p>k) We have been informed by the Resolution Professional that certain information including the minutes of meetings of the Committee of Creditors are confidential in nature and cannot be shared with anyone other than the Committee of Creditors and NCLT. Accordingly, it is not practicable to comment on the possible financial effects on the standalone financial statements, including on</p>	<p>Receipt of independent balance confirmations is an integral audit process and provides irrefutable audit evidence. Thus, prima facie, management's views as above may be correct but as auditors we would like to derive the comfort of independent balance confirmations.</p> <p>i) <b><u>Management's View</u></b> Management do not believe there is any financial impact.</p> <p><b><u>Auditor's Comment on Management's View</u></b></p> <p>The essence of an independent audit report is to provide a true and fair view on the financial statements. Hence, we feel that the true and fair view may be somewhat vitiated if the amounts of various liabilities as appearing in the financial statements are materially different from the actual amounts claimed/claimable and admitted or likely to be admitted, under the Corporate Insolvency Resolution Process. Our objective behind the audit qualification is to make the reader aware that we are not in a position to comment on the true and fair view regarding the liabilities appearing in the financial statements due to the ongoing CIRP.</p> <p>j) <b><u>Management's View</u></b> Quantified by the auditor.</p> <p><b><u>Auditor's Comment on Management's View</u></b></p> <p>Nothing further to comment</p> <p>k) <b><u>Management's View</u></b> Management do not believe there is any financial impact.</p> <p><b><u>Auditor's Comment on Management's View</u></b></p> <p>Cannot comment definitively until one goes through the relevant information/minutes.</p>

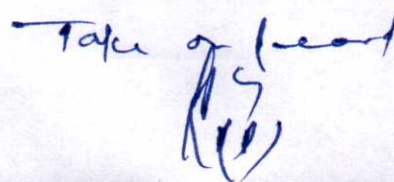
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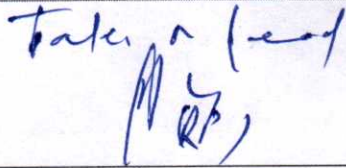
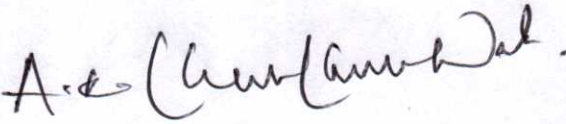


Sl. No	Details of Audit Qualification (s)	Management's Views & Auditor's comment thereon
	<p>presentation and disclosures, if any, that may have arisen if we had been provided access to those information.</p> <p>l) The Company has given advances for supplies/services and the amount outstanding thereagainst as at 31st March, 2019 was Rs. 1927.51 lakhs. However, we have been unable to obtain sufficient appropriate audit evidence regarding certain aspects of the aforesaid advances viz. ageing analysis and the basis on which the same will be adjusted etc. Hence, we are unable to comment on the aforesaid advances and it is not practicable to quantify the financial effects of the same, if any, on the standalone financial statements.</p> <p>m) As at 31st March, 2019, the Company is having liabilities against 'Creditors for Capital Goods' and 'Liability for Operating Expenses' amounting to Rs. 6933.23 lakhs and Rs. 3450.64 lakhs respectively. However, we have been unable to obtain sufficient appropriate audit evidence regarding certain aspects of the aforesaid liabilities viz. ageing analysis, and the basis on which the aforesaid liabilities will be settled etc. Hence, we are unable to comment on the balances appearing under the aforesaid liabilities and it is not practicable to quantify the financial effects of the same, if any, on the standalone financial statements.</p> <p>n) The Company is having a non-current investment of Rs 211.28 lakhs in equity shares of Odisha Television Limited as at 31st March, 2019. In the absence of the fair valuation of the said investments as at 31st March, 2019, we are unable to comment on the remeasurement gain/loss, if any, on the said investment.</p> <p><b>Disclaimer of Opinion</b></p> <p>We were engaged to audit the accompanying standalone financial statements of Ortel Communications Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.</p>	<p>l) <b><u>Management's View</u></b> Management do not believe there is any material financial impact.</p> <p><b><u>Auditor's Comment on Management's View</u></b> Cannot comment definitively until one goes through the relevant information/details.</p> <p>m) <b><u>Management's View</u></b> Management do not believe there is any financial impact.</p> <p><b><u>Auditor's Comment on Management's View</u></b> Cannot comment definitively until one goes through the relevant information/details.</p> <p>n) <b><u>Management's View</u></b> Management do not believe there is any material financial impact.</p> <p><b><u>Auditor's Comment on Management's View</u></b> We cannot comment on the management's belief as aforesaid unless there is an independent fair valuation done by an expert.</p>





Sl. No	Details of Audit Qualification (s)	Management's Views & Auditor's comment thereon
	We do not express an opinion on the accompanying standalone financial statements of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these standalone financial statements.	

<u>Signatories:</u>	
Chief Financial Officer & Company Secretary:  Mr. Bidu Bhusan Dash	 
Resolution Professional:  Mr. Srigopal Choudhary	
Statutory Auditor:  For Haribhakti & Co. LLP Chartered Accountants ICAI Firm Registration No.: 103523W/ W100048  Anand Kumar Jhunjhunwala Partner Membership No.: 056613	
Place : Kolkata  Date : 16 <sup>th</sup> August, 2019	



# Ortel Communications Ltd.

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email - nodal@ortelgroup.com  
CIN: L74899DL1995PLC069353

**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results Consolidated**

Statement on Impact of Audit Qualifications for the Financial Year ended 31 <sup>st</sup> March, 2019 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) Rs in Lakhs	Adjusted Figures (audited figures after adjusting for qualifications) Rs in Lakhs*
	1.	Total income	11476.08	11476.08
	2.	Total Expense (including tax expense)	16598.92	17666.06
	3.	Net Profit/(Loss)	(5122.84)	(6189.98)
	4.	Earnings Per Share		
		-Basic	(15.70)	(18.97)
		-Diluted	(15.70)	(18.97)
	5.	Total Assets	44454.45	44454.45
	6.	Total Liabilities	46496.49	47563.63
	7.	Net Worth	(2042.04)	(3109.18)
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-
* Refer comment given by Management in Item No .II (d) hereinbelow.				
<b><u>Audit Qualification (each audit qualification separately):</u></b>				
II.	a.	Details of Audit Qualification: Refer Annexure-A		
	b.	Type of Audit Qualification : Disclaimer of Opinion		
	c.	Frequency of qualification: First time.		
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:		
		- The Statutory Auditor has quantified the impact of the audit qualification stated in point no (j) of the		

*[Handwritten Signature]*

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'Basis for Disclaimer of Opinion' paragraph of the Independent Auditor's Report dated 16th August, 2019 on the consolidated financial statements of the Company. The said audit qualification is reproduced in SI No. 1(j) of Annexure-A. Refer comment given by Management in SI No. 1(j) under 'Management's view' of Annexure- A in this regards.

e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**

(i) **Management's estimation on the impact of audit qualification:** As per the management, there is no impact of the audit qualifications, stated in point no (b),(c),(d),(e),(f),(g),(h),(i),(k),(l),(m) and (n) of the 'Basis for Disclaimer of Opinion' paragraph of the Independent Auditor's Report dated 16<sup>th</sup> August,2019, on the profit, net worth, total assets, total income, earning per share, total expenditure, total liabilities or any other financial items of the audited financial statements. The said audit qualifications are reproduced in SI No. 1(b),(c),(d),(e),(f),(g),(h),(i),(k),(l),(m) and (n) of Annexure-A. Refer comment given by the management in SI No. 1(b),(c),(d),(e),(f),(g),(h),(i),(k),(l),(m) and (n) under 'Management's view' of Annexure- A in this regards.

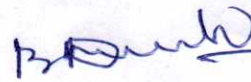
(ii) **If management is unable to estimate the impact, reasons for the same:** As per the management, for audit qualification stated in point no (a) of the 'Basis for Disclaimer of Opinion' paragraph of the Independent Auditor's Report dated 16<sup>th</sup> August,2019, the management is unable to estimate the impact, if any, on the profit, net worth, total assets, total income, earning per share, total expenditure, total liabilities or any other financial items of the audited financial statements . The said observation are reproduced in SI No. 1(a) of Annexure-A. Reasons for not being able to estimate the impact has been given by the management in SI No. 1(a) under 'Management's view' of Annexure- A.

(iii) **Auditors' Comments on (i) or (ii) above:** Refer Annexure -A

III. **Signatories:**

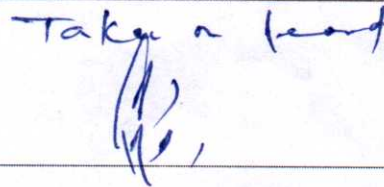
Chief Financial Officer & Company Secretary:

Mr. Bidu Bhusan Dash




Resolution Professional:

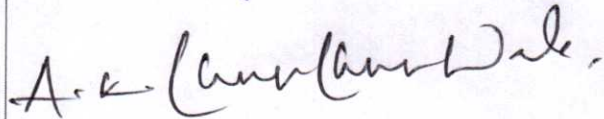
Mr. Srigopal Choudhary



Statutory Auditor:

For Haribhakti & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No.: 103523W/ W100048

Anand Kumar Jhunjunwala  
Partner  
Membership No.: 056613



Place : Kolkata

Date : 16<sup>th</sup> August,2019

Annexure- A

Sl. No	Details of Audit Qualification (s)	Management's Views & Auditor's comment thereon
1.	<p><b>Basis for Disclaimer of Opinion</b></p> <p>a) As informed to us by the management, the Company has issued Credit Notes amounting to Rs 6844.75 lakhs during the year ended 31st March, 2019 towards disruption of services/ deficient provision of services during the period 1st October, 2016 to 31st December, 2018. Accordingly, the Company has debited 'Provision for doubtful receivables' with Rs. 6844.75 lakhs and the related Service Tax/Goods and Services Tax ('GST')/Entertainment tax liability with Rs. 1205.76 lakhs and credited 'Trade Receivables' with Rs. 8050.51 lakhs. However, the Company has not provided to us sufficient appropriate audit evidence regarding the appropriateness of issuance of such credit notes viz. the monthwise /areawise /analog or digital wise break-up of Rs. 6844.75 lakhs, the internal auditor's/any other external expert's vetting regarding the due processes and checks and balances having been followed etc. Hence, we are unable to comment on the issuance of such credit notes by the Company and it is not practicable to quantify the financial effects of the same, if any, on the consolidated financial statements.</p> <p>b) The Company has not provided to us for our verification GST Returns relating to the year ended 31st March, 2019 and reconciliation of such Returns with the books of accounts, along with other related documents, if any. Hence, it is not practicable to quantify the financial effects of the same, if any, on the consolidated financial statements.</p> <p>c) As per the relevant GST Act/Rules, where the recipient of goods/services fails to pay to the suppliers of goods or services or both ( other than the supplies on which tax is payable on reverse charge basis ) the amount towards the value of</p>	<p>a) <b><u>Management's View</u></b> It relates to various dynamism which will be known in the due course.</p> <p><b><u>Auditor's Comment on Management's View</u></b> We are unable to understand as to what exactly the management means to say by way of its aforesaid view.</p> <p>b) <b><u>Management's View</u></b> Management do not believe there is any material financial impact of the audit qualification.</p> <p><b><u>Auditor's Comment on Management's View</u></b> Before verifying GST Returns and the reconciliation thereof with books of accounts, it would be premature to comment on the possible financial impact, if any.</p> <p>c) <b><u>Management's View</u></b> Management do not believe there is any material financial impact of the audit qualification.</p> <p><b><u>Auditor's Comment on Management's View</u></b> Before verifying the relevant details in this regard, it would be premature to comment on the possible financial impact, if any.</p>



Sl. No	Details of Audit Qualification (s)	Management's Views & Auditor's comment thereon
	<p>supply along with the tax payable thereon, within a period of one hundred and eighty days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be added to his output tax liability, along with interest thereon.</p> <p>As at 31st March, 2019, the Company has material amount of outstanding payables in respect of supplies of goods and services, which, as informed to us by the management, includes dues for a period of more than 180 days from the date of issue of invoices by the relevant suppliers. However, the Company has not added to its GST output tax liability any amount towards the input tax credit availed by it in respect of such invoices raised by the relevant suppliers, together with the applicable interest. Since the Company has not provided to us the relevant details of supplies in respect of which the amount payable by the Company is due for a period of more than 180 days, it is not practicable to quantify the financial effects of the same on the consolidated financial statements.</p> <p>d) The Company was having an outstanding loan of Rs. 9630.54 lakhs from a Non-Banking Financial Company ('NBFC') as at 30th June, 2018. Subsequently, during July, 2018, the Company has accounted for a new loan of Rs. 9630.54 lakhs from the same NBFC against which the actual funds received by the Company from the NBFC was Rs. 1700 lakhs (used to pay off a part of the old loan) and the balance of old loan amounting to Rs. 7930.54 lakhs (i.e. Rs. 9630.54 lakhs – Rs. 1700 lakhs) was adjusted by the Company against the new loan by way of a book entry. No confirmation or any other relevant document in this regard from the NBFC, evidencing the aforesaid 'adjustment' of old loan against the new loan, has been provided to us by the Company. In absence of such a confirmation/relevant document, we are not in a position to comment on the aforesaid unilateral adjustment of loan accounted for by the Company in its books of accounts and it is not practicable to quantify the financial effects of the same, if any, on the consolidated financial statements.</p> <p>e) We observed from the Company's bank statement</p>	<p><b>d) Management's View</b> Management do not believe there is any financial impact on the audit qualification.</p> <p><b>Auditor's Comment on Management's View</b> In absence of corroborative audit evidence regarding the old loan getting squared off by the new loan, it is difficult to reach a conclusion whether there can be any possible financial impact.</p> <p><b>e) Management's View</b></p>

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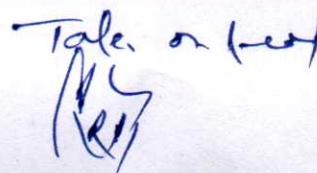
Sl. No	Details of Audit Qualification (s)	Management's Views & Auditor's comment thereon
	<p>that during the year ended 31st March, 2019, the Company received Rs. 4000 lakhs from the NBFC referred to in (d) above in one instance and the amount went back to the NBFC on the same date. No accounting entry was passed in the Company's books of accounts in this respect. However, neither the transaction has been explained to us nor any relevant documents/details in this regard have been provided by the Company. Hence, we are unable to comment on the said transaction and it is not practicable to quantify the financial effects of the same, if any, on the consolidated financial statements.</p> <p>f) The Company took a loan of Rs. 1060 lakhs from its wholly-owned subsidiary, Ortel Broadband Limited ('OBL') in July, 2018 and subsequently transferred the aforesaid loan to the credit of the NBFC referred to in (d) above by way of an accounting entry in its books of accounts. As informed to us by the management, based on an understanding between the Company, OBL and the NBFC, the aforesaid loan amount along with outstanding interest needs to be repaid by the Company to the NBFC and not to OBL. No confirmation or any other relevant documents from OBL or the NBFC has been provided to us for our verification, based on which the loan amount along with outstanding interest stands transferred as aforesaid. In absence of such a confirmation/relevant documents, we are not in a position to comment on the aforesaid accounting entry made by the Company in its books of accounts and it is not practicable to quantify the financial effects of the same, if any, on the consolidated financial statements.</p> <p>g) As mentioned in Note no. 54 to the consolidated financial statements, no impairment assessment of Property, Plant and Equipment, Capital Work-in-Progress, Goodwill and Stores &amp; Spares in carrying values as at 31st March 2019 has been made by the Company. Therefore, we are unable to comment on the consequential impairment, if any, that is required to be made in the carrying value of Property, Plant and Equipment, Capital Work-in-Progress, Goodwill and Stores &amp; Spares.</p> <p>h) In respect of Company's borrowings from banks and financial institutions aggregating to Rs. 17524.90 lakhs and bank balances (current account and term deposits) aggregating Rs 59.41 lakhs, independent balance confirmations as at 31st March 2019 have not been received.</p>	<p>Management do not believe there is any financial impact on the audit qualification. <b><u>Auditor's Comment on Management's View</u></b></p> <p>Prima facie, it may seem that there is no financial impact but looking at the materiality of the amount involved, it is very much desirable that the Company knows for sure as to why such a material "contra entry" has appeared in its bank statement, especially when it involves one of its existing lenders.</p> <p>f) <b><u>Management's View</u></b> Management do not believe there is any financial impact on the audit qualification. <b><u>Auditor's Comment on Management's View</u></b></p> <p>Prima facie, it may seem that there is no financial impact but detailed and complete documentation is required to arrive at a definitive conclusion.</p> <p>g) <b><u>Management's View</u></b> Management do not believe there is any impairment on all these assets. <b><u>Auditor's Comment on Management's View</u></b></p> <p>We cannot comment on the management's belief as aforesaid unless there is an independent impairment assessment done by an expert.</p> <p>h) <b><u>Management's View</u></b> Management do not believe there is any financial impact. <b><u>Auditor's Comment on Management's View</u></b></p>

*B. D. Srinivas*

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Sl. No	Details of Audit Qualification (s)	Management's Views & Auditor's comment thereon
	<p>i) As a part of Corporate Insolvency Resolution Process ('CIRP'), creditors were called upon to submit their claims. The process of submitting claims is still going on and it is also under reconciliations with amounts as appearing in the books of accounts. Pending reconciliations and final outcome of the CIRP, no accounting impact in the books of accounts has been made in respect of excess, short, or non-receipts of claims for operational and financial creditors. Hence, it is not practicable to quantify the financial effects of the same, if any, on the consolidated financial statements. (refer Note No. 53 to the consolidated financial statements).</p> <p>j) Attention is drawn to Note No. 49 to the consolidated financial statements, regarding non-recognition of interest amounting to Rs. 1067.14 lakhs, subsequent to Insolvency Commencement Date i.e. 27th November, 2018, on borrowing from banks and financial institutions and on non-convertible, redeemable cumulative preference shares, which is not in compliance with the requirements of Ind AS - 23 on "Borrowing Costs" read with Ind AS - 109 on "Financial Instruments". Had the aforesaid interest expense been recognised, finance costs, total expenses and loss for the year would have been higher by the said amount having consequential impact on other current financial liabilities and other equity.</p> <p>k) We have been informed by the Resolution Professional that certain information including the minutes of meetings of the Committee of Creditors are confidential in nature and cannot be shared with anyone other than the Committee of Creditors and NCLT. Accordingly, it is not practicable to</p>	<p>Receipt of independent balance confirmations is an integral audit process and provides irrefutable audit evidence. Thus, prima facie, management's views as above may be correct but as auditors we would like to derive the comfort of independent balance confirmations.</p> <p>i) <b><u>Management's View</u></b> Management do not believe there is any financial impact.</p> <p><b><u>Auditor's Comment on Management's View</u></b></p> <p>The essence of an independent audit report is to provide a true and fair view on the financial statements. Hence, we feel that the true and fair view may be somewhat vitiated if the amounts of various liabilities as appearing in the financial statements are materially different from the actual amounts claimed/claimable and admitted or likely to be admitted, under the Corporate Insolvency Resolution Process. Our objective behind the audit qualification is to make the reader aware that we are not in a position to comment on the true and fair view regarding the liabilities appearing in the financial statements due to the ongoing CIRP.</p> <p>j) <b><u>Management's View</u></b> Quantified by the auditor.</p> <p><b><u>Auditor's Comment on Management's View</u></b></p> <p>Nothing further to comment</p> <p>k) <b><u>Management's View</u></b> Management do not believe there is any financial impact.</p> <p><b><u>Auditor's Comment on Management's View</u></b></p>





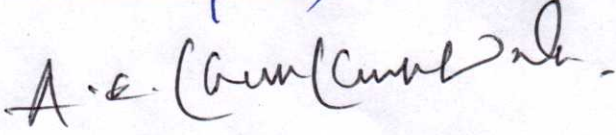


Sl. No	Details of Audit Qualification (s)	Management's Views & Auditor's comment thereon
	<p>comment on the possible financial effects on the consolidated financial statements, including on presentation and disclosures, if any, that may have arisen if we had been provided access to those information.</p> <p>l) The Company has given advances for supplies/services and the amount outstanding thereagainst as at 31st March, 2019 was Rs. 1927.51 lakhs. However, we have been unable to obtain sufficient appropriate audit evidence regarding certain aspects of the aforesaid advances viz. ageing analysis and the basis on which the same will be adjusted etc. Hence, we are unable to comment on the aforesaid advances and it is not practicable to quantify the financial effects of the same, if any, on the consolidated financial statements.</p> <p>m) As at 31st March, 2019, the Company is having liabilities against 'Creditors for Capital Goods' and 'Liability for Operating Expenses' amounting to Rs. 6933.23 lakhs and Rs. 3450.64 lakhs respectively. However, we have been unable to obtain sufficient appropriate audit evidence regarding certain aspects of the aforesaid liabilities viz. ageing analysis, and the basis on which the aforesaid liabilities will be settled etc. Hence, we are unable to comment on the balances appearing under the aforesaid liabilities and it is not practicable to quantify the financial effects of the same, if any, on the consolidated financial statements.</p> <p>n) The Company is having a non-current investment of Rs 211.28 lakhs in equity shares of Odisha Television Limited as at 31st March, 2019. In the absence of the fair valuation of the said investments as at 31st March, 2019, we are unable to comment on the remeasurement gain/loss, if any, on the said investment.</p> <p><b>Disclaimer of Opinion</b></p> <p>We were engaged to audit the accompanying consolidated financial statements of Ortel Communications Limited ("the Company") and its subsidiary (the Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2019, the Consolidated Statement of Profit and Loss</p>	<p>Cannot comment definitively until one goes through the relevant information/minutes.</p> <p>l) <b><u>Management's View</u></b> Management do not believe there is any material financial impact.</p> <p><b><u>Auditor's Comment on Management's View</u></b></p> <p>Cannot comment definitively until one goes through the relevant information/details.</p> <p>m) <b><u>Management's View</u></b> Management do not believe there is any financial impact.</p> <p><b><u>Auditor's Comment on Management's View</u></b></p> <p>Cannot comment definitively until one goes through the relevant information/details.</p> <p>n) <b><u>Management's View</u></b> Management do not believe there is any material financial impact.</p> <p><b><u>Auditor's Comment on Management's View</u></b></p> <p>We cannot comment on the management's belief as aforesaid unless there is an independent fair valuation done by an expert.</p>

*B. Prasad*

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Sl. No	Details of Audit Qualification (s)	Management's Views & Auditor's comment thereon
	<p>(including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.</p> <p>We do not express an opinion on the accompanying consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.</p>	

<u>Signatories:</u>	
<p>Chief Financial Officer &amp; Company Secretary:</p> <p>Mr. Bidu Bhusan Dash</p>	 
<p>Resolution Professional:</p> <p>Mr. Srigopal Choudhary</p>	<p>Take a look AS RS</p>
<p>Statutory Auditor:</p> <p>For Haribhakti &amp; Co. LLP Chartered Accountants ICAI Firm Registration No.: 103523W/ W100048</p> <p>Anand Kumar Jhunjunwala Partner Membership No.: 056613</p>	
<p>Place : Kolkata</p> <p>Date : 16<sup>th</sup> August, 2019</p>	

**INDEPENDENT AUDITOR'S REPORT****To the Members of Ortel Communications Limited****Report on the Standalone Financial Statements****Disclaimer of Opinion**

We were engaged to audit the accompanying standalone financial statements of Ortel Communications Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying standalone financial statements of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these standalone financial statements.

**Basis for Disclaimer of Opinion**

- a) As informed to us by the management, the Company has issued Credit Notes amounting to Rs 6844.75 lakhs during the year ended 31<sup>st</sup> March, 2019 towards disruption of services/deficient provision of services during the period 1st October, 2016 to 31<sup>st</sup> December, 2018. Accordingly, the Company has debited 'Provision for doubtful receivables' with Rs. 6844.75 lakhs and the related Service Tax/Goods and Services Tax ('GST')/Entertainment tax liability with Rs. 1205.76 lakhs and credited 'Trade Receivables' with Rs. 8050.51 lakhs. However, the Company has not provided to us sufficient appropriate audit evidence regarding the appropriateness of issuance of such credit notes viz. the monthwise /areawise /analog or digital wise break-up of Rs. 6844.75 lakhs, the internal auditor's/any other external expert's vetting regarding the due processes and checks and balances having been followed etc. Hence, we are unable to comment on the issuance of such credit notes by the Company and it is not practicable to quantify the financial effects of the same, if any, on the standalone financial statements.
- b) The Company has not provided to us for our verification GST Returns relating to the year ended 31st March, 2019 and reconciliation of such Returns with the books of accounts, along with other related documents, if any. Hence, it is not practicable to quantify the financial effects of the same, if any, on the standalone financial statements.
- c) As per the relevant GST Act/Rules, where the recipient of goods/services fails to pay to the suppliers of goods or services or both ( other than the supplies on which tax is payable on reverse charge basis ) the amount towards the value of supply along with the tax payable thereon, within a period of one hundred and eighty days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be added to his output tax liability, along with interest thereon.





As at 31<sup>st</sup> March, 2019, the Company has material amount of outstanding payables in respect of supplies of goods and services, which, as informed to us by the management, includes dues for a period of more than 180 days from the date of issue of invoices by the relevant suppliers. However, the Company has not added to its GST output tax liability any amount towards the input tax credit availed by it in respect of such invoices raised by the relevant suppliers, together with the applicable interest. Since the Company has not provided to us the relevant details of supplies in respect of which the amount payable by the Company is due for a period of more than 180 days, it is not practicable to quantify the financial effects of the same on the standalone financial statements.

- d) The Company was having an outstanding loan of Rs. 9630.54 lakhs from a Non-Banking Financial Company ('NBFC') as at 30th June, 2018. Subsequently, during July, 2018, the Company has accounted for a new loan of Rs. 9630.54 lakhs from the same NBFC against which the actual funds received by the Company from the NBFC was Rs. 1700 lakhs (used to pay off a part of the old loan) and the balance of old loan amounting to Rs. 7930.54 lakhs (i.e. Rs. 9630.54 lakhs - Rs. 1700 lakhs) was adjusted by the Company against the new loan by way of a book entry. No confirmation or any other relevant document in this regard from the NBFC, evidencing the aforesaid 'adjustment' of old loan against the new loan, has been provided to us by the Company. In absence of such a confirmation/relevant document, we are not in a position to comment on the aforesaid unilateral adjustment of loan accounted for by the Company in its books of accounts and it is not practicable to quantify the financial effects of the same, if any, on the standalone financial statements .
- e) We observed from the Company's bank statement that during the year ended 31<sup>st</sup> March, 2019, the Company received Rs. 4000 lakhs from the NBFC referred to in (d) above in one instance and the amount went back to the NBFC on the same date. No accounting entry was passed in the Company's books of accounts in this respect. However, neither the transaction has been explained to us nor any relevant documents/details in this regard have been provided by the Company. Hence, we are unable to comment on the said transaction and it is not practicable to quantify the financial effects of the same, if any, on the standalone financial statements.
- f) The Company took a loan of Rs. 1060 lakhs from its wholly-owned subsidiary, Ortel Broadband Limited ('OBL') in July, 2018 and subsequently transferred the aforesaid loan to the credit of the NBFC referred to in (d) above by way of an accounting entry in it's books of accounts. As informed to us by the management, based on an understanding between the Company, OBL and the NBFC, the aforesaid loan amount along with outstanding interest needs to be repaid by the Company to the NBFC and not to OBL. No confirmation or any other relevant documents from OBL or the NBFC has been provided to us for our verification, based on which the loan amount along with outstanding interest stands transferred as aforesaid. In absence of such a confirmation/relevant documents, we are not in a position to comment on the aforesaid accounting entry made by the Company in its books of accounts and it is not practicable to quantify the financial effects of the same, if any, on the standalone financial statements.
- g) As mentioned in Note no. 57 to the standalone financial statements, no impairment assessment of Property, Plant and Equipment, Capital Work-in-Progress, Goodwill and Stores & Spares in carrying values as at 31st March 2019 has been made by the Company. Therefore, we are unable to comment on the consequential impairment, if any, that is required to be made in the carrying value of Property, Plant and Equipment, Capital Work-in-Progress, Goodwill and Stores & Spares.



- h) In respect of Company's borrowings from banks and financial institutions aggregating to Rs. 17524.90 lakhs and bank balances (current account and term deposits) aggregating Rs 59.41 lakhs, independent balance confirmations as at 31st March 2019 have not been received.
- i) As a part of Corporate Insolvency Resolution Process ('CIRP'), creditors were called upon to submit their claims. The process of submitting claims is still going on and it is also under reconciliations with amounts as appearing in the books of accounts. Pending reconciliations and final outcome of the CIRP, no accounting impact in the books of accounts has been made in respect of excess, short, or non-receipts of claims for operational and financial creditors. Hence, it is not practicable to quantify the financial effects of the same, if any, on the standalone financial statements. (refer Note No. 56 to the standalone financial statements.)
- j) Attention is drawn to Note No. 52 to the standalone financial statements, regarding non-recognition of interest amounting to Rs. 1067.14 lakhs, subsequent to Insolvency Commencement Date i.e. 27th November, 2018, on borrowing from banks and financial institutions and on non-convertible, redeemable cumulative preference shares, which is not in compliance with the requirements of Ind AS - 23 on "Borrowing Costs" read with Ind AS - 109 on "Financial Instruments". Had the aforesaid interest expense been recognised, finance costs, total expenses and loss for the year would have been higher by the said amount having consequential impact on other current financial liabilities and other equity.
- k) We have been informed by the Resolution Professional that certain information including the minutes of meetings of the Committee of Creditors are confidential in nature and cannot be shared with anyone other than the Committee of Creditors and NCLT. Accordingly, it is not practicable to comment on the possible financial effects on the standalone financial statements, including on presentation and disclosures, if any, that may have arisen if we had been provided access to those information.
- l) The Company has given advances for supplies/services and the amount outstanding there against as at 31<sup>st</sup> March, 2019 was Rs. 1927.51 lakhs. However, we have been unable to obtain sufficient appropriate audit evidence regarding certain aspects of the aforesaid advances viz. ageing analysis and the basis on which the same will be adjusted etc. Hence, we are unable to comment on the aforesaid advances and it is not practicable to quantify the financial effects of the same, if any, on the standalone financial statements.
- m) As at 31<sup>st</sup> March, 2019, the Company is having liabilities against 'Creditors for Capital Goods' and 'Liability for Operating Expenses' amounting to Rs. 6933.23 lakhs and Rs. 3450.64 lakhs respectively. However, we have been unable to obtain sufficient appropriate audit evidence regarding certain aspects of the aforesaid liabilities viz. ageing analysis, and the basis on which the aforesaid liabilities will be settled etc. Hence, we are unable to comment on the balances appearing under the aforesaid liabilities and it is not practicable to quantify the financial effects of the same, if any, on the standalone financial statements.
- n) The Company is having a non-current investment of Rs 211.28 lakhs in equity shares of Odisha Television Limited as at 31st March, 2019. In the absence of the fair valuation of the said investments as at 31st March, 2019, we are unable to comment on the remeasurement gain/loss, if any, on the said investment.



## Material Uncertainty Related to Going Concern

We draw attention to Note No. 54 to the standalone financial statements which indicates that due to the events or conditions as mentioned in the said Note, material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, the standalone financial statements have been prepared on a going concern basis for the reasons stated in the said Note.

## Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Hon'ble National Company Law Tribunal ('NCLT'), New Delhi Bench, admitted a petition for initiation of CIRP u/s 9 of the Insolvency and Bankruptcy Code, 2016 ('IBC') filed by one of the operational creditors of the Company vide order dated 27<sup>th</sup> November, 2018 and appointed an Interim Resolution Professional ('IRP') to manage the affairs of the Company in accordance with the provisions of IBC. The Committee of Creditors ('CoC') in its meeting held on 07<sup>th</sup> January, 2019 passed a resolution proposing to replace the IRP and appoint a Resolution Professional ('RP') which was confirmed by NCLT vide its order dated 1<sup>st</sup> February, 2019. In view of pendency of the CIRP and in view of suspension of powers of the Board of Directors and as explained to us, the power of adoption of the standalone financial statements of the Company for the year ended 31<sup>st</sup> March, 2019 vests with the RP (refer Note No. 1 to the standalone financial statements).

The Company's Board of Directors/RP 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 including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards ("Ind AS") specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors/RP is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors/RP either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors/RP is also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our responsibility is to conduct an audit of the Company's standalone financial statements in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India ("ICAI") and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these standalone financial statements.



We are independent of the Company in accordance with the Code of Ethics issued by ICAI and provisions of the Act that are relevant to our audit of the standalone financial statements in India under the Act, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics issued by ICAI and the requirements under the Act.

## Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure 1" 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. As described in the *Basis for Disclaimer of Opinion* paragraph, we sought but were unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. Due to the possible effects of the matters described in the *Basis for Disclaimer of Opinion* paragraph and para (vi) of Annexure 1 to this Independent Auditor's Report, we are unable to state whether proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
  - d. Due to the possible effects of the matters described in the *Basis for Disclaimer of Opinion* paragraph, we are unable to state whether the aforesaid standalone financial statements comply with the Indian Accounting Standards referred to in Section 133 of the Act, read with the relevant rules issued there under;
  - e. The matters described under the *Basis for Disclaimer of Opinion* paragraph and *Material Uncertainty Related to Going Concern* paragraph, as above, in our opinion, may have an adverse effect on the functioning of the Company;
  - f. We are unable to state whether any director is disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director, under Section 164(2) of the Act, as we have been explained that the Company has not received any written representation from any director in this respect.;
  - g. Any qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith is as stated in the *Basis for Disclaimer of Opinion* paragraph above;
  - h. With respect to the adequacy of the internal financial controls with reference to the financial statements of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".
  - i. 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:



# HARIBHAKTI & CO. LLP

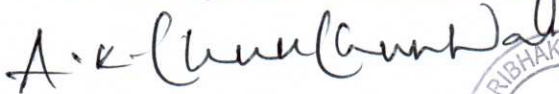
Chartered Accountants

- (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note Nos. 38 and 47 to the standalone financial statements;
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (3) As required by Section 197(16) of the Act, we report that in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

**For Haribhakti & Co.LLP**

Chartered Accountants

ICAI Firm Registration No.103523W/ W100048



**Anand Kumar Jhunjunwala**

Partner

Membership No.056613

UDIN : 19056613AAAAAM3696



Kolkata

16<sup>th</sup> August, 2019

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of the Company on the standalone financial statements for the year ended 31<sup>st</sup> March, 2019.

- (i)
  - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) According to the information and explanations given to us, the Company's Management ("management") physically verifies its fixed assets annually (except a significant portion of cables and network equipment for which, as explained to us, physical verification is not practicable), which, in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets. As informed, no material discrepancies were noticed on such verification of fixed assets during the year.
  - (c) The title deeds of immovable properties recorded in the books of account of the Company are held in the name of the Company.
- (ii) According to the information and explanations given to us, the inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. As explained to us, there were no material discrepancies on physical verification of inventory as compared to the book records.
- (iii) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.
- (iv) According to the information and explanations given to us in respect of loans, investments, guarantees and security, the Company has complied with the provisions of Sections 185 and 186 of the Act.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Also, refer paragraph (m) under '*Basis for Disclaimer of Opinion*' section of our Independent Auditor's Report on the standalone financial statements of the Company for the year ended 31<sup>st</sup> March, 2019, regarding liabilities against 'Creditors for Capital Goods' and 'Liability for Operating Expenses'.
- (vi) The maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act. We have been informed by the management that the prescribed accounts and records are in the process of being made and maintained.
- (vii)
  - (a) According to the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues of duty of customs, value added tax, profession tax, cess and any other material statutory dues (except as mentioned herein below) have generally been regularly deposited with the appropriate authorities.



# HARIBHAKTI & CO. LLP

Chartered Accountants

According to the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed provident fund, employees' state insurance, income tax, service tax, goods and services tax and entertainment tax have not been regularly deposited with the appropriate authorities and there have been significant delays in depositing the same in a large number of cases.

According to the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed service tax, goods and services tax, income tax and entertainment tax, which were outstanding as on the last day of the financial year for a period of more than six months from the date they became payable, are as follows:

Name of the statute	Nature of dues	Amount (Rs. In Lakhs)	Period to which the amount relates
Finance Act, 1994	Service Tax	31.83	April 2017 to June 2017
The Central Goods and Services Tax Act, 2017*	Central Goods and Services Tax	220.79	July 2017 to August 2018
The Odisha Goods and Services Tax Act, 2017*	State Goods and Services Tax	992.20	July 2017 to August 2018
The Andhra Pradesh Goods and Services Tax Act, 2017*	State Goods and Services Tax	231.48	July 2017 to August 2018
The Telangana Goods and Services Tax Act, 2017*	State Goods and Services Tax	106.19	July 2017 to August 2018
The Chhattisgarh Goods and Services Tax Act, 2017*	State Goods and Services Tax	76.94	July 2017 to August 2018
Income Tax Act, 1961	Tax Deducted at Source	343.92	April 2018 to Aug 2018
The Orissa Entertainments Tax Act, 1946	Entertainment Tax	0.12	April 2017 to June 2017
The Andhra Pradesh Entertainments Tax Act, 1939	Entertainment Tax	13.38	April 2017 to June 2017
Chhattisgarh Entertainment Duty and Advertisement Tax Act, 1936	Entertainment Tax	17.76	April 2017 to June 2017
The Madhya Pradesh Entertainments Duty and Advertisements Tax Act, 1936	Entertainment Tax	1.71	April 2017 to June 2017

\*The details of undisputed Goods and Services Tax ('GST') as provided in the table above are based on the books of accounts being maintained by the Company. The Company has not provided to us for our verification GST Returns relating to the year ended 31<sup>st</sup> March, 2019 and reconciliation of such Returns with the books of accounts, along with the related documents, if any. [Refer para (b) under 'Basis for Disclaimer of



# HARIBHAKTI & CO. LLP

Chartered Accountants

*Opinion'* section of our Independent Auditor's Report on the standalone financial statements of the Company for the year ended 31<sup>st</sup> March, 2019.]

According to the information and explanations given to us, the dues as at 31<sup>st</sup> March, 2019 of income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax and goods and services tax, which have not been deposited on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount	Period to which the amount relates	Forum where dispute is pending
		(Rs. In Lakhs)	(Financial Year)	
Income Tax Act, 1961	Tax and interest thereon for non-deduction of tax at source	175.15*	2005-06, 2006-07, 2008-09 & 2010-11	Commissioner of Income Tax (Appeals), Bhubaneswar
Finance Act, 1994	Service Tax and interest thereon	241.97	2006-07, 2007-08 & 2009-10	Commissioner, GST & Central Excise, Bhubaneswar
Finance Act, 1994	Service Tax and interest thereon	1,179.29**	2010-11 to 2014-15	Customs, Excise & Service Tax Appellate Tribunal, Kolkata
Finance Act, 1994	Service Tax and interest thereon	13.00	2013-14	Addl. Commissioner (Audit) of Central Excise, Customs & Service Tax, Bhubaneswar
Finance Act, 1994	Service Tax	338.06	2015-16	Commissioner, GST & Central Excise, Bhubaneswar
Finance Act, 1994	Service Tax	21.10***	2012-13 and 2013-14	Commissioner (Appeals) GST, Central Excise & Customs
Finance Act, 1994	Service Tax	13.00	2013-14	Commissioner (Appeals) GST, Central Excise & Customs

\*Rs.60.06 lakhs has been deposited under protest in this regard.

\*\* Rs. 44.22 lakhs has been deposited under protest in this regard.

\*\*\* Rs. 0.54 lakhs has been deposited under protest in this regard.

- (viii) According to the books of accounts of the Company and based on our audit procedures performed thereon and as per the information and explanations given to us by the management, during the year the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank or Government except for details given below. The Company has not issued any debentures as at the balance sheet date.





Particulars	Amount of continuing default in respect of Principal, as at 31st March, 2019 (Rs. In Lakhs)	Period of Default
<b>Name of the Lenders :</b>		
<b>Banks:</b>		
Karnataka Bank Limited	275.40	10 to 264 days
UCO Bank	390.00	1 to 275 days
Union Bank	140.00	1 to 275 days

Also, refer paragraph (d) under '*Basis for Disclaimer of Opinion*' section of our Independent Auditor's Report on the standalone financial statements of the Company for the year ended 31<sup>st</sup> March, 2019. Since the Company has not provided us with the relevant confirmations/ documents/details in respect of the transactions with an NBFC as mentioned in the said paragraph, we are unable to comment whether and to what extent the Company has defaulted in repayment of loans or borrowings to the said NBFC during the year ended 31<sup>st</sup> March, 2019.

Further, refer paragraph (i) under '*Basis for Disclaimer of Opinion*' section of our Independent Auditor's Report on the standalone financial statements of the Company for the year ended 31<sup>st</sup> March, 2019, which mentions about the fact that the process of submission of claims by financial creditors and reconciliation with books of accounts is still going on.

- (ix) In our opinion and according to the information and explanations given to us, term loans were prima facie applied for the purposes for which those were raised. The Company has not raised any money during the year by way of initial public offer or further public offer (including debt instruments).
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and as per the information and explanations given to us by the management/IRP/RP, we report that we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management/IRP/RP.
- (xi) According to the information and explanations given to us, managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company.
- (xiii) According to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and the details have been disclosed in the standalone financial statements etc. as required by the applicable accounting standards, except for the following :-

Refer para (f) under '*Basis for Disclaimer of Opinion*' section of our Independent Auditor's Report on the standalone financial statements of the Company for the year ended 31<sup>st</sup> March, 2019 with regards to the transaction entered into by the Company with its wholly owned subsidiary. In absence of confirmations/relevant documents as mentioned in the said para(f), we are unable to comment whether the said transaction is in compliance with Sections 177 and 188 of the Act.



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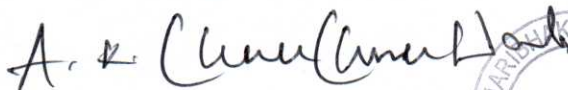
Chartered Accountants

- (xiv) The Company has made preferential allotment of equity shares and non-convertible, redeemable cumulative preference shares during the year. According to the information and explanations given to us, the requirements of Section 42 of the Act have been complied with and the amounts raised have been used for the purposes for which the funds were raised.
- (xv) As per the information and explanations given to us, the Company has not entered into any non-cash transactions during the year with directors or persons connected with them.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W/W100048

  
**Anand Kumar Jhunjunwala**  
Partner

Membership No.056613

UDIN: 19056613AAAAM3696



Kolkata

16<sup>th</sup> August, 2019

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph (2)h under 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report of even date, to the members of the Company on the standalone financial statements for the year ended 31<sup>st</sup> March, 2019]

### Report on the Internal Financial Controls with reference to Financial Statements 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 the Company as of 31<sup>st</sup> March, 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 Company's Board of Directors/RP is responsible for establishing and maintaining internal financial controls, based on the internal control with reference to financial statements 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of



financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors/RP of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

## Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial control with reference to financial statements as at 31<sup>st</sup> March, 2019:

- a) Deficiencies in maintenance of documentation/records including non-availability of relevant documents/information/records pertaining to issuance of Credit Notes [fully described in para (a) under '*Basis for Disclaimer of Opinion*' section of our Independent Auditor's Report on the standalone financial statements of the Company for the year ended 31<sup>st</sup> March, 2019] ;
- b) Non-availability of GST Returns relating to the year ended 31<sup>st</sup> March, 2019 and reconciliation of such Returns with the books of accounts, along with the related documents, if any ;
- c) Deficiencies in documentation including non-availability of relevant information pertaining to suppliers for whom the amount payable by the Company is due for a period of more than 180 days, with consequential impact on GST liability [fully described in para (c) under '*Basis for Disclaimer of Opinion*' section of our Independent Auditor's Report on the standalone financial statements of the Company for the year ended 31<sup>st</sup> March, 2019] ;
- d) Deficiencies in documentation in relation to borrowings [fully described in paragraphs (d) and (f) under '*Basis for Disclaimer of Opinion*' section of our Independent Auditor's Report on the standalone financial statements of the Company for the year ended 31<sup>st</sup> March, 2019] ;
- e) Ageing analysis etc. pertaining to advances given for supplies/services [fully described in para (l) under '*Basis for Disclaimer of Opinion*' section of our Independent Auditor's Report on the standalone financial statements of the Company for the year ended 31<sup>st</sup> March, 2019;
- f) Ageing analysis etc pertaining to liabilities against 'Creditors for Capital Goods' and 'Liability for Operating Expenses' [fully described in para (m) under '*Basis for Disclaimer of Opinion*' section of our Independent Auditor's Report on the standalone financial statements of the Company for the year ended 31<sup>st</sup> March, 2019;



# HARIBHAKTI & CO. LLP

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- g) Omission to get impairment assessment done in respect of certain tangible and intangible assets and in obtaining fair valuation of a non-current investment. [fully described in paragraphs (g) and (n) respectively, under 'Basis for Disclaimer of Opinion' section of our Independent Auditor's Report on the standalone financial statements of the Company for the year ended 31<sup>st</sup> March, 2019].

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

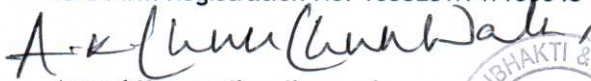
In our opinion, the Company has, in all material respects, maintained adequate internal financial controls with reference to financial statements as of 31<sup>st</sup> March, 2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI, and except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company's internal financial controls with reference to financial statements were operating effectively as of 31<sup>st</sup> March, 2019.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company for the year ended 31<sup>st</sup> March, 2019, and these material weaknesses have affected our opinion on the standalone financial statements and we have issued a disclaimer of opinion on the standalone financial statements of the Company.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W/W100048



Anand Kumar Jhunjunwala

Partner

Membership No. 056613

UDIN : 19056613AAAAAM3696



Kolkata

16<sup>th</sup> August, 2019

**INDEPENDENT AUDITOR'S REPORT****To the Members of Ortel Communications Limited****Report on the Consolidated Financial Statements****Disclaimer of Opinion**

We were engaged to audit the accompanying consolidated financial statements of Ortel Communications Limited ("the Company") and its subsidiary (the Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying consolidated financial statements of the Group. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

**Basis for Disclaimer of Opinion**

- a) As informed to us by the management, the Company has issued Credit Notes amounting to Rs 6844.75 lakhs during the year ended 31<sup>st</sup> March, 2019 towards disruption of services/deficient provision of services during the period 1st October, 2016 to 31<sup>st</sup> December, 2018. Accordingly, the Company has debited 'Provision for doubtful receivables' with Rs. 6844.75 lakhs and the related Service Tax/Goods and Services Tax('GST')/Entertainment tax liability with Rs. 1205.76 lakhs and credited 'Trade Receivables' with Rs. 8050.51 lakhs. However, the Company has not provided to us sufficient appropriate audit evidence regarding the appropriateness of issuance of such credit notes viz. the monthwise /areawise /analog or digital wise break-up of Rs. 6844.75 lakhs, the internal auditor's/any other external expert's vetting regarding the due processes and checks and balances having been followed etc. Hence, we are unable to comment on the issuance of such credit notes by the Company and it is not practicable to quantify the financial effects of the same, if any, on the consolidated financial statements.
- b) The Company has not provided to us for our verification GST Returns relating to the year ended 31st March, 2019 and reconciliation of such Returns with the books of accounts, along with other related documents, if any. Hence, it is not practicable to quantify the financial effects of the same, if any, on the consolidated financial statements.
- c) As per the relevant GST Act/Rules, where the recipient of goods/services fails to pay to the suppliers of goods or services or both ( other than the supplies on which tax is payable on reverse charge basis ) the amount towards the value of supply along with the tax payable thereon, within a period of one hundred and eighty days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be added to his output tax liability, along with interest thereon.

As at 31<sup>st</sup> March, 2019, the Company has material amount of outstanding payables in respect of supplies of goods and services, which, as informed to us by the management,



includes dues for a period of more than 180 days from the date of issue of invoices by the relevant suppliers. However, the Company has not added to its GST output tax liability any amount towards the input tax credit availed by it in respect of such invoices raised by the relevant suppliers, together with the applicable interest. Since the Company has not provided to us the relevant details of supplies in respect of which the amount payable by the Company is due for a period of more than 180 days, it is not practicable to quantify the financial effects of the same on the consolidated financial statements.

- d) The Company was having an outstanding loan of Rs. 9630.54 lakhs from a Non-Banking Financial Company ('NBFC') as at 30th June, 2018. Subsequently, during July, 2018, the Company has accounted for a new loan of Rs. 9630.54 lakhs from the same NBFC against which the actual funds received by the Company from the NBFC was Rs. 1700 lakhs (used to pay off a part of the old loan) and the balance of old loan amounting to Rs. 7930.54 lakhs (i.e. Rs. 9630.54 lakhs - Rs. 1700 lakhs) was adjusted by the Company against the new loan by way of a book entry. No confirmation or any other relevant document in this regard from the NBFC, evidencing the aforesaid 'adjustment' of old loan against the new loan, has been provided to us by the Company. In absence of such a confirmation/relevant document, we are not in a position to comment on the aforesaid unilateral adjustment of loan accounted for by the Company in its books of accounts and it is not practicable to quantify the financial effects of the same, if any, on the consolidated financial statements.
- e) We observed from the Company's bank statement that during the year ended 31<sup>st</sup> March, 2019, the Company received Rs. 4000 lakhs from the NBFC referred to in (d) above in one instance and the amount went back to the NBFC on the same date. No accounting entry was passed in the Company's books of accounts in this respect. However, neither the transaction has been explained to us nor any relevant documents/details in this regard have been provided by the Company. Hence, we are unable to comment on the said transaction and it is not practicable to quantify the financial effects of the same, if any, on the consolidated financial statements.
- f) The Company took a loan of Rs. 1060 lakhs from its wholly-owned subsidiary, Ortel Broadband Limited ('OBL') in July, 2018 and subsequently transferred the aforesaid loan to the credit of the NBFC referred to in (d) above by way of an accounting entry in its books of accounts. As informed to us by the management, based on an understanding between the Company, OBL and the NBFC, the aforesaid loan amount along with outstanding interest needs to be repaid by the Company to the NBFC and not to OBL. No confirmation or any other relevant documents from OBL or the NBFC has been provided to us for our verification, based on which the loan amount along with outstanding interest stands transferred as aforesaid. In absence of such a confirmation/relevant documents, we are not in a position to comment on the aforesaid accounting entry made by the Company in its books of accounts and it is not practicable to quantify the financial effects of the same, if any, on the consolidated financial statements.
- g) As mentioned in Note no. 54 to the consolidated financial statements, no impairment assessment of Property, Plant and Equipment, Capital Work-in-Progress, Goodwill and Stores & Spares in carrying values as at 31st March 2019 has been made by the Company. Therefore, we are unable to comment on the consequential impairment, if any, that is required to be made in the carrying value of Property, Plant and Equipment, Capital Work-in-Progress, Goodwill and Stores & Spares.



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- h) In respect of Company's borrowings from banks and financial institutions aggregating to Rs. 17524.90 lakhs and bank balances (current account and term deposits) aggregating Rs 59.41 lakhs, independent balance confirmations as at 31st March 2019 have not been received.
- i) As a part of Corporate Insolvency Resolution Process ('CIRP'), creditors were called upon to submit their claims. The process of submitting claims is still going on and it is also under reconciliations with amounts as appearing in the books of accounts. Pending reconciliations and final outcome of the CIRP, no accounting impact in the books of accounts has been made in respect of excess, short, or non-receipts of claims for operational and financial creditors. Hence, it is not practicable to quantify the financial effects of the same, if any, on the consolidated financial statements (refer Note No. 53 to the consolidated financial statements).
- j) Attention is drawn to Note No. 49 to the consolidated financial statements, regarding non-recognition of interest amounting to Rs. 1067.14 lakhs, subsequent to Insolvency Commencement Date i.e. 27th November, 2018, on borrowing from banks and financial institutions and on non-convertible, redeemable cumulative preference shares, which is not in compliance with the requirements of Ind AS - 23 on "Borrowing Costs" read with Ind AS - 109 on "Financial Instruments". Had the aforesaid interest expense been recognised, finance costs, total expenses and loss for the year would have been higher by the said amount having consequential impact on other current financial liabilities and other equity.
- k) We have been informed by the Resolution Professional that certain information including the minutes of meetings of the Committee of Creditors are confidential in nature and cannot be shared with anyone other than the Committee of Creditors and NCLT. Accordingly, it is not practicable to comment on the possible financial effects on the consolidated financial statements, including on presentation and disclosures, if any, that may have arisen if we had been provided access to those information.
- l) The Company has given advances for supplies/services and the amount outstanding there against as at 31<sup>st</sup> March, 2019 was Rs. 1927.51 lakhs. However, we have been unable to obtain sufficient appropriate audit evidence regarding certain aspects of the aforesaid advances viz. ageing analysis and the basis on which the same will be adjusted etc. Hence, we are unable to comment on the aforesaid advances and it is not practicable to quantify the financial effects of the same, if any, on the consolidated financial statements.
- m) As at 31<sup>st</sup> March, 2019, the Company is having liabilities against 'Creditors for Capital Goods' and 'Liability for Operating Expenses' amounting to Rs. 6933.23 lakhs and Rs. 3450.64 lakhs respectively. However, we have been unable to obtain sufficient appropriate audit evidence regarding certain aspects of the aforesaid liabilities viz. ageing analysis, and the basis on which the aforesaid liabilities will be settled etc. Hence, we are unable to comment on the balances appearing under the aforesaid liabilities and it is not practicable to quantify the financial effects of the same, if any, on the consolidated financial statements.
- n) The Company is having a non-current investment of Rs 211.28 lakhs in equity shares of Odisha Television Limited as at 31<sup>st</sup> March, 2019. In the absence of the fair valuation of the said investments as at 31<sup>st</sup> March, 2019, we are unable to comment on the remeasurement gain/loss, if any, on the said investment.





## Material Uncertainty Related to Going Concern

We draw attention to Note No. 51 to the consolidated financial statements which indicates that due to the events or conditions as mentioned in the said Note, material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, the consolidated financial statements have been prepared on a going concern basis for the reasons stated in the said Note.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Hon'ble National Company Law Tribunal ('NCLT'), New Delhi Bench, admitted a petition for initiation of CIRP u/s 9 of the Insolvency and Bankruptcy Code, 2016 ('IBC') filed by one of the operational creditors of the Company vide order dated 27<sup>th</sup> November, 2018 and appointed an Interim Resolution Professional ('IRP') to manage the affairs of the Company in accordance with the provisions of IBC. The Committee of Creditors ('CoC') in its meeting held on 07th January, 2019 passed a resolution proposing to replace the IRP and appoint a Resolution Professional ('RP') which was confirmed by NCLT vide its order dated 1st February, 2019. In view of pendency of the CIRP and in view of suspension of powers of the Board of Directors and as explained to us, the power of adoption of the consolidated financial statements of the Company for the year ended 31<sup>st</sup> March, 2019 vests with the RP (refer Note No. 1.2 to the consolidated financial statements).

The Company's Board of Directors/RP is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Indian Accounting Standards ("Ind AS") specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India. The respective Board of Directors/RP of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors/RP of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors/RP of the companies included in the Group are responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors/RP of the companies included in the Group are also responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Standards on Auditing issued by Institute of Chartered Accountants of India ("ICAI") and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.



We are independent of the Group in accordance with the Code of Ethics issued by ICAI and provisions of the Act that are relevant to our audit of the consolidated financial statements in India under the Act, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics issued by ICAI and the requirements under the Act.

## Other Matters

We did not audit the financial statements of the subsidiary, whose financial statements reflects total assets of Rs. 0.71 lakhs as at 31<sup>st</sup> March, 2019, total revenues of Rs. Nil and net cash inflows amounting to Rs. 0.04 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been certified by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the subsidiary is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management of the Company, these unaudited financial statements are not material to the consolidated financial statements.

## Report on Other Legal and Regulatory Requirements

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

- a. As described in the Basis for Disclaimer of Opinion paragraph, we sought but were unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- b. Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph and para (vi) of Annexure 1 to the Independent Auditor's Report on the standalone financial statements of the Company, we are unable to state whether proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d. Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the aforesaid consolidated financial statements comply with the Indian Accounting Standards referred to in Section 133 of the Act read with the relevant rules issued thereunder;
- e. The matters described under the *Basis for Disclaimer of Opinion* paragraph and *Material Uncertainty Related to Going Concern* paragraph, as above, in our opinion, may have an adverse effect on the functioning of the Group;
- f. We are unable to state whether any director of the Company and its subsidiary is disqualified as on 31<sup>st</sup> March, 2019 from being appointed as director in terms of Section 164(2) of the Act, as we have been explained that the Company has not received any written representation from any director in this respect;



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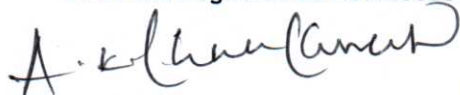
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- g. Any qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith is as stated in the Basis for Disclaimer of Opinion paragraph above;
- h. With respect to the adequacy of the internal financial controls with reference to the financial statements of the Group and the operating effectiveness of such controls, we would like to state that we have given our separate report in respect of the Company along with our audit report on the standalone financial statements of the Company. The non-material subsidiary company was incorporated on 28th February 2018, is yet to commence commercial operations and its financial statements for the year ended 31<sup>st</sup> March, 2019 are unaudited and certified by the management. Hence, there is no separate report with respect to the adequacy of the internal financial controls with reference to the financial statements of the subsidiary and as informed and explained by the management, this is not material towards evaluation of adequacy of the internal financial controls with reference to the financial statements of the Group and the operating effectiveness of such controls;
- i. 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note No. 36 and 44 to the consolidated financial statements;
  - (ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.
- (2) As required by Section 197(16) of the Act, we report that in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company and its subsidiary to its directors during the year is in accordance with the provisions of Section 197 of the Act.

For Haribhakti & Co.LLP

Chartered Accountants

ICAI Firm Registration No.103523W/ W100048



Anand Kumar Jhunjhunwala

Partner

Membership No.056613

UDIN : 19056613AAAAAN5172



Kolkata

16<sup>th</sup> August, 2019