

Date: 09th August, 2016

National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex , Bandra (E)
Mumbai -400051
Scrip Code: NSE- ORTEL

BSE LIMITED
Phiroze Jeejeebhoy Tower
Dalal Steet, Mumbai -400001
Scrip Code: BSE- 539015

Dear Sir/Madam;

Sub: Annual Report of the Company approved and adopted by the members in the Annual General Meeting held on 28th July, 2016 in compliance with Regulation 34(1) the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

We are enclosing herewith the Annual Report of the Company approved and adopted by the members in the 21st Annual General Meeting held on 28th July, 2016 at PHD Chamber of Commerce and Industry, PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi 110016 in compliance with Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your information and record.

Thanking You
For Ortel Communications Ltd


Lalit Kumar Mohanty
(Company Secretary and Compliance Officer)



Encl: As above

21st Annual Report FY 2015-16

Ortel Communications Ltd



Ortel
communications
AN ISO 9001: 2008 COMPANY

BUREAU VERITAS
Certification



008



State of the Art Network Operating Centre at Bhubaneswar

BOARD OF DIRECTORS



Mr. Baijayant Panda

Non Executive Director Cum Chairman

He is the Chairman and co-founder of the Company. He holds a bachelor's degree of science in scientific and technical communication from the Michigan Technological University. He has experience in media sector operations, strategic and financial planning, capital structuring, mergers and acquisitions. He also serves as the vice chairman of Indian Metals & Ferro Alloys Limited. He is also a Member of Parliament (Lok Sabha) from the state of Odisha. Further, Mr. Panda has been awarded the prestigious 'Bharat Asmita National Award', the award for best parliamentary practices by the Chief Justice of India in 2008.



Mrs. Jagi Mangat Panda

Managing Director

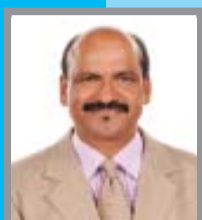
She is the Promoter and Managing Director of the Company. She holds a bachelor's degree in biology and chemistry from Osmania University and also participated in the middle management programme of the threetier programme for management development at the Indian Institute of Management, Ahmedabad. She has been awarded and recognized as the "Young Global Leader" at the World Economic Forum in 2008. She has more than 19 years of experience in the media and broadcasting industry.



Mr. Subhrakant Panda

Non Executive Director

He holds a bachelor's degree of science in business administration from the School of Management, Boston University. He is presently the managing director of Indian Metals & Ferro Alloys Limited. He is also a member of the executive committee of FICCI. He has been recognised as a member of the "Beta Gamma Sigma Honour Society for Collegiate Schools of Business", "Golden Key National Honour Society" and named amongst the "Who's Who Among Students in American Universities and Colleges". He has been elected as Vice-President of the International Chamber of Commerce, India on 9th February, 2016.



Mr. Jyoti Bhusan Pany

Non Executive and Independent Director

He holds a bachelor's degree in chemical engineering from the, Nagpur University. Mr. Pany is currently a Director on the board of Radiant Telesystem Limited, a member of the Radiant Group of Companies, Odisha and has more than 25 years of experience in various industries including telecom manufacturing, information technology and mechanical engineering.



Dr. Joseph Puliparambil

Non Executive and Independent Director

He holds a master's degree in science from the University of Madras. He also holds a masters' degree in business administration from St. Joseph's University, Philadelphia. He was awarded a doctorate of philosophy in electrical and computer engineering from Marquette University. He is currently serving as the director of Marian International Institute of Management, Kuttikkanam and has previously has been associated with XLRI and Xavier Institute of Management, Bhubaneswar, Odisha as a professor. He was a visiting scholar at Campion Hall, Oxford University, United Kingdom in 2007.



Major (Retd.) Rabi Narayan Misra

Non Executive and Independent Director

He was associated with the Indian Metals and Ferro Alloys group in the year 1981 as the deputy general manager and retired in the year 1993 as the executive vice president. During this period, he was responsible for the overall operations of the group and had detailed experience in project management, operations, maintenance, marketing, finance and public relations. Major Misra is currently a director on the board of Indian Metals & Ferro Alloys Limited.



Mr. Debaraj Biswal

Non Executive and Independent Director

He is a fellow member of the Institute of Cost Accountants of India. He has 30 years of experience in power sector. He has also served as the chief executive officer and administrator of the CESU. He is currently acting as the Director of the Odisha Capital Market & Enterprises Limited.



Mr. Kadambi Seshasayee

Non Executive and Independent Director

He holds a master's degree in mechanical engineering from the Indian Institute of Technology, Madras. Mr. Seshasayee has over 35 years of experience in the telecom and media industry.



Dr. Gautam Sehgal

Non Executive and Independent Director

He holds a bachelor's degree in medicine and surgery from the University of Mysore and owns the Sehgal Neurological Research Institute in New Delhi. He has more than 23 years of experience in the medical profession.



Mr. Gautam Buddha Mukherji

Non Executive and Independent Director

He has served in the Indian Administrative Service since 1973 in various positions in Odisha and New Delhi and retired on July 31, 2010. He was the Secretary to Ministry of Tribal Welfare from June 2007 till July 31, 2010. He has also served as the chairman-cum-managing director of Orissa Electronics Development Corporation. He has also held position as Government nominee for about four years on the Board of Neyveli Lignite Corporation, a public sector undertaking, under the Ministry of Coal, Government of India.



Mr. Lalit Kumar Mohanty

Company Secretary & Compliance Officer

Audit Committee

| | |
|------------------------|---------------|
| Mr. Jyoti Bhusan Pany | - Chairperson |
| Mrs. Jagi Mangat Panda | - Member |
| Mr. Debaraj Biswal | - Member |
| Mr. Kadambi Seshasayee | - Member |

Nomination & Remuneration Committee

| | |
|--------------------------|---------------|
| Dr. Joseph Puliparambil | - Chairperson |
| Mr. Baijayant Panda | - Member |
| Dr. Gautam Sehgal | - Member |
| Major (Retd.) R.N. Misra | - Member |

Stakeholders' Relationship Committee

| | |
|------------------------|---------------|
| Mr. Jyoti Bhusan Pany | - Chairperson |
| Mrs. Jagi Mangat Panda | - Member |
| Mr. Debaraj Biswal | - Member |
| Mr. Kadambi Seshasayee | - Member |

Corporate Social Responsibility Committee

| | |
|--------------------------|---------------|
| Major (Retd.) R.N. Misra | - Chairperson |
| Mrs. Jagi Mangat Panda | - Member |
| Mr. Jyoti Bhusan Pany | - Member |

Risk Management Committee

| | |
|------------------------|---------------|
| Mrs. Jagi Mangat Panda | - Chairperson |
| Mr. Kadambi Seshasayee | - Member |
| Mr. Debaraj Biswal | - Member |
| Mr. Subhrakant Panda | - Member |

Finance Committee

| | |
|-------------------------|---------------|
| Mr. Bijayant Panda | - Chairperson |
| Mrs. Jagi Mangat Panda, | - Member |
| Mr. Jyoti Bhusan Pany | - Member |
| Mr. Debaraj Biswal | - Member |

Statutory Auditors

M/s. Haribhakti & Co.
LLP, Chartered Accountants,
Kolkata

Internal Auditors

M/s. SCM & Associates,
Chartered Accountants,
Bhubaneswar

Secretarial Auditor

M/s. Kumar Suresh &
Associates, Gurgaon

Cost Auditor

M/s. NIRAN & CO.
Cost Accountants, BBSR.

Bankers

Karnataka Bank Limited
UCO Bank Limited
Union Bank of India

State Bank of India
Axis Bank Limited
Kotak Mahindra Bank Limited

**Registrar & Share Transfer Agent
(Both for physical & demat)**

Karvy Computershare Private Limited

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21st Annual General Meeting

| | |
|-------|--|
| Day | : Thursday |
| Date | : 28 July, 2016 |
| Time | : 10.00 A.M. |
| Venue | : Lakshmipat Singhanian Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2 Siri Institutional Area, August Krant Marg, New Delhi-110016 |

Important Communications to Members

- Members are requested to send their all correspondence relating to Shares including transfer, transmission, change of address, issue of duplicate share certificates etc. to Karvy Computershare Private Limited Vittalrao Nagar, Madhapur, Hyderabad - 500081, India or at the Company at B-7/122A, Safdarjung Enclave, New Delhi-110029.
- The process and manner of e-voting is being sent to all the members whose e-mail Ids are registered with the Company/Depository Participant /Share Transfer Agent for communication purpose through electronic mode. For members who have not registered their e-mail Id as above, the process and manner of e-voting is provided in a separate sheet as enclosed along with this Annual Report / e-mail separately.

Note:- As a measure of economy, copies of the Annual Report including Notice of AGM will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting.

Registered Office

B7/122A, Safdarjung Enclave, New Delhi-110029
Telephone: +91 11 4686 8800, Facsimile: +91 11 4686 8801
Corporate Identity Number: L74899DL1995PLC069353

Corporate Office

C-1, Chandrasekharapur, Bhubaneswar-751016, Odisha
Telephone: +91 674 3983 200; Facsimile: +91 674 2303 448,
Email: ipo@ortelgroup.com

C O R P O R A T E T E A M



Mr. Bibhu Prasad Mohapatra-Associate Vice-President (Corporate Affair)
Mr. Manmohan Pattnaik-Chief Technology Officer(CTO)
Mr. Indradeb Das-Deputy General Manager-Human Resources
Mr. Bibhu Prasad Rath-President & Chief Executive Officer(CEO)
Mr. Dhananjaya Sarangi-General Manager (IT)
Mr. Manoj Kumar Patra-Chief Financial Officer(CFO)
Mr. Priyadarshi Mohapatra-Deputy General Manager (Marketing and Customer Care)

Corporate Team
from left to right

B U S I N E S S T E A M



Mr. Baidyanath Das- Deputy General Manager(Operations)
Mr. S.S. Srinivas- General Manager(Operations)
Mr. Himansu Sekhar Mohapatra- General Manager(Operations)
Mr. Chitta Ranjan Nayak-Senior Vice-President (Operations)
Mr. Mihirkanta Samal-Associate Vice-President (Operations)
Mr. Satyanarayan Jena- General Manager(Operations)
Mr. Jiji John-Vice-President (Broadband Business)

Business Team
from left to right



ORTEL AT A GLANCE

LAST MILE

Own & Operates
its network

RIGHT OF WAY

Legal "rights of way"
for Online Network

B2C

Direct customer access
leads to greater control

TWO-WAY

Network enabled for
'Triple Play' (video, data
& voice)

27,768

Kilometres of cable
network

1,182,132

Estimated homes
reaches

701,192

Revenue Generating
Units (RGUs)

92%

Subscriber base on
'last mile' network

36%

EBITDA Margin

10%

Total broadband
subscribers

17%

Revenue contribution
from broadband

37%

Digital cable TV
penetration

BOARDS' REPORT

To the esteemed Members,

Your Directors have pleasure in presenting their 21st Annual Report on the business and operations along with the Audited Accounts of your Company for the Financial Year ended March 31, 2016.

Financial Highlights

A summary of your Company's financial performance is given below:

| | Rs. In Crores. | |
|---|----------------|---------|
| Particulars | 2015-16 | 2014-15 |
| Total Operating and other Revenue | 196.29 | 161.12 |
| Operating Expenses | 126.00 | 102.20 |
| Earnings Before Interest, Depreciation, Tax & Amortization (EBIDTA) | 70.29 | 58.92 |
| Interest and Financial Charges | 23.56 | 22.45 |
| Earnings before Depreciation, Tax & Amortization (EBDTA) | 46.73 | 36.47 |
| Depreciation, Amortization & other exceptional expenses | 31.74 | 29.41 |
| Earning before Tax (EBT) | 14.99 | 7.06 |
| Tax | 3.06 | 1.46 |
| Earning after tax (EAT) | 11.93 | 5.60 |

State of Company's affairs and Operational Results

The highlights of the Company's performance are as under:

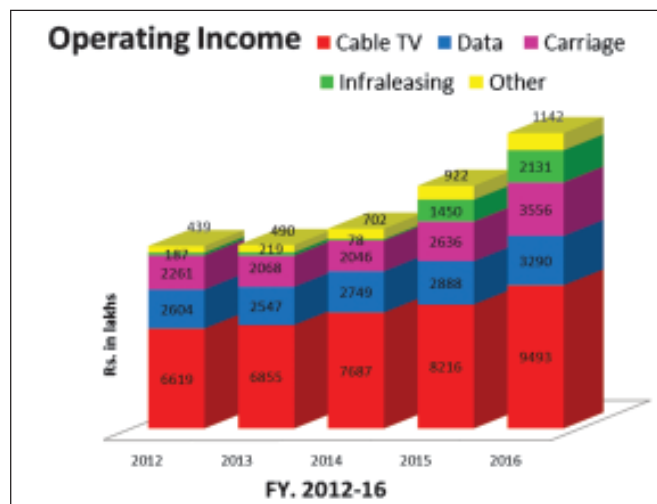
- Total revenue was Rs. 196.29 Cr compared to the previous year's total revenue of Rs. 161.12 Cr.
- EBITDA stood at Rs. 70.29 Crs compared to Rs. 58.92 Cr of corresponding previous financial year.
- Earning before Tax (EBT) for the period was Rs. 14.99 Cr in compared to Rs. 7.06 Cr of last fiscal.
- Earning after Tax (EAT) stood at Rs. 11.93 Cr as compared to Rs. 5.60 Cr of last fiscal.
- EPS stood at Rs. 3.93 as compared to Rs. 2.30 of last financial year.

The Financial Year 2015-16 has been another successful year in terms of overall prospective. The Company has achieved

better result in terms of Market expansion, Customer base as well as financial numbers.

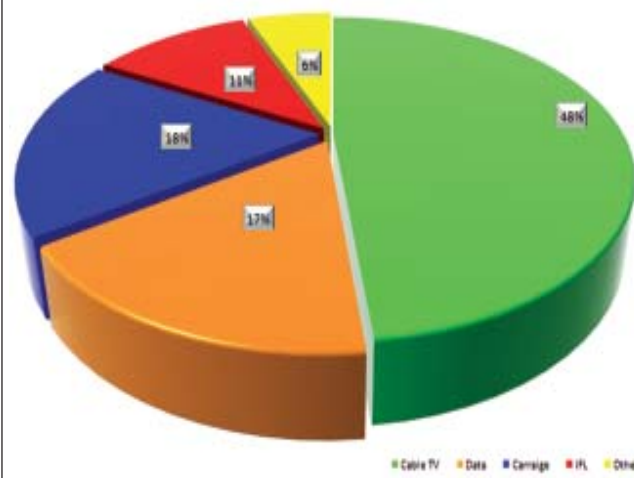
Business/ Operational Review

The year 2015-16 has been a remarkable year for the Company as the Company has managed to expand aggressively not only in its existing markets but also in many new markets. In addition to the existing states of Odisha, Chhattisgarh, Andhra Pradesh and West Bengal, your company also started its Operations in two new states; Madhya Pradesh and Telangana. By way of proactive plans and aggressive buying out of local cable operators, the Company has been able to increase its operational locations to seventy (70) from Thirty nine (39) during the previous financial year and hope to add further going forward.

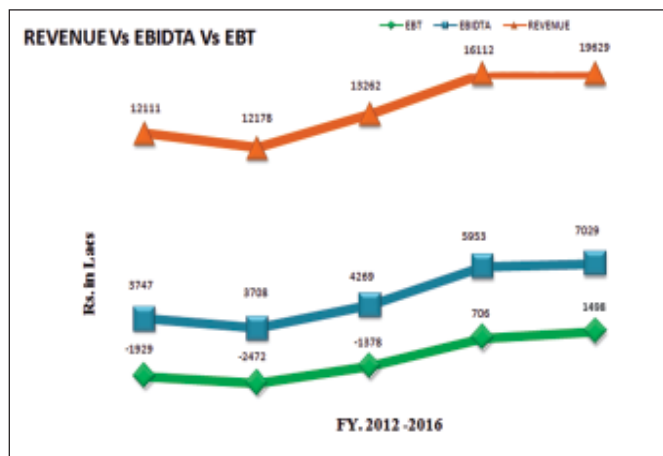


The contribution of each income stream to the total revenue is as below:-

| | | |
|-------------------------|---|------|
| Cable TV services | : | 48 % |
| Data Services | : | 17 % |
| Infra-structure leasing | : | 11 % |
| Carriage fees | : | 18 % |
| Others | : | 6%. |

Income Distribution: FY. 2015-16

Total Income, EBITDA, EBT and EAT for the period under review increased by 21.83%, 18.07%, 112.39% and 113.04% over Total Income, EBITDA, EBT and EAT of last financial year respectively.



Segment wise Analysis

i) Cable TV Operation

During the year under review, your Company continued to be a dominant player in the Cable TV market in Odisha and has continued to consolidate its position in the states of Chhattisgarh and Andhra Pradesh.

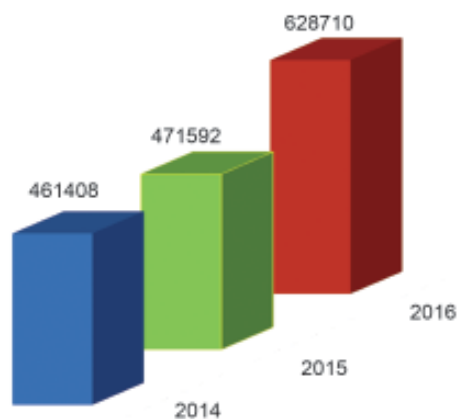
Members will be happy to know that, your Company has expanded its operation in to the State of Madhya Pradesh and Telangana.

As on 31.03.2016, the total Cable TV customer base (Analog and Digital) has been increased to 628,710 (Previous Year: 471,592) which is a whopping 33% growth over previous year.

The Digital Subscriber base has grown by 117% to 233,012 as on 31st March 2016 (Previous year: 107,175). A total of 37.1 %

of the cable TV customer base has been digitized as on the end of year under review (previous Year: 22.7 %). We will continue to digitize the remaining analog subscriber base and also expand in select geographies to consolidate our presence further.

With internationally acceptable “Last Mile” model implemented by your Company and digitization of entire CATV subscribers, the Company is hopeful of remarkable growth in the revenue in the future.

CA TV Base Trend

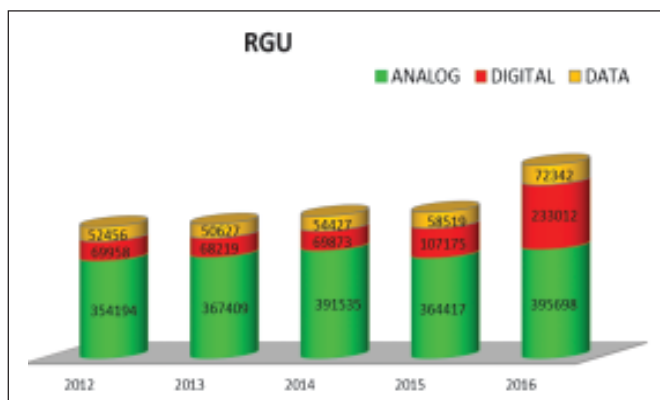
ii) Broadband Services Operation

In spite of stiff competition from national telecom players, your Company continued to be a significant Data service provider in its operational market.

Your Company has successfully implemented DOCSIS 3.0 high speed broadband service during the year under review and is currently offering data service upto a speed of 50 Mbps. The Company has also identified new markets as a part of expanding the Data operation and has planned to expand further in the coming financial year. Your Company is using HFC network architecture, which can easily be upgraded to FTTH topology in future. Your Company is currently undertaking trial run with FTTH for pure data usage. With the implementation of new technology, high speed data service and aggressive marketing strategy, the Company is well placed to cater to the growing demand.

The total Broadband subscriber base as on 31.03.2016 is 72,482 (Previous Year: 58,519), a growth of 23.86% over previous year's subscriber base. As the Company is committed to expansion of network and development of data service, the Company is hopeful of increasing the growth trend of customer base in the coming years.

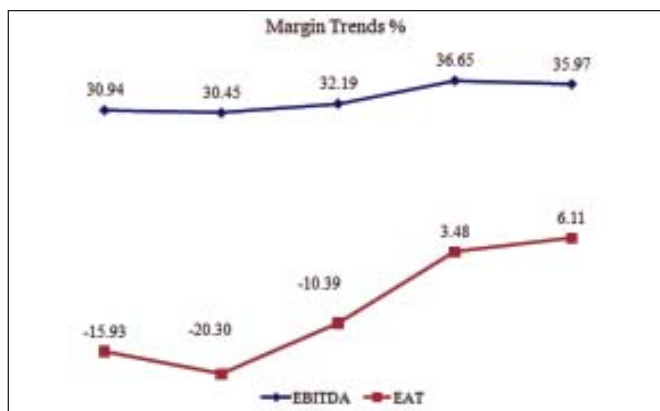
In total, your Company has achieved total RGU base (Analog, Digital and Data) of 701,192 during the year (previous year 530,111), a growth of 32.27 %. It is important to note here that in line with your Company's philosophy of operating on "Last Mile Model", 92% company's RGUs are on its own last mile network.



iii) Infrastructure leasing

Over last few years, your Company has aggressively pursued as another major revenue generating stream by leasing out its own infrastructure to corporate clients for their communication requirement and has leased out to various corporates a total of 1568.82 kms (Previous Year: 761.42kms) as on 31 March, 2016, a growth of 106% over the previous year.

Margin Trends (in %)



Dividend

Though the Company has reported profits for the year, no dividend is being recommended due to accumulated losses for the past Financial Years.

Transfer to Reserves

As no dividend is proposed, so no amount is recommended to be transferred to General Reserve.

Share Capital

During the year under review, there were no change in the Share Capital of your Company.

Holding, Subsidiaries & Associates

Your Company does not have any holding, subsidiary or associate during the period under review.

Change in the Nature of Business, if any

During the year under review, there were no changes in the nature of the business of the Company.

Revision of financial statement

There was no revision of the financial statements for the year under review.

Extract of Annual Return

The extract of the Annual Return of your Company as on March 31, 2016 as provided under sub-section (3) of Section 92 of the Companies Act, 2013 in the Form MGT 9 is enclosed as 'Annexure-1' forming part of this Report.

Statutory Auditors

M/s. Haribhakti & Co. LLP, Chartered Accountants Kolkata, were appointed as Statutory Auditors of your Company for a period of five years with effect from 19th Annual General Meeting till the conclusion of 24th Annual General Meeting of the Company subject to ratification of their appointment by the shareholders in the Annual General meeting of the Company every year, if eligible.

Now Board has recommended members for ratification of said appointment of M/s. Haribhakti & Co. LLP, Chartered Accountants, Kolkata, being eligible, as the Statutory Auditors of the Company at the ensuing Annual General Meeting.

Observations of the Auditors

Observations of the Auditors on the Annual Accounts of the Company forms part of "Auditors' Report". The observations made in their report when read together with the relevant notes to the accounts are self-explanatory.

Secretarial Auditor

Pursuant to the provisions of Section 179 and 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. Kumar Suresh & Associates, Gurgaon, a firm of Practicing Company Secretaries was appointed as Secretarial Auditor to conduct the Secretarial Audit of the Company for the Financial Year 2015-16.

CS. Suresh Yadav, Secretarial Auditor has given the Secretarial Audit Report in Form No. MR-3 and the same has been annexed to the Board's Report and marked as 'Annexure - 2'. There is no qualification in the Report of Secretarial Auditor which is self-explanatory.

Your Board has also appointed M/s. Kumar Suresh & Associates, Gurgaon, as Secretarial Auditor for FY 2016-17 who is eligible for such reappointment to conduct Secretarial Audit of your Company.

Cost Auditor

Terms of M/s. NIRAN & CO., Cost Accountants, Bhubaneswar, Odisha who were reappointed as Cost Auditor of the Company for Financial Year 2015-16 expired on 31 March, 2016.

Your Directors have approved their reappointment for FY 2016-17 and their remuneration shall be ratified by the members in the ensuing Annual General meeting.

Internal Auditor

Terms of M/s. SCM & Associates, Chartered Accountants, Bhubaneswar, Odisha who were reappointed as Internal Auditor of the Company for Financial Year 2015-16 expired on 31 March, 2016.

Your Directors have approved their reappointment for FY 2016-17.

Directors' Responsibility Statement

Yours Directors hereby certify

- a) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- b) that the directors had selected such accounting policies and applied them consistently and made judgment and estimates that they are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- c) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and preventing and detecting fraud and other irregularities.
- d) that the directors had prepared the annual accounts on a going concern basis.
- e) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

Utilization of IPO Proceeds

Against Rs.100.79 Cr of IPO proceeds (net of issue expenses) Rs. 75.78 Cr was utilized for the object set out in the offer document and balance amount pending utilization was kept in the Bank and fixed deposit. There was no deviation in the utilization of issue proceeds during the year under review.

Particulars of loans, guarantees or investments under section 186

Your Company has not given any loans or guarantee or made any investments under Section 186 of the Companies Act, 2013.

Particulars of loans/ advances or investments outstanding during the financial year

Disclosure on particulars relating to loans, advances and investments outstanding during the financial year is disclosed in Note No. 4 of "Notes on Accounts" forming part of the financial statement of the Company.

Particulars of contracts or arrangements with related parties

All contracts / arrangements / transactions entered by the Company during the Financial Year with related parties were in the ordinary course of business and on an arm's length basis and were reviewed and approved by the Audit Committee and Board. During the year, the Company has not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the Company's Policy on Materiality of Related Party Transactions. All the transactions made on arm's length basis are being reported in Form No. AOC - 2 in terms of Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 and is annexed as 'Annexure-3'.

The policy on dealing with Related Party Transactions can be viewed at <http://www.ortelcom.com>

Performance Evaluation of Board, Committees and Individual Directors including Managing Director

In compliance with the Companies Act, 2013, and Regulation 17 of the Listing Regulations, the performance evaluation of the Board, its Committees and individual Directors including Managing Director were carried out during the year under review.

Independent Directors in their separate meeting evaluated performance of Board as a whole, non-independent Director and Chairperson of the Board.

Further, based on the appraisal report of the individual Directors both for self and other Directors, Board carried out evaluation of Independent Directors, Managing Director and all its Committees.

The evaluation framework for assessing the performance of Directors were comprised of parameters such as; Attendance of Board and Committee Meetings, Contribution at meetings, Guidance/ support to Management, Relationship with Board and Committees, Degree of participation etc.

Risk Management

Risk management has always been an integral part of the corporate strategy which complements the organizational capabilities with business opportunities, robust planning and execution. The Company through a process of management mechanism covering the risk mapping, trend analysis, risk exposure, potential impact and risk mitigation practice, manages the potential risks. A detailed regular exercise is being carried out to identify, evaluate, manage and monitor both business and non-business risks. A Risk Management Committee of the Board periodically reviews the risks and suggests steps to be taken to control and mitigate the same.

Deposits

Your Company has not accepted any deposit from public during the period under review.

Declaration given by Independent Directors

All the Independent Directors have given declaration of their independence in terms of Section 149(7) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015.

Number of meetings of Board of Directors

For the Financial Year 2015-16, the Company held five (05) meetings of the Board of Directors, details of which form part of the Corporate Governance Report.

Material changes and commitments, if any

There were no significant material changes and commitments, affecting the financial position of the Company which has occurred between the end of the Financial Year of the Company to which the Financial Statement relate and the date of the report

Employee Stock Option Scheme

During the year under review, the Company has neither offered/granted nor allotted any new Stock Option either under 'Ortel Employee Stock Option Scheme, 2015' ("ESOS 2015") or under old Scheme ESOS 2010. As per ESOS 2015, a Ortel Employee Welfare Trust (herein after referred as "Trust") was executed by the Company to acquire shares of the Company from Secondary market for transferring them to the eligible employees in future as per the direction of Nomination & Remuneration Committee of the Board. During the period under review, the Trust has acquired 3095 shares of the

Company. The details of disclosure form part of the Corporate Governance.

Directors and Key Managerial Personnel

Mr. Subhrakant Panda, Non-Executive Director of the Company is retiring at the ensuing Annual General Meeting. Your Directors have recommended his reappointment in the next AGM. The detailed resume of Mr. Panda who has offered for re-appointment is annexed to the notice of the Annual General Meeting.

There are no other changes in the constitutions of the Board of Directors and key managerial personnel.

Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

No such significant and material order have been passed by any regulator/ court/ tribunal against the Company which will impact the going concern status and Company's operation in future. In those matters which are pending before various regulators or courts or tribunal, your Company has strong reasons to succeed in all the said disputed matters.

Particulars of Employees

Information as per section 197 and Rule 5(1) & 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rule, 2014 is provided as 'Annexure-4'.

Corporate Governance

Pursuant to SEBI Listing Regulations, a report on the Corporate Governance, Management Discussion and Analysis, Certificate regarding Compliance of conditions of Corporate Governance and Certificate by CEO & CFO have been made part of the Annual Report as Annexures.

Conservation of energy, technology, foreign exchange earnings and outgo

The Company is a Multi System Operator (MSO) and is carrying on business of, inter alia, providing cable TV and broadband service along with other value added services. Since this does not involve any manufacturing activity, most of the Information required to be provided under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, are nil / not applicable.

Further, your Company, being a service provider, requires minimal energy consumption and Company takes all possible measures to ensure optimal use of energy, avoid wastages and conserve energy as far as possible. Following are the energy conservation measures being taken by Company over a period of time to ensure minimum energy consumption and technology absorption.

| | |
|--|---|
| Conservation of Energy: | |
| <ol style="list-style-type: none"> 1. The steps taken or impact or conservation of energy. 2. The steps taken by the Company for utilizing alternate sources of energy. 3. The capital investment on energy conservation equipment. | <ul style="list-style-type: none"> • Conservation of RF, Optical, Electrical and fuel energy is being accomplished by your company in economically responsible and beneficial ways by using power efficient equipment, broadband HFC network, provisioning system, ergonomics in the cable layout, cleanest and state of art technologies. • Increasing more deeper fiber by using Broadband HFC network in star structure has resulted less power consumption. • Applying the strongest feasible energy efficiency standards to network opto electronics, RF products and signal quality. |
| Technology Absorption: | |
| <ol style="list-style-type: none"> 1. The efforts made towards technology absorption. 2. The benefits derived like product improvement, cost reduction, product development or import substitution. 3. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):- <ol style="list-style-type: none"> a. the details of technology imported; b. the year of import; c. whether the technology been fully absorbed; d. if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; e. The expenditure incurred on Research and Development | <ul style="list-style-type: none"> • Your Company is one of the MSOs in India which has started Triple Play services over Broadband HFC network. It has chosen best, economical and state of art technologies. • Your Company uses Cable Modem technology for high speed Internet access. The Company is also using Metro Ethernet ("MEN") and Ethernet over Cable (EoC) technology which engages different network topology for providing high speed data service at a lower cost. • Your Company has also adopted digital video technology to deliver qualitative video and audio using MPEG-2 and MPEG-4 Technology. Your Company has also started HD TV services and offers HD channels to its subscribers in select markets. • Your Company has also introduced high speed broadband technologies such as DOCSIS 3.0 to cater to subscribers who have increased Video led Internet Consumption. HD video content viewings as well as increased download speeds are the main benefits of DOCSIS 3.0 technology. DOCSIS 3.0 allows for a much higher through put compared to the earlier versions by using multi-channel bonding simultaneously for download/upload. This technology has been widely used in Europe and USA by leading ISPs. • Your Company is also using HFC architecture, which can easily be converted or upgraded to FTTH. Your Company is currently undertaking trial with FTTH for pure data usage. |

Foreign Exchange Earnings & Outgo

Details of foreign exchange earnings and outgo are disclosed in Notes No. 33 to 35 of "Notes on Accounts" forming part of the financial statement of the Company.

Certifications

Your Company has been certified and recertified by Bureau Veritas Certification (India) Pvt. Ltd. (BVQI) to confirm with ISO 9001:2008 standardization for both cable and data services for Bhubaneswar, Cuttack, Rourkela and Sambalpur operational sites.

Your Company has also received certification from BECIL (TRAI appointed Certifying Agency) for its digital Encryption and Subscriber Management System of digital services.

Your Company is the first of its kind in India to receive such certification.

Corporate Social Responsibility

Being a responsible Corporate Citizen, your company is committed to contribute towards social wellbeing of the communities through various corporate social responsibility ("CSR") initiatives and has been undertaking various social works as part of its CSR over a period of time. It invests in Social programs for the under privileged girl child, contributes towards their overall learning and personal growth, opens employment avenues and also it attempts to bring about significant and sustainable improvements in their standard of living. Your Company's flagship CSR activity known as 'Ortel

Dayitwa' provides financial support to girl children for college education. Ortel Dayitwa encourages girls to pursue education after secondary education with an objective to reduce dropouts after secondary education and also conducts various education awareness programs from time to time.

After mandatory applicability of provisions of Section 135 of the Companies Act, 2013 to the Company in FY. 2015-16, the Company has constituted a Corporate Social Responsibility Committee of the Board ("CSR Committee").

The Board of Directors of the Company has approved CSR Policy based on the recommendation of the CSR Committee. The CSR Policy of the Company is available on the Company's web-site and can be accessed in the link www.ortelcom.com

Though as per the criteria specified under Section 135 of the Companies Act, 2013 ("Act"), the Company was not required to mandatorily contribute towards CSR activities, but your Company has contributed Rs.1,00,000/- towards education of poor and under privileged girl child through 'Ortel Dayitwa' Charitable Trust. As required under Section 134 of the Act and Companies (Corporate Social Responsibility Policy) Rules, 2014, statement containing the details of CSR expenditure is disclosed as 'Annexure -5'.

The Company continues and shall continue to contribute towards social well being in future.

Internal Financial Control

The Company has a well-placed, proper and adequate internal control system, which ensures that all assets are safeguarded and protected and that the transactions are authorized, recorded and reported correctly. The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation has been received from the Internal Auditors of the Company for inefficiency or inadequacy of such controls.

The Board of Directors has appointed M/s. SCM & Associates, Chartered Accountants as the Internal Auditor of the Company. The Internal Auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions in value terms. Independence of the audit and compliance is ensured by direct reporting of Internal Auditors to the Audit Committee of the Board. During the year, the Company continued to implement their suggestions and recommendations to improve the control environment. Internal Auditors findings are discussed at quarterly basis and suitable corrective actions taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations.

The Company has also its own internal audit department commensurate with the size of the Company. Internal Audit team under the guidance of Head of Internal Audit conduct various check and audit and submit their report to the management and is responsible for ensuring adequacy of internal control both in terms of financial and operational control.

Policy on Prevention, Prohibition and Redressal of Sexual Harassment at Workplace

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy which aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. The Company has also constituted an Internal Complaints Committee, known as the Prevention of Sexual Harassment (POSH) Committee, to inquire into complaints of sexual harassment and recommend appropriate action.

The Company has not received any complaint of sexual harassment during the financial year 2015-16.

Personnel & Industrial Relations

Personnel & industrial relations during the year were cordial & harmonious.

Acknowledgement

Your Directors place on record their sincere appreciation for the continued support from shareholders, customers, suppliers, government authorities, banks and financial institutions and other business associates. A particular note of thanks to all employees of your Company, without whose contribution, your Company could not have achieved the year's results.

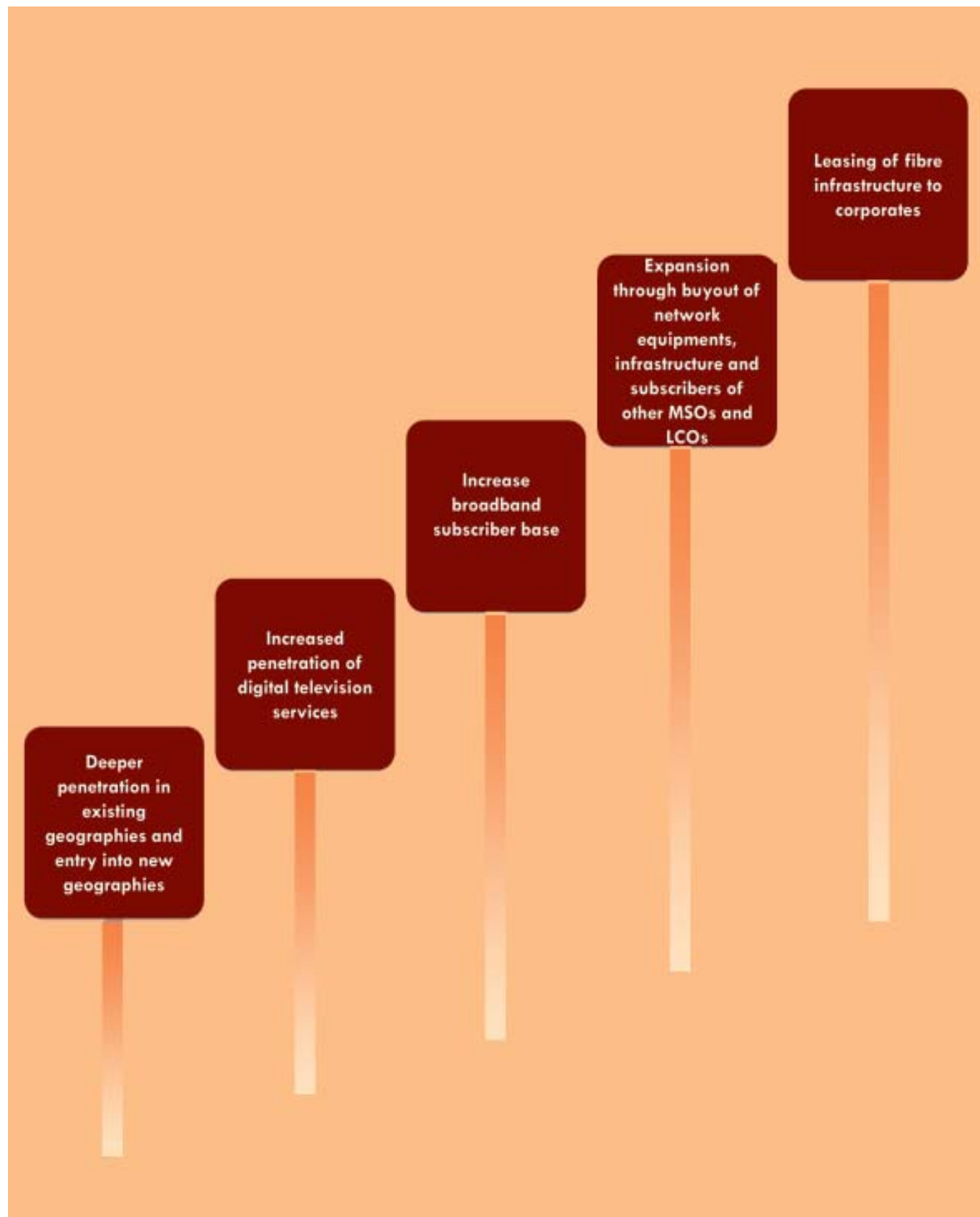
**On behalf of the Board of Directors
For Ortel Communications Ltd**

**Sd/-
Jagi Mangat Panda
Managing Director**

**Sd/-
Jyoti Bhushan Pany
Director**

**Place: Bhubaneswar
Date: 30 April, 2016**

GROWTH STRATEGY



MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic overview

The year 2016 saw a mixed economy reflecting sign of improvement of industry confidence, FDI inflows, positive trend in the GDP growth and low inflation backed by change in global scenario and significant increase in manufacturing and service sector. The year embarked a revived hope and at the same time the reality came to a roost.

The year also gave the global economy a boost in terms of drop in commodity price, fall in crude oil from hooping USD 100 in October 2014 to below USD 30 in January, 2016. While volatility affected many economies across the world, it was otherwise for India. Lower Commodity prices, lower inflation and lower borrowing cost are likely to drive consumerism in the Country. In spite of various macro-economic imbalances, growth prospects of India will remain positive with the government strongly augmenting its reform announcements and the economy will continue to outperform its large peers with FY.15-16 growth estimated to be 7.3 percent by the International Monetary Fund, accelerating to 7.5% in FY.2016-17.

Industry overview

Media and Entertainment Industry

The Indian Media and Entertainment ("M&E") industry, which comprises television, film, radio, print, music, the internet, animation, gaming, outdoor media and digital advertising, has been one of the fastest growing industries in India over the last few years. 2015 was a year in which M & E future has been unfolded in many ways. Indian M & E Industry is expected to grow at a CAGR of 14.3 % by 2020 when Television is expected to grow at a CAGR of 15.1% where as Digital advertising will continue to grow at a CAGR of 33.5%. Though there is remarkable jump in advertising revenue, a moderate growth is expected for subscription revenue. Disputes among stakeholders in the TV distribution continues to be a concern for slowing down the growth pace of subscription revenue. The industry has been largely driven by increasing digitisation and higher internet usage over the last decade. Internet has almost become a mainstream media for entertainment for most of the people *(Sources: KPMG in India analysis, 2016)*

The Indian media and entertainment Industry: Projection

| Over all Industry Size (INR in billion) For Calendar year | 2016 P | 2017P | 2018P | 2019P | 2020P | CAGR (2015-2020) |
|---|--------|-------|-------|-------|--------|------------------|
| TV | 617.0 | 709.6 | 823.3 | 986.8 | 1097.6 | 15.1% |
| Print | 305.2 | 329.6 | 355.9 | 383.6 | 412.5 | 7.8% |
| Films | 158.7 | 174.1 | 190.0 | 207.8 | 227.3 | 10.5% |
| Radio | 23.4 | 28.4 | 32.7 | 37.8 | 43.3 | 16.9% |
| Music | 12.1 | 14.0 | 16.1 | 18.4 | 20.6 | 13.8% |
| OOH | 28.3 | 31.6 | 35.4 | 40.0 | 45.2 | 13.1% |
| Animation & VFX | 58.3 | 67.1 | 78.1 | 91.3 | 108.0 | 16.1% |
| Gaming | 30.8 | 34.4 | 39.0 | 45.4 | 50.7 | 13.9% |
| Digital Advertising | 81.1 | 113.6 | 153.3 | 199.3 | 255.2 | 33.5% |
| Total | 1,315 | 1,502 | 1,724 | 1,980 | 2,260 | 14.3% |

(Sources: KPMG in India analysis, 2016)

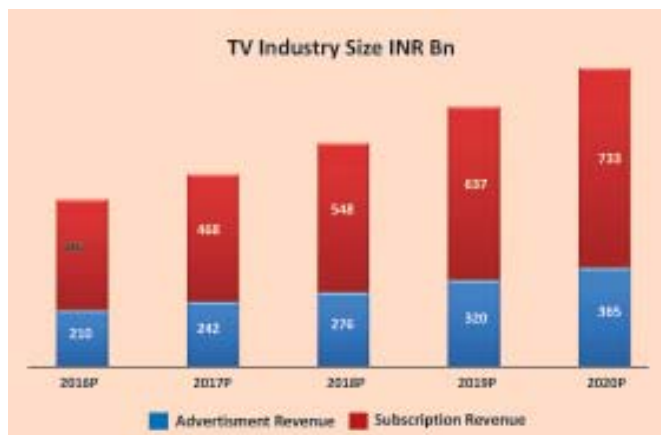
India's Television Industry

The Television industry in India was estimated at INR.542 billion in 2015 and is expected to grow at a CAGR of 15.1% to reach INR 1098 billion in 2020.

Subscription revenue is estimated to grow at a CAGR of 15% between 2015-20 which is expected to be driven by;

- (i) Increase in the declared subscriber base in phase-III and IV
- (ii) Increase in subscription revenue collected on the ground due to channel packaging and increasing HD penetration and

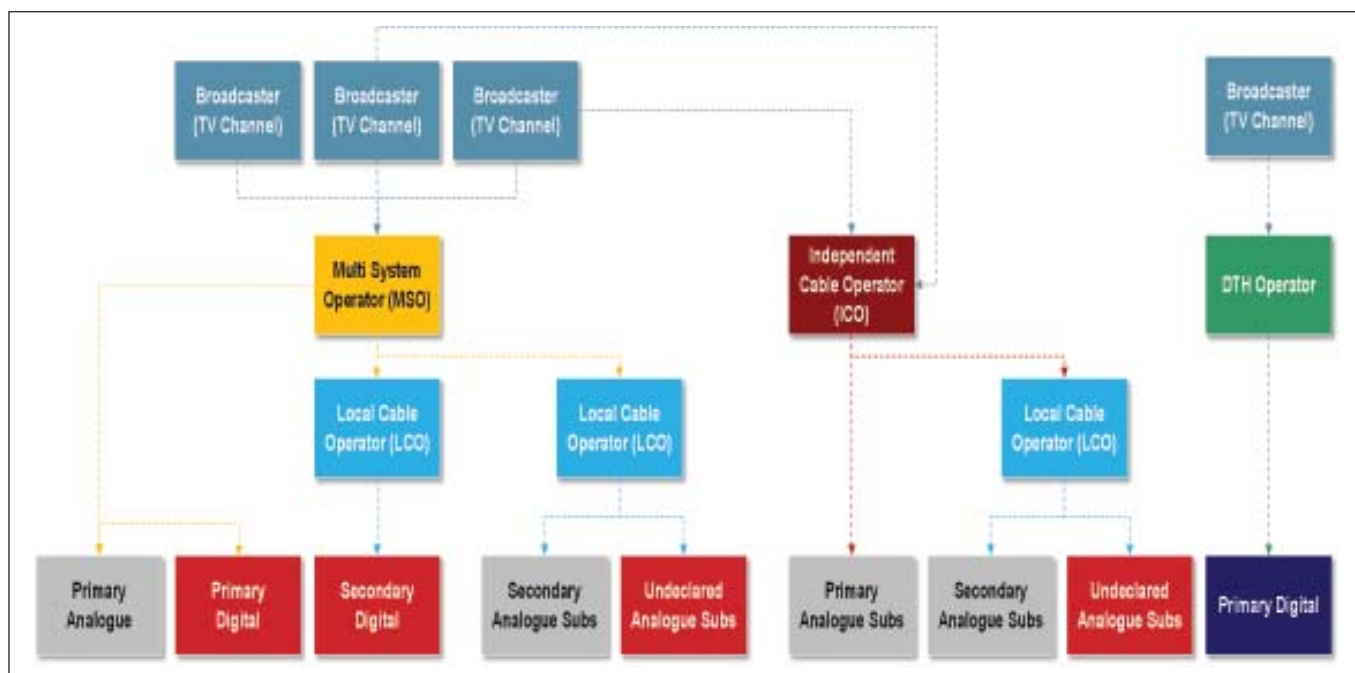
- (iii) Increase in the revenue share of broadcasters in the subscription pie. The share of broadcasters in the subscription revenue is expected to grow from 24% in 2015 to 28% in 2020. The Indian television industry is slated on the path of continued growth, with increased digitization and the roll out of the mandatory DAS almost complete in in Phase I (the four metropolitan cities), Phase II cities (38 cities in India with a population of over one million) and Phase III.



(Sources : KPMG in India analysis, 2016)

While carriage fees experienced an overall decline of 25-30 per cent after rollout of STBs in Phase I and II market, but there has not been significant decline after 2014. As per the industry sources, there was an increase in carriage fees paid to distributors in 2015 due to launch of new channels and channels continuing to increase distribution in smaller towns and cities. Over all, Carriage fees remained broadly stable for existing deals but new deals saw a hike of 5-10% in carriage fees. However, MSOs are expecting to see a 10-15 % increase in carriage fees due to increase in number of channels being carried by each MSO.

Television Distribution: Industry Structure in India



India Cable TV Market

India's Cable TV market has grown considerably over the past six years and has been the largest contributor in the subscription revenues of the India's Cable TV Market during the period FY 2010 to FY 2015. Demand for cable TV services in the country has escalated over the past six years due to increased prevalence of digitization drive, increasing household expenditure on entertainment, improving quality of television display, lower costs of service provision and stable user base. Majority of people in India have preferred cable TV due to convenience and lower cost of subscriptions.

Digitisation

Indian TV industry is going through a rapid and historic transformation. To accelerate the slow growth of analog regime and to help consolidate and organise the industry and at the same time to make it more transparent, Government of India has framed a road map for conversion of analog customers to digital platform in four phases.

While the roll out of Digital cable STBs in Phase I & II and Phase III cities was largely completed by December 2013, and December 2015, the phase IV are targeted to be completed by December, 2016 which will benefit the cable TV industry

in terms of improved addressability and average revenue per user (ARPU). It is also expected that, at the end of 2020, Digital Subscriber Base will be at 90 Million as compared to DTH subscribers at 79 million.

Status of Digitization- December 2015

| Phase | Sun Set Date | No of C&S Subs (Million) | Non-digitized subs (Million) | Digitization including DTH |
|-----------|--------------|--------------------------|------------------------------|----------------------------|
| Phase-I | June -12 | 13 | 1.2 | 100% excluding Chennai |
| Phase-II | March- 13 | 25 | 1.2 | >95% |
| Phase-III | Dec -15 | 41 | 10 | ~75% |
| Phase-IV | Dec-16 | 81 | 52 | ~35% |
| Total | | 160 | 65 | ~60% |

(Sources: KPMG in India analysis, 2016)

Impact of Digitization

Digitisation will benefit all stakeholders including consumers, the broadcasting industry, the distribution industry and the government.

Consumers will benefit through an easy access to hundreds of new channels, sharper picture quality, better services and customised channel packages based on their individual preferences.

The broadcasting industry will benefit through higher transparency, resulting in lesser revenue leakages, more accurate subscriber base information and higher subscription revenues.

The distribution industry will benefit from higher subscription revenues, more efficiencies, better margins, opportunity to sell bundled services and more accurate data collection.

The Government will benefit through higher transparency resulting in higher tax revenues.

This has been a key reason for the rapid growth of the Direct-To-Home (DTH) business.

Mandatory digitization will result in consolidation of the last mile cable industry. Larger operators will be keen to acquire the last mile as valuations for LCOs drop and operators successfully develop skill sets and necessary infrastructure as they transition to a B2C model.

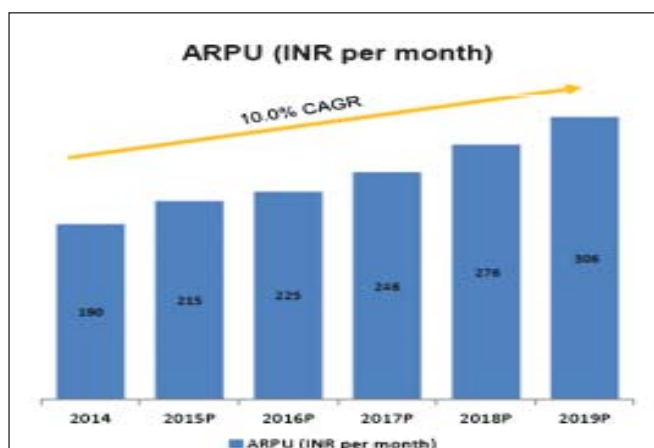
Post digitisation roll out of Phase IV, Industry expects Digital subscribers and DTH subscribers to be in the ratio 53:47 with 90 million digital cable subscribers and 79 Million DTH subscribers by 2020.



Sources: KPMG in India analysis, 2016)

Digital Cable ARPU

- ARPU to be driven by packaging, package wise collections, improved monetization from LCOs, Premium Contents, HD Channels, and Broadband etc.
- Digitization will lead to increased transparency in subs declaration and improved ARPU.

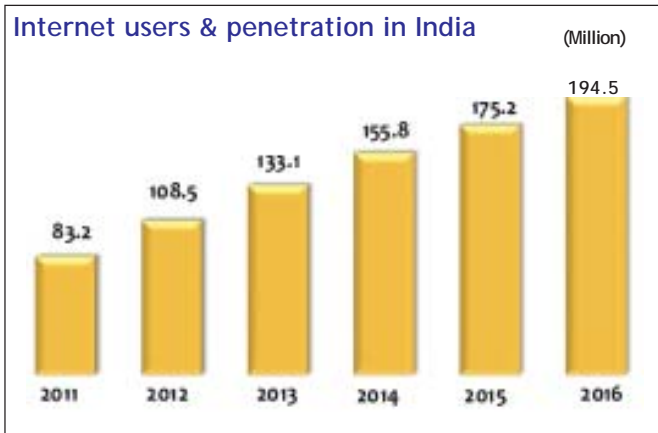


Source: FICCI-KPMG M&E 2015 Report

Broadband Industry

As per TRAI report, the total number of internet subscribers in India were 324.95 million as on 30 September, 2015 with wired internet subscribers of 19.60 million and wireless internet subscribers of 303.35 million.

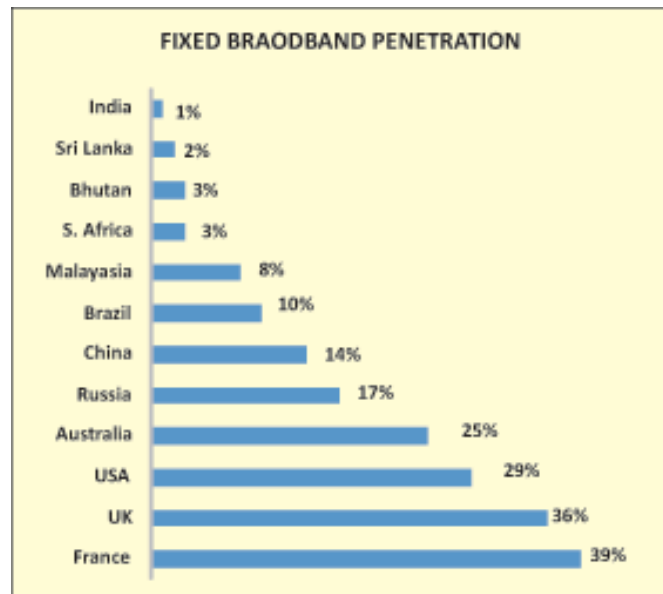
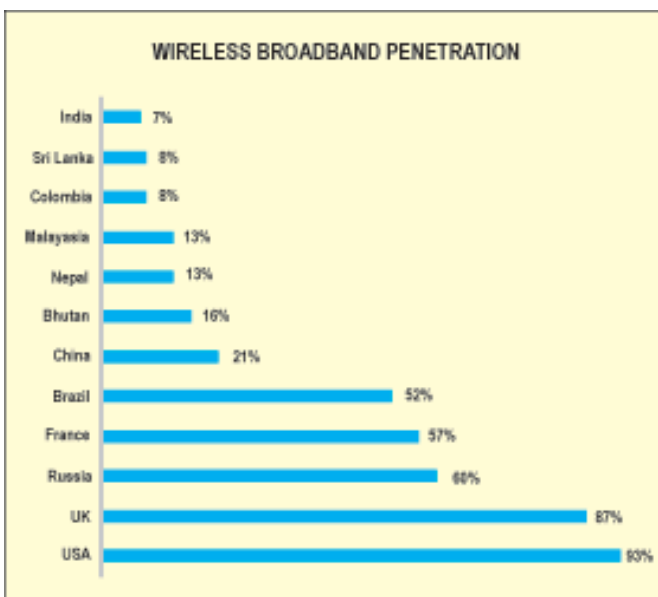
Further, total number of Broadband subscribers was 120.88 million consisting of wired broadband subscribers and wireless broadband subscribers at 16.13 million and 104.75 million respectively.



(Sources: KPMG in India analysis, 2016)

Cable Internet Broadband

The cable broadband sector in India remains nascent with limited investments made in network rollout and upgrades, aside from a few well-capitalized national MSOs. According to industry resource, the total wireless broadband penetration by India is 7% whereas fixed broadband penetration is 1% of total household. So there is huge broadband potential due to penetration.



(Sources: KPMG in India analysis, 2016)

The advantage to cable operators will come in the form of large-scale fiber backhaul availability, which could reduce capital expenditure as well as time required to expand to new territories. Additionally, it also allows operators to focus on last mile upgrades to coaxial networks

Broadband is a key driver of the last mile cable business

In particular, Broadband cable service entails the highest return for distribution platforms in the United States. In Pay-TV, satellite generates superior return to cable in general due to (i) lower operating costs from leveraging wireless infrastructure and lower churn levels due to national footprint and (ii) higher ARPU vis-à-vis cable. However, cable broadband is the strongest solution in maximizing ARPU and margins and helps cable maintain superior returns to satellite.

The increasing proliferation of technology-enabled devices, policy driven push through programmes such as the digital India campaign and high speed broadband highways will lead to a dramatic increase in the internet subscriber base and penetration level. (Source: TRAI).

With DOCSIS 3.0 technology which provides speeds of 50-100 Mbps, a better ARPU margin for the broadband business is expected to increase in the coming years.

Also the Broadband business offers multiple synergies to MSOs by allowing them to leverage their existing infrastructure and consumer base. In the normal scenario, Subscriber will always prefer wired internet connectivity compared to wireless as it is faster, cheaper and reliable. The Broadband offers higher ARPU and margins than digital cable and is in line with the changing consumer preference for high speed connectivity. Due to low penetration of broadband in India, there is scope for substantial growth opportunity in broadband.

About Ortel

Ortel Communications Limited ("the Company") is a regional cable television and high speed broadband services provider focused in the Indian states of Odisha, Chhattisgarh, Andhra Pradesh and West Bengal. As part of major expansion process, in the current year the Company has taken further geographical progress by expanding its operation to the States of Madhya Pradesh and Telangana. It has always been the Company's vision to provide Cable TV, Data Service and Internet Telephony on a single cable platform to households. Company has built a State-of-Art two-way communication network for 'Triple Play' services (video, data and voice capabilities) having HFC network (combination of optic fibre in the backbone and coaxial cable in the downstream) with control over the 'last mile'. It pioneered the primary point cable business model in India by offering digital and analog cable television, broadband and other value added services. It currently hold a dominant position in Odisha, with a fast-emerging presence in five other markets, covering an addressable market of approximately five million homes with direct to consumer business model, popularly known as "Last Mile" business model in the Cable TV universe having ~ 91% of the subscriber base under own network. Currently, business of the Company is broadly divided into (i) cable television services comprising of (a) analog cable television services; (b) digital cable television services including other value added services such as HD services, NVoD, gaming and local content; (ii) broadband services; (iii) leasing of fibre infrastructure; and (iv) signal up linking services. It has legal 'Rights of Way' for laying network and Capable of providing broadband at speed of up to 50 mbps through use of cable modem with DOCSIS 3.0 technology. It has grown both organically and in-organically through buyout of network equipment, infrastructure and subscribers of other MSOs and LCOs. Ortel Communications is a pioneer in providing Convergence Communication Services in the Country. It has revolutionized the Entertainment and Broadband Technology in the Eastern India.

Ortel is the first MSO to offer 50 Mbps Broadband in the state of Odisha using the DOCSIS 3.0 technology. DOCSIS 3.0 allows for a much higher throughput compared to the earlier versions by using multi-channel bonding simultaneously for download/upload. HD video content viewings as well as increased download speeds are the main benefits of DOCSIS 3.0 Mega Speed Ortel Broadband.

| Performance highlights | | (Rs. in crore) | |
|----------------------------------|---------|----------------|--|
| Particulars | 2015-16 | 2014-15 | |
| Total Operating and other Income | 196.29 | 161.12 | |
| EBIDTA | 70.29 | 59.50 | |
| Earning before Tax (EBT) | 14.99 | 7.06 | |
| Earning after tax (EAT) | 11.93 | 5.60 | |
| EPS | 3.93 | 2.33 | |
| Net Worth | 139.48 | 127.17 | |

Operations Review

The year 2015-16 was another important and more successful year for the Company as the company has achieved a 113.04% earnings after tax (EAT) over 2014-15 and total RGU has increased by 170,941 over the previous year which is highest growth in any financial year in the history of Company. The digital subscriber base is increased by 117.41% over the previous financial year.

FY 2016 performance overview compared with FY 2015

- Total Income increased to Rs.196.29 cr from Rs. 161.12 cr, up by 21.8%
- EBITDA grew by 19.29% to Rs. 70.29 cr from Rs.58.92 cr
- EBITDA margin stood at 35.8%
- Profit After Tax came in at Rs. 11.93 cr, higher by 113.0% compared to Rs. 5.60 cr

Key Developments

- **Robust RGU Additions:** During the year, the total RGU additions stood at 171,081 subscribers, taking the total RGUs to 701,192
- Net addition in Q4 FY16 stood strong at 74,717 subscribers - on-track to achieve 1 million subscribers by March 2017
- 86,797 RGUs in the pipeline - to be integrated into the Company's last mile network in the coming months
- **Healthy Traction in States outside Odisha:** About 65% of the RGUs were added in the States of Andhra Pradesh, Telangana, Chhattisgarh, & Madhya Pradesh
- Close to 70% of the new signings have been reported in these states
- **Improved Digital Penetration:** Seeded 107,175 Set Top Boxes (STB) during the year, thereby improving the digital penetration ratio to 37.1% from 22.7% in FY15
- ARPU for subscribers converted from Analog to Digital witnesses improvement - Analog and Digital ARPU stood as Rs. 141 per month and Rs. 178 per month respectively
- Hold over 3 lakh STBs in inventory with digital signals in place - sufficient stock for implementation of Digitization under Phase-III
- **Steady momentum in Broadband Business:** Net addition of 13,963 subscribers in FY2016 compared to 4,092 subscribers in FY2015; Total Broadband RGUs at 72,482
- Expect significant growth in broadband subscribers in FY17 on the back of new network rollout, a strong team, solid back-end operations, attractive broadband packages and various other value-added services & initiatives

Revenue Drivers for operational performance of the Company

- **Cable Subscription Fees**
Cable subscription fees primarily consist of fees from analog and digital subscribers and franchisee subscribers.
- **Internet Subscription Fees**
Internet subscription fee primarily consists of subscription fees received from broadband retail and corporate broadband customers.
- **Channel Carriage Fees**
Channel carriage fee primarily consists of the placement charges received from select broadcasters to carry their channels in our network.
- **Connection Fees**
Connection Fees primarily consists of activation and reactivation charges of the connections given for analog and digital cable television subscribers and internet subscribers.
- **Income from Infrastructure**
Income from infrastructure primarily comprises of the fees received for providing fibre connectivity by leasing our network to corporates for communication services.
- **Signal Uplinking Income**
Signal uplinking income comprises of the fees received from providing uplinking services to television channels through our teleport and DSNG vans for live telecasts.

Other Income

Apart from the above Company earns 'Other income' which consists of interest on fixed deposits, liability no longer required and written back and other miscellaneous income including insurance claims, sale of scrap etc.

Current Business Trends and Future Outlook

Cable TV

After consolidating its business at various locations in Odisha, your Company has taken further steps to consolidate its market base in other States that have been entered into since 2008. In 2015-16, the Company has already managed to start operation in two new States; Telangana and Madhya Pradesh besides other three already existing States outside Odisha. The Company has done significant buyout of LCOs in Telangana where as in Madhya Pradesh, the Company is expecting to continue the same size of growth in the coming year. We take the opportunity to communicate that your company is making steady progress in the other three States beyond Odisha. The Company is a dominant player in the State of Odisha. The Company is aggressively working on to improve both subscriber base and revenue in all the operational States considering its market share.

The company is hopeful of achieving a substantial growth in its Subscriber Base both through Organic as well as inorganic

acquisition of LCOs. Company has also plans to expand into other new markets through a combination of competitive pricing, multiple service offering, extensive marketing and acquiring network equipment, infrastructure and subscribers from LCOs/ MSOs in those new areas.

Digitization

With the announcement made by the Government of India mandating the compulsory roll-out of digital cable TV services, the Company has made a significant growth in its digital subscriber base and has achieved 117.42% growth over last year and has a total digital subscriber base of 233,012 as on 31 March, 2016.

By deployment of IPO proceeds set aside for digital development, the Company has plans to increase investments in Digital Headends, Set Top Boxes and other related expenditure to enhance its digital presence. This will enable the company to increase its market penetration and generate benefits.

Further, in addition to SD (Standard Definition) series, your Company is also providing high quality HD (High Definition) and has also plan to invest more in an HD Head end and Set Top Boxes to provide high quality HD services to its customers.

The Company also holds registration certificate as prescribed in the amended Cable Television Networks (Regulations) Act, 1995 to operate as MSO in DAS areas from Ministry of Information & Broadcasting.

Data Services

Ortel continues to be the one of the market leaders in the Data Services market in Odisha by providing high speed services at competitive prices. The Company presently provides both retail and corporate broadband services in 19 towns including 13 towns in the state of Odisha. In spite of the severe competition from Telcos, your company has increased its Data Services (retail) customer by 14,093 during the year under review.

While the competition for data services has intensified especially from wireless operators who offer the advantage of mobility, high speed service still remains the unique selling proposition for Ortel Broadband. Your company has identified and initiated steps for improving network uptime by providing for power backups at nodes, expanding to new locations and deeper penetration in existing locations and improving customer service delivery infrastructure so as to increase the subscriber base. Your Company also intends to improve network penetration by cross selling our broadband services to the existing cable television customers and attracting new customers through competitive pricing, better customer support service.

Your Company has successfully implemented DOCSIS 3.0 high speed broadband service and is currently offering data service upto a speed of 50 Mbps. The Company has also identified new markets as a part of expanding the Data operation and have planned out to expand further in the coming financial

year. Your company is also using HFC architecture, which can easily be converted or upgraded to provide FTTH service at very nominal incremental capital expenditure. With the implementation of new technology, high speed data service and aggressive marketing strategy, the Company will manage to increase its subscriber base.

In order to partly counter the mobility feature of the competitors, we are focusing on providing home wireless options to customers by installing wireless modems to interested consumers.

Your Company is also leveraging the existing infrastructure to provide bulk bandwidth as well as leasing out the fiber network to various Corporates.

Your company is well equipped with its upgraded Network Operating Center (NOC) with inbuilt redundancy of key elements in the system to support and sustain the higher level of customer base and service. Your Company provides data services through MEN in West Bengal, which engages different network topology capable of broadband and IP television services. The company is also upgrading its Bandwidth purchases from multiple vendors at competitive prices which will bring in substantial cost reduction of Bandwidth charges.

Your company has set up a state of the art integrated Call Center to address customer queries and complaints. At present, 18 local customer help centers are integrated to the centralized Call Center with 24X7 help line. Company has also a network monitoring system through which major network failures are monitored and steps taken to restore the services early. Your company also has a grievance redressal system in place to resolve the complaints.

Other Value Added Service

The Company also provides choice of other value added services over the same cable leading to customer convenience and satisfaction with a range of services HD services, NVoD and other interactive video content. Currently Company provides 14+ HD channels on its network. The Company also offers bundled services such as Cable TV + Broadband + HD to its customers. All these services are expected to drive revenue in future.

Key strategies which will accelerate overall growth of the Company

- **LCO Buyout:** The aggressive LCO buyout plan which is already being carried out shall enable the Company to substantially increase its subscriber base.
- **HD Launch:** Offering Channels in HD platform in its core markets which has already been launched, the Company will able to provide quality service to its customers and hence will increase both revenue and customer demand.
- **High Speed Broadband Packs:** with already launched high Speed Broadband packs with data speed of upto 50 Mbps in the market, the Company is expecting to increase customer base and revenue in the coming

years. The company is offering DOCSIS 3.0 with speed upto 50 mbps.

- **Digitisation:** with digitisation mandate and Company having ready to provide digital cable TV service, it will benefit in terms of lesser revenue leakage, more accurate subscriber base information, high transparency and higher subscription revenue.

Principal factors affecting our results of operations and financial condition

i. Primary subscriber base

Company's business model is focussed on the control over 'the last mile' connection. Primary subscriber numbers allows benefit from higher revenues per subscriber as it controls the service and collection directly without involving any intermediary and reduces large scale customer churn.

ii. Number and mix of subscribers

The revenue of the Company is significantly impacted by the ability to increase the number of cable television subscribers.

The subscriber numbers are affected by the following factors, among others:

- Our geographic reach
- Competition

iii. The other factors affecting operation performance are as follows

- Buyout of network equipment, infrastructure and subscribers
- Channel carriage fees
- Broadband spread and density
- Programming cost
- Regulations

Internal Control Systems and their Adequacy

The Company has developed and maintained an adequate Internal Control System commensurate to its size and business. The company has appointed M/s. SCM & Associates. A firm of Chartered Accountants, as its Internal Auditors, who conduct internal audit for various activities. The reports of Internal Auditors are submitted to Audit Committee, which further reviews the adequacy of internal Control system periodically.

In addition to this the company has its own Internal Audit Department to Measure the efficacy and suggest improvements to internal control procedures.

Further, the company has maintained adequate system to ensure compliance with the internal financial control requirement which got applicable to Company from FY. 2016.

Human Resources

Human Resources are of paramount importance for the sustenance and growth of any organization and it is specifically true for the technically sensitive service sector. Your company has initiated steps to recruit and retain talented personal at key levels and believes in involving young executives in its decision-making processes. Your company continues to give maximum thrust to its Human Resources Development. Employee relations remained cordial at all your company's locations. Your Directors take this opportunity to record their appreciation for the outstanding contribution of all employees of your company. During the year, the Company maintained harmonious and cordial industrial relations. No man- days were lost due to strike, lock out etc. As on 31st March 2016 there were 1611 permanent employees and 1333 no. of Contract Employees, BDCRs, Sales Agents and Apprentices.

Disclosure by Senior Management Personnel i.e. one level below the Board including all HODs

None of the Senior Management personnel has Financial and Commercial transactions with the Company, where they have personal interest that would have a potential conflict with the interest of the Company at large.

Risk Management

The Company takes proactive risk management initiatives to identify and mitigate the relative risk associated by various risk measures. The company has taken comprehensive and adequate insurance policies for its electronic equipment, vehicles, network assets and buildings etc to cover different types of potential risk that may affect the operational performance of the Company. The risk management Committee of the Board reviews various areas from time to time.

Potential risk and measures to mitigate

| Nature of Risk | Definition and impact | Measures for mitigation |
|--------------------------------|---|--|
| Regulatory Risk the Company | Increased regulations or change in existing regulations could potentially impact the operation of the Company. | Keep updation of the changed legislation and compliance on top priority by close monitoring regularly. |
| Industry Risk | Competition from competitors may adversely affect the operating performance of of the Company. | Adding new technology and better customer service while keeping close watch on competitors activity. |
| Finance Risk | As at March 31, 2016, the Company has outstanding loans of Rs.151.93Cr. In addition the outstanding payables to creditors amounts to Rs.25.99Cr and are subject to fluctuations in foreign currency rates | Company is confident of meeting the obligations towards repayment of both principal and interest in time as the Company is performing better. Again, the Company has put into place necessary system to constantly review its repayment capabilities. The Company has not done any hedging of foreign currency liabilities |

Health, Safety and environment

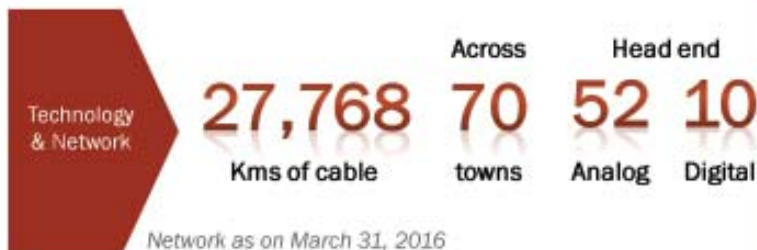
The company has taken adequate measures for health and safety of its employees through Group Insurance covering life, accident and disablement, Employee Deposit Link Insurance and ESI. Your Company also gives utmost priority on health and safety of its employees and is committed to ensure high standard work practice in compliance with applicable laws and regulations.

Your Company also conducts training programmes for its staff and employees, and carries out regular safety audits in relation to the operations. All field employees are provided with safety equipments. Regular safety audits are conducted at each location to monitor the implementation of the safety guidelines issued by the Company, and a compliance report is also prepared every month. The company also believes in environmental safety and zero hazards.

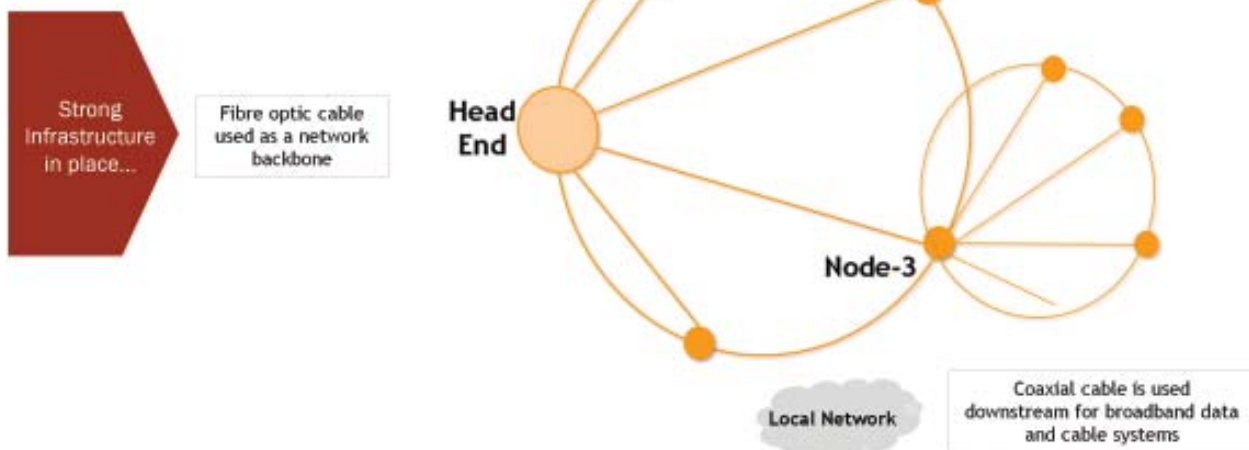
Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectation may be "forward-looking" within the meaning of applicable laws and regulations. Actual results might differ materially from those expressed or implied.

HIGH QUALITY NETWORK INFRASTRUCTURE WITH LEGAL 'RIGHTS OF WAY'



- Two-way enabled communication network that can provide triple play services of video, data and voice
- Network ready for deployment of digital services without further up gradation
- Legal 'rights of way' for entire network
- Stringent network design parameters and constant upgradation of technology to maintain a high quality of service



Report on Corporate Governance

Company's Philosophy on Corporate Governance

Your Company's philosophy in relation to Corporate Governance is to ensure transparent disclosures and reporting that confirms full compliance to the applicable laws, regulations and guidelines and to promote ethical conduct of the business operation with primary objective of enhancing all stakeholder's value while being a responsible corporate citizen. Company firmly believes that any meaningful policy on the Corporate Governance must provide empowerment to the executive management of the Company and simultaneously create a mechanism of checks and balances which ensures that the decision making power vested in the executive management are used with care and responsibility to meet shareholders and stakeholders expectations. The Company has innate the values and corporate governance practices since its inception and the management of the Company has assigned high priority to Corporate Governance practices in the Company.

Your Company is committed to attain the highest standard of Corporate Governance and has duly complied with all the applicable requirements and disclosures as per listing agreement signed with the Stock Exchanges in accordance with SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015 ("Regulation") and the then old listing agreement after listing of its shares on 19 March, 2015. However, your Company was voluntarily complying with the code of corporate governance in accordance with the applicable clauses/ regulations particularly in respect of Board of Directors and other committees of the Board. Your Board functions either through a full board of directors or through various committees constituted to oversee specific operational areas with a professional management team below board level. Your Company undertakes to take all necessary steps to comply with code of Corporate Governance on a continuous basis.

Board of Directors

The Board of Directors of your Company has been constituted in compliance with requirement of Companies Act, Listing agreement with Stock Exchanges in line with the SEBI (Listing Obligation and Disclosure Requirement), 2015.

The Board provides leadership, strategic guidance and independent view to the Company's management while discharging its responsibilities. The Board consists of distinguished persons having requisite knowledge and expertise in business & industry.

The Composition of Board as on 31 March, 2016 and the number of other directorships and Board Committee Memberships/ Chairmanships are as follows:

| Name | Category of Directorship | No. of in Directorship in other Public Limited Companies | No. of Directorship in listed entity including Ortel Communications Limited | No. of Committee Membership in other Public Limited Companies* | | |
|------------------------|-----------------------------|---|--|--|--------|---|
| | | | | Chairman | Member | |
| Baijayant Panda | Promoter & Non Executive | 3 | 2 | 0 | 0 | |
| Jagi Mangat Panda | Promoter & Executive | 5 | 2 | 0 | 2 | |
| Subhrakant Panda | Promoter & Non-Executive | 3 | 2 | 0 | 0 | |
| Rabi Narayan Misra | Independent & Non-Executive | 2 | 2 | 0 | 2 | |
| Debaraj Biswal | Independent & Non-Executive | 6 | 1 | 2 | 5 | |
| Jyoti Bhusan Pany | Independent & Non Executive | 2 | 1 | 3 | 1 | |
| Gautam Sehgal** | Independent & Non-Executive | 2 | 2 | 0 | 1 | |
| Kadambi Seshasayee | Independent & Non Executive | 1 | 1 | 0 | 1 | |
| Joseph Puliparambil | Independent & Non Executive | 1 | 1 | 0 | 0 | |
| Gautam Buddha Mukherji | Independent & Non Executive | | 1 | 1 | 0 | 0 |

Note : *Directorships in Private, Foreign Companies, and Companies under Section 8 of Companies Act, 2013 if any, are excluded. Memberships of only Audit Committee and Stakeholder's relationship Committee have been considered.

**Reappointed as Independent Director in the AGM held on 27 July, 2015

Composition of the Board

The current Board comprises of ten (10) Directors with Non-Executive Director as Chairman, one Executive Director who is the Managing Director of the Company and eight (08) other Non-Executive Directors of whom seven are Independent Directors. Managing Director is the Woman Director on the Board of the Company.

None of the Directors have been independent directors in more than seven listed companies and Managing Director of the Company is not independent director in more than three listed companies.

All the Independent Directors have been appointed in due compliance of Companies Act, 2013 and Listing Regulations and formal letter of appointment with terms of their appointment has been issued to them which has been posted in the website of the Company www.ortelcom.com.

None of the Directors is member in more than ten committees and chairman of five committees or Director in more than twenty companies.

Chairman, Managing Director and Non-Executive Directors are related with each other and their relation inter-se has been depicted in the table below:

Apart from this relation, there is no inter-se relation among the Directors.

| Sl. No | Name | Designation | Relationship |
|--------|-------------------|-------------------|--|
| 1 | Baijayant Panda | Chairman | Brother of Subhrakant Panda and Husband of Jagi Mangat panda |
| 2 | Jagi Mangat Panda | Managing Director | Wife of Baijayant Panda and Sister-in-Law of Subhrakant Panda |
| 3 | Subhrakant Panda | Director | Brother of Baijayant Panda and brother-in-law of Jagi Mangat Panda |

Board Procedure

The Board meets at least once in a quarter to review inter alia, the quarterly business and the financial performance of the Company along with other business matters proposed. Additional meetings are held, when necessary. In case of urgency or when the Board Meeting is not practicable to be held, the matters are approved and decision are taken through circular resolution, which is then noted by the Board in its next meeting. Provision for video conferencing facilities is also there to facilitate Directors to participate in the meetings.

The Board Meetings are generally scheduled well in advance and the notice of each Board Meeting is given to each Director.

The Board papers comprising the agenda backed by comprehensive background information are circulated to the Directors in advance except matters containing Unpublished Price Sensitive Information which are circulated closer to the meeting and in exceptional cases, the same is tabled at the Board Meeting. The Board is also free to recommend the inclusion of any matter for discussion in consultation with the Chairman in due compliance of the applicable provisions.

To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board Meeting on the overall performance of the Company.

The Board's function is not limited to matters requiring approval of Board statutorily. The Board is involved in all the important decisions relating to the Company's Policy matters, strategic business plans, new avenues of investment and expansion, compliance with statutory/regulatory requirements, major accounting provisions etc. Non-Executive Director provides necessary support for effective board

performance. The Independent Directors play an important role in deliberations at the Board and Committee Meetings and bring to the Company their expertise for better functioning of Board.

The Minutes of the Board Meetings are circulated to all Directors well in advance as per the applicable provisions and are confirmed at the subsequent meeting.

The Minutes of Audit Committee and other Committees of the Board are regularly placed before the Board for its noting.

The attendance of each Director at the Board Meetings and also at the previous Annual General Meeting (AGM) held on July 27, 2015 is given below:

| Name | No. of Board Meetings attended during 2015-16 | Attendance at the AGM held on 27 July, 2015 |
|------------------------|---|---|
| Baijayant Panda | 5/5 | No |
| Jagi Mangat Panda | 5/5 | Yes |
| Subhrakant Panda | 5/5 | Yes |
| Rabi Narayan Misra | 5/5 | Yes |
| Debaraj Biswal | 4/5 | Yes |
| Jyoti Bhusan Pany | 4/5 | Yes |
| Gautam Sehgal | 2/5 | Yes |
| Kadambi Seshasayee | 4/5 | Yes |
| Joseph Puliparambil | 3/5 | Yes |
| Gautam Buddha Mukherji | 4/5 | Yes |

During the year, five Board Meetings were held on 20 April, 2015, 27 June, 2015, 27 July, 2015, 20 October, 2015, 27 January, 2016.

The gap between no two Board meetings exceeded one hundred and twenty days.

The Company had circulated and placed before Board, details of role and responsibilities of all the Directors including Independent Directors in line with Companies Act, 2013 and Listing Regulation particularly in respect of the Company and same has been posted in the website of the Company www.ortelcom.com.

Board has reviewed compliance report of all laws applicable to the Companies in its meeting during the year under review.

Board has laid down Code of Conduct for all the members of Board and senior management of the Company. The Code of conduct lays down the duties of Independent Directors in line with Companies Act, 2013 and Listing Regulation.

Your Board has also constituted following Committees:

| Sl.No | Name of the Committee |
|-------|---|
| 1. | Audit Committee |
| 2. | Nomination and Remuneration Committee |
| 3. | Stakeholders Relationship Committee |
| 4. | Corporate Social Responsibility Committee |
| 5. | Risk Management Committee* |
| 6. | Finance Committee |

* As on the date of reporting, requirement of Risk Management Committee as per Listing Regulation was not applicable.

Audit Committee

The Audit Committee of the Company originally constituted on November 25, 1999 as per the requirements of Section 292A of the Companies Act, 1956 has been reconstituted on 02 February 2011 and 20 April, 2015 in line with the requirement of Listing Regulations. The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities by reviewing the financial reports, adequacy of Internal audit function and the disclosure of other financial information provided by the Company to any Govt. Body or to the investors or the public and the company's system of internal controls regarding finance, accounting and legal compliances that Management and the Board have established. The broad terms of reference, scope, power and duties of Audit Committee are as defined in the Listing Regulation and Companies Act. The Company Secretary acts as the Secretary of the Audit Committee.

Composition of Audit Committee and details of meeting attended by the members

| Name | Category | No. of Meetings attended during 2015-16 |
|--------------------|--------------------------------------|---|
| Jyoti Bhusan Pany | Independent & Non Executive Chairman | 3 |
| Debaraj Biswal | Independent & Non Executive | 4 |
| Jagi Mangat Panda | Non Independent & Executive | 4 |
| Kadambi Seshasayee | Independent & Non Executive | 4 |

During the year, four Meetings were held on 20 April, 2015, 27 July, 2015, 20 October, 2015, 27 January, 2016.

Nomination and Remuneration Committee

The Remuneration/ Compensation Committee as originally constituted on November 25, 1999 and subsequently reconstituted on 02 February, 2011 as per the requirement under Listing Agreement for the erstwhile Initial Public Offer (IPO) of the Company has been renamed as Nomination and Remuneration Committee by the Directors at their meeting held on 21 July, 2014 and reconstituted subsequently on 09 March, 2015 in compliance with the amended listing agreement of the Stock Exchanges.

The primary function of the Nomination and Remuneration Committee (erstwhile Remuneration/ Compensation Committee) is to formulate criteria for determining qualifications, positive attributes and independence of a director and review and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees, to approve appointment, reappointment, retention of KMPs and senior management personnel of the Company, to formulate criteria for evaluation of Directors, the Board and other Committees, to recommend offer and issue of ESOP to eligible employees, to guide and monitor function of ESOP Trust and devise guidelines for due implementation of ESOP Scheme, devising a policy on Board diversity to identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal, to fix and finalize remuneration including salary, perquisites, benefits, bonuses, allowances, etc. to fix performance linked incentives along with the performance criteria, increments and Promotions, Service Contracts, notice period, severance fees, Ex-gratia payments and such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Committee.

Composition of Nomination and Remuneration Committee and details of meeting attended by the members

| Name | Category | No. of Meetings attended during 2015-16 |
|--------------------|--------------------------------------|---|
| Jyoti Bhusan Pany | Independent & Non Executive Chairman | 3 |
| Debaraj Biswal | Independent & Non Executive | 4 |
| Jagi Mangat Panda | Non Independent & Executive | 4 |
| Kadambi Seshasayee | Independent & Non Executive | 4 |

During the year, four Meetings were held on 20 April, 2015, 27 July, 2015, 20 October, 2015, 27 January, 2016.

Remuneration of Directors and Key and senior Managerial Personnel

Remuneration of Managing Director was approved by Shareholders of the Company in the Annual General Meeting (AGM) of the Company held on 27 July, 2015 on recommendation by the Board of Directors and Nomination and Remuneration Committee. The Members in the said AGM, had also approved payment of Commission to the Non-Executive Directors (NEDs) upto 0.5% of the Net Profit of the previous financial year calculated as per applicable provisions of the Companies Act, 2013 read with Schedule V and of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

All Non-Executive Directors are paid sitting fees for attending Board and Committee Meetings during FY. 15-16.

The Board has formulated a Nomination and Remuneration

Policy relating to appointment, qualification, attributes, independence remuneration of Director(s) and also for appointment, retirement and removal of Key Managerial Personnel (KMPs) and Senior Management Personnel in compliance with the provisions of Companies Act, 2013 and Listing agreement with the Stock Exchanges. Same is annexed as 'Annexure-6'.

Board has made performance evaluation of independent Directors as per the Nomination and Remuneration Policy in order to determine whether to extend or continue the terms of appointment of independent directors and has been satisfied with the performance and contribution made by them. Board had also done the performance evaluation of its Committees and of Managing Director as per the policy.

Further, Independent Directors in their separate meeting, had made the performance evaluation of Board as a whole, Chairperson and Non Executive Director of the Company.

Details of remuneration for FY. 2015-16 to Non- Executive Directors

| | | | Amt.in Rs. |
|------------------------|-----------------|------------|-----------------|
| Name | Sitting fees | Commission | Total |
| Baijayant Panda | - | - | - |
| Subhrakant Panda | 30,000 | - | 30,000 |
| Rabi Narayan Misra | 50,000 | - | 50,000 |
| Debaraj Biswal | 75,000 | - | 75,000 |
| Jyoti Bhusan Pany | 60,000 | - | 60,000 |
| Gautam Sehgal | 30,000 | - | 30,000 |
| Kadambi Seshasayee | 45,000 | - | 45,000 |
| Joseph Puliparambil | 25,000 | - | 25,000 |
| Gautam Buddha Mukherji | 20,000 | - | 20,000 |
| TOTAL | 3,35,000 | | 3,35,000 |

Managing Director

| | | | | | Amt.in Rs. |
|-------------------|------------------|-------------------------------|-----------------------------|--------------|------------------|
| Name | Salary | Other allowance & Perquisites | Commission/ Performance pay | Sitting fees | Total |
| Jagi Mangat Panda | 50,62,728 | 15,27,852 | - | - | 64,90,580 |
| Total | 50,62,728 | 15,27,852 | - | - | 64,90,580 |

Stakeholders Relationship Committee

Shareholders/ Investors Grievance Committee and Share Transfer Committee as originally constituted by the Directors at their Board meeting held on February 02, 2011 were merged and renamed as the Stakeholders Relationship Committee by our Directors at their Board meeting on July 21, 2014 in compliance with the then clause 49 of the listing agreement of the Stock Exchanges.

The primary function of the Stakeholders Relationship Committee (erstwhile Shareholders/ Investor Grievance Committee) consist of redressal of all security holders' and investors' grievances such as complaints related to transfer of shares, including non receipt of share certificates and review of cases for refusal of transfer/transmission of shares and debentures, non-receipt of balance sheet, non-receipt of declared dividends, non - receipt of annual reports, etc, giving effect to all transfer/transmission of shares and debentures, dematerialization of shares and dematerialization of shares, split and issue of duplicate/consolidated share certificates, allotment and listing of shares, buy back of shares, compliance with all the requirements related to shares, debentures and other securities from time to time and overseeing the performance of the registrars and transfer agents of our Company and to recommend measures for overall improvement in the quality of investor services and also to monitor the implementation and compliance of the code of conduct for prohibition of insider trading pursuant to the Insider Trading Regulations and other related matters as may be assigned by the Board.

Composition of Stakeholders Relationship Committee and details of meeting attended by the members

| Name | Category | No. of Meetings attended during 2015-16 |
|-------------------|--------------------------------------|---|
| Debaraj Biswal | Independent & Non-Executive-Chairman | 3 |
| Jyoti Bhusan Pany | Independent & Non Executive | 3 |
| Gautam Sehgal | Independent & Non-Executive | 2 |

During the year, four Meetings were held on 01 June, 2015, 27 July, 2015, 20 October, 2015, 27 January, 2016.

Name, designation and address of Compliance Officer

Mr. Lalit Kumar Mohanty
DGM- Co. Secretary & Compliance Officer
Ortel Communications Limited
C-1, C. S. Pur, Behind RMRC, Near BDA Colony,
Bhubaneswar-751016, Odisha

Email: lalit.mohanty@ortelgroup.com

Phone: 0674-3983200, Fax: 0674-2303448

No. of Complaints received during the year : 03

No. of complaints not resolved as on 31.03.2016 : Nil

No. of pending share transfer as on 31.03.2016 : Nil

Corporate Social Responsibility Committee

In terms of Section 135 of the Companies Act, 2013, the Board in its meeting held on 27th July 2015, had constituted a Corporate Social Responsibility (CSR) Committee to monitor the Corporate Social Responsibility Policy of the Company and the activities included in the policy.

Scope and Broad terms of reference of the Committee, inter alia, among otherswise as follows;

1. Shall devise the CSR policy to be implemented by the Company.
2. Shall decide the types of activities to be undertaken within the purview of CSR Policy of the Company from time to time.
3. Shall review and ensure that, the activities included in the CSR policy are undertaken by the Company.
4. Shall devise, recommend and implement such other matter as the Committee deems fit from time to time in due compliance of the CSR requirement.

Composition of Corporate Social Responsibility Committee and details of meeting attended by the members

| Name | Category | No. of Meetings attended during 2015-16 |
|--------------------|--------------------------------------|---|
| Rabi Narayan Misra | Independent & Non-Executive-Chairman | 1 |
| Jyoti Bhusan Pany | Independent & Non Executive | 0 |
| JagiMangat Panda | Non Promoter & Non Executive | 1 |

During the year under review, one Meeting was held on 20 October, 2015

Risk Management Committee

Risk Management Committee was constituted by your Directors at their Board Meeting held on July 21, 2014 and which was reconstituted on 20 April, 2015.

The Risk Management Committee is responsible, inter alia, among other things, for:

1. To review and assess the risk management system and policy of the Company from time to time and recommend for amendment or modification thereof;
2. To frame and devise risk management plan and policy of the Company;
3. To review and recommend potential risk involved in any new business plans and processes;
4. Any other similar or other functions as may be laid down by Board from time to time.

Composition of Risk Management Committee and details of meeting attended by the members

| Name | Category | No. of Meetings attended during 2015-16 |
|--------------------|--------------------------------------|---|
| Debaraj Biswal | Independent & Non Executive-Chairman | 1 |
| Kadambi Seshasayee | Independent & Non Executive | 1 |
| Jagi Mangat Panda | Promoter & Executive | 1 |
| Subhrakant Panda | Promoter & Non-Executive | 0 |

During the year under review, one Meeting was held on 20-10-2015.

Finance Committee

A new Committee of the Board known as Finance Committee of the Board was constituted in its meeting held on 20 October, 2015.

The scope and broad terms of reference of the Committee was as follows;

1. To consider, recommend/approve where ever required, raising funds from various sources, taking loans from Banks, financial institutions and other lenders, availing lease financing from various parties, availing suppliers' credit and other credit facilities, availing and renewal of overdraft/ cash credit facilities and other similar facilities both short term or long terms, temporary or otherwise with banks and other institutions and any other similar nature of financial matters.
2. Consider and approve the Company's annual financing plan, including its projected financial structure and all types of funding requirements from Bank, financial institutions and other lenders.
3. Consider and recommend for approval by the Board of Directors of a) issuances of equity and/or debt securities; or b) authorizations for other financing transactions, including bank credit facilities.
4. Consider and recommend for approval by the Board of Directors of the Company's external dividend policy.

5. Consider and recommend for approval by the Board of Directors the repurchase of the Company's stock.
6. Consider and approve the Company's financial risk management activities, including the areas of foreign exchange, commodities, and interest rate exposures, insurance programs and customer financing risks.
7. Consider and approve the Company's policy for investment of excess cash.
8. Report to the Board of Directors all significant issues discussed and make appropriate recommendations to be acted upon by the Board.
9. Perform such other activities consistent with the Memorandum of Association, the Company's Articles of Association and applicable, as the Committee or the Board deems necessary or appropriate and as may be delegated by Board from time to time.

Composition of Finance Committee and details of meeting attended by the members

| Name | Category | No. of Meetings attended during 2015-16 |
|-------------------|-----------------------------------|---|
| Baijayant Panda | Promoter & Non-Executive-Chairman | 1 |
| Jagi Mangat Panda | Promoter & Executive | 0 |
| Jyoti Bhusan Pany | Independent & Non-Executive | 1 |
| Debaraj Biswal | Independent & Non-Executive | 0 |

During the year under review, two Meetings were held on 20.10.2015 and 16.03.2016.

Independent Directors' Meeting

As required under Companies Act, 2013 and Listing Regulations, a meeting of the Independent Directors was held on 27th July, 2015 who had submitted the report to the Board.

Familiarization Program for Independent Directors

On appointment, the concerned Director is issued a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments.

Each newly appointed Independent Director is taken through an induction and familiarization program including the presentation and interactive session with the Managing Director, CEO and other Functional Heads on important aspects. The Company Secretary briefs the Director about their legal and regulatory responsibilities from time to time. The Company followed the practice of familiarize the Independent Director on the recent amendments on quarterly basis. The Company conducted various conference call with

the Independent directors in order to sensitize them on various important issues of the Company whenever required. The details of familiarization program can be accessed from the website: www.ortelcom.com

Shares held by Non-Executive Directors as on 31st March 2016:

| Sl. No. | Name of the Investor | No. of Shares held |
|---------|----------------------|--------------------|
| 1 | Baijayant Panda | 58,0042 |
| 2 | Subhrakant Panda | 1,80,724 |
| 3 | Gautam Sehgal | 52,750 |
| 4 | Jyoti Bhusan Pany | 15,000 |

General Body Meeting

(i) Details of Location and time where the last three (3) Annual General Meetings of the Company were held is depicted in the table below:

| Financial Year | Day, Date and Time | Venue | Whether Special Resolution passed |
|----------------|-------------------------------------|---|-----------------------------------|
| 2014-15 | Monday, 27 July, 2015. 10.00 AM | LakshmipatSinghanian Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi-110016 | Yes |
| 2013-14 | Thursday, 14 August, 2014, 11.00 AM | B7/122A, Safdarjung Enclave, New Delhi - 110 029 | Yes |
| 2012-13 | Tuesday, 30 July, 2013, 11.00 AM | B7/122A, Safdarjung Enclave, New Delhi - 110 029 | No |

(ii) No resolution was passed through postal ballot during the financial year 2015-16. No Special Resolution requiring Postal Ballot is being proposed at ensuing Annual General Meeting.

Disclosure

Disclosure under Regulation 39(4) and schedule V (F) of Listing Regulations

Pursuant to Regulation 39(4) and schedule V (F) of Listing Regulations in respect of the shares lying in the Ortel Communications Limited- Unclaimed Suspense Account (Promoter group & Non-promoter group) till 31st March, 2016 are as under:

| Si. No | Description | No. of Shareholders | No of shares |
|--------|---|---------------------|--------------|
| i | Aggregate number of shareholders and the outstanding shares in the unclaimed suspense account lying as on 1 st April, 2016 | - | - |
| ii | Number of shareholders who approached the Company for transfer of shares from unclaimed suspense account during the year 2015-16 | - | - |
| iii | Number of shareholders to whom shares were transferred from unclaimed suspense account during the year 2015-2016 | - | - |
| iv | Aggregate number of shareholders and the outstanding shares in the unclaimed suspense account lying as on 1 st April, 2016 | - | - |

Certificate on Corporate Governance

The Company has obtained Certificate on Corporate Governance from a Practising Company Secretary forming part of the Boards' Report as 'Annexure-7'.

Employees Stock Option Scheme

The disclosures required to be made under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, are given in the 'Annexure-8' to this report.

Related Party Policy

Company has adopted a policy on dealing with related party transactions and same has been posted in the website of the Company www.ortelcom.com.

All the related party transactions have been done in normal commercial practice in the ordinary course of business and on arm length basis in compliance of the Companies Act, 2013 and listing regulations. All the related party transactions have been placed and approved by both Audit Committee and Board. There was no material related party transaction during the period under review.

Policy on Material Subsidiary

Board has also approved and laid down Policy on determining material subsidiaries and same has been posted in the website of the Company www.ortelcom.com. The Company does not have any subsidiary for the period under review.

Policy on Determination of Materiality of Events/ Information

Board has also approved and laid down Policy on determination of materiality of Events/Information and same has been posted in the website of the Company www.ortelcom.com.

Code of Conduct for Prevention of Insider Trading

Board has adopted Code of Conduct for Prevention of Insider Trading in accordance with the requirement of SEBI (Prohibition of Insider Trading) Regulation, 2015. The same is available in our Company website www.ortelcom.com.

Vigil Mechanism (Whistle Blower Policy)

Board has also approved and laid down Vigil/Whistle-blower mechanism for employees and Directors and same has been posted in the website of the Company www.ortelcom.com.

Corporate Social Responsibility Policy

A Corporate Social Responsibility policy of the Company has also been adopted and posted in the website of the Company www.ortelcom.com.

Policy on preservation of Documents

Board has approved and laid down policy on preservation of documents and same has been posted in the website of the Company; www.ortelcom.com

Code of Conduct

Board has also approved and laid down a code of conduct for all Board members, Key and senior managerial personnel of

the Company and same has been posted in the website of the Company www.ortelcom.com.

DECLARATION

As provided under Regulation 17(5) and Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Key and Senior Management Personnel have confirmed compliance with the Code of Conduct for the Financial Year ended 31st March, 2016.

Bhubaneswar
30 April, 2016

Jagi Mangat Panda
Managing Director

Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years. NIL

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) certification issued pursuant to the Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

To

The Board of Directors
Ortel Communications Ltd.

Dear Sirs,

Sub : CEO & CFO Certificate

We have reviewed the financial statements, read with the cash flow statement of Ortel Communications Ltd for the year ended 31st March, 2016 and that to the best of our knowledge and belief, we state that:

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) these statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- (b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) we accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the

Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.

- (d) we have indicated to the Auditors and the Audit Committee:
- There has not been any significant change in internal control over financial reporting during the year under reference.
 - There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements.
 - We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Yours Sincerely

Manoj Kumar Patra
Chief Financial officer

Jagi Mangat Panda
Managing Director

Place : Bhubaneswar
Date : 30 April, 2016

Mandatory and Non-mandatory requirements

All the mandatory requirements of Listing Regulation on Corporate Governance are being complied with and non-mandatory requirements of the Corporate Governance are being reviewed by the Board from time to time and adopted wherever necessary.

The status of compliance with discretionary recommendations of the Regulation 27 of the Listing Regulations are summarised below:

- Non-Executive Chairman's Office: Chairman's office is separate from that of the Managing Director and CEO within the same office premise.
- Shareholders' Rights: As the quarterly and half yearly financial results along with significant events are posted on the Company's website and website of both BSE Limited and National Stock Exchange of India Ltd and are also published in the newspapers wherever required under regulation, the same are not being sent to the shareholders separately.
- Modified Opinion in Auditors Report: The Company's financial statement for the financial year 2015-16 does not contain any modified audit opinion.

- Separate posts of Chairman and CEO: The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director and CEO.
- Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee

Means of communication

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after same are approved by the Board. These are published in both prominent national English and Hindi daily newspapers and are simultaneously posted on the website of the Company at www.ortelcom.com. The official press releases and presentation made to Institutional Investors / Analysts are also uploaded on the website of National Stock Exchange of India Ltd, the Bombay Stock Exchange of India Ltd and Company's website for public information.

General Shareholder Information

Annual General Meeting

| | |
|----------------------------|--|
| Date & Time | 28 July, 2016, 10.00 AM |
| Venue | Lakshmipat Singhania Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi-110016 |
| Financial Year | 1st April, 2015 to 31st March, 2016 |
| Dates of Book closure | 23 July, 2016 to 28 July, 2016 (both days inclusive) |
| Dividend Payment Date | NIL |
| Listing in Stock Exchanges | The shares of the Company are listed at BSE Ltd and National Stock Exchange of India Ltd since 19 March, 2015. Listing fee for the year 2015-16 has been paid to the above said Stock Exchanges. |
| Scrip Code | BSE: 539015 NSE: Ortel |
| ISIN | INE849L01019 |
| Market Price Data | The high/low market price shown during the period 1st April, 2015 to 31st March, 2016 at the BSE and NSE are as under. |

(Amt. in Rs.)

BSE:

| Month | High | Low |
|-----------------|--------|--------|
| April, 2015 | 189.70 | 150.10 |
| May, 2015 | 185.00 | 160.00 |
| June, 2015 | 180.00 | 161.00 |
| July, 2015 | 213.90 | 170.50 |
| August, 2015 | 230.00 | 170.00 |
| September, 2015 | 220.00 | 190.00 |
| October, 2015 | 231.00 | 183.00 |
| November, 2015 | 207.50 | 169.50 |
| December, 2015 | 219.80 | 173.10 |
| January, 2016 | 202.10 | 158.00 |
| February, 2016 | 205.00 | 162.00 |
| March, 2016 | 199.00 | 166.50 |

NSE:

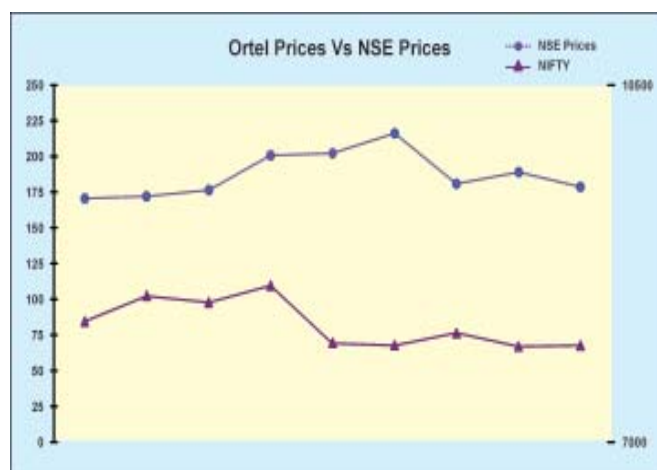
| Month | High | Low |
|-----------------|--------|--------|
| April, 2015 | 190.50 | 146.00 |
| May, 2015 | 180.00 | 159.00 |
| June, 2015 | 180.00 | 160.00 |
| July, 2015 | 214.70 | 168.65 |
| August, 2015 | 212.00 | 186.05 |
| September, 2015 | 219.00 | 195.25 |
| October, 2015 | 226.00 | 180.50 |
| November, 2015 | 197.90 | 165.50 |
| December, 2015 | 195.00 | 172.50 |
| January, 2016 | 212.00 | 152.05 |
| February, 2016 | 202.00 | 164.10 |
| March, 2016 | 194.00 | 168.40 |

Performance in comparison to Broad-based indices

Ortel Vs. BSE graph:



Ortel Vs. NSE graph:



Distribution of Shareholding as on 31st March, 2016:

Distribution Schedule - Consolidated as on 31/03/2016

| Category (Amount) | No. of Cases | % of Cases | Total Shares | Amount | % of Amount |
|-------------------|--------------|---------------|-----------------|------------------|----------------|
| 01-5000 | 1296 | 89.256195 | 109570 | 1095700 | 0.36% |
| 5001- 10000 | 54 | 3.719008 | 44399 | 443990 | 0.15% |
| 10001- 20000 | 10 | 0.688705 | 17707 | 177070 | 0.06% |
| 20001- 30000 | 8 | 0.550964 | 20631 | 206310 | 0.07% |
| 30001- 40000 | 9 | 0.619835 | 32603 | 326030 | 0.11% |
| 40001- 50000 | 8 | 0.550964 | 37231 | 372310 | 0.12% |
| 50001- 100000 | 16 | 1.101928 | 125256 | 1252560 | 0.41% |
| 100001& Above | 49 | 3.512397 | 29978067 | 299780670 | 98.72% |
| TOTAL | 1450 | 100.00 | 30365464 | 303654640 | 100.00% |

Categories of Shareholders as on 31st March, 2016

| Consolidated Shareholding Pattern as on 31/03/2016 | | | |
|---|----------------|-----------------|-----------------|
| Category | No. of Holders | Total Shares | % To Equity |
| Promoters Bodies Corporate | 8 | 14409246 | 47.45% |
| Foreign Corporate Bodies | 1 | 4588748 | 15.11% |
| Bodies Corporates | 48 | 3998985 | 13.17% |
| Foreign Portfolio Investors | 6 | 3700025 | 12.18% |
| Promoter Individuals | 8 | 1283408 | 4.23% |
| Resident Individuals | 1289 | 991261 | 3.26% |
| Mutual Funds | 5 | 962304 | 3.17% |
| Overseas Corporate Bodies | 1 | 275067 | 0.91% |
| Government | 1 | 50000 | 0.16% |
| H U F | 55 | 26622 | 0.09% |
| Director Relatives | 2 | 67750 | 0.22% |
| Clearing Members | 5 | 5551 | 0.02% |
| Non Resident Indians | 20 | 3402 | 0.01% |
| Trusts | 1 | 3095 | 0.01% |
| Total | 1450 | 30365464 | 100.00 % |
| Registrar and transfer agents (RTA) : Karvy Computershare Private Ltd, Vittalrao Nagar, Madhapur, Hyderabad - 500081, India. Members may contact RTA for any share related matters like transfer, transmission, dematerialization, rematerialisation and other share related matter. | | | |
| Dematerialization of shares & liquidity : The Company's shares are connected under both the Depository Systems in India viz. NSDL & CDSL and are compulsorily traded in dematerialization form on both NSE and BSE. The equity shares of the Company representing 98.41% of the Company's equity share capital are dematerialized as on 31 March, 2016. The International Securities Identification Number (ISIN) allotted to the Company's equity shares under the Depository System is INE849L01019. | | | |
| Share Transfer System : Transfers of shares held in electronic form are done through depositories by the shareholders themselves. As regards transfer of physical shares, the transfer documents can be lodged with RTA at their address. Transfer of shares are processed within statutory time period with the approval of Board or Stakeholders relationship committee of the Board. | | | |
| Reconciliation of Share Capital Audit : A qualified practicing Company Secretary carries out the Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to stock exchanges. | | | |
| Outstanding GDRs/ADRs/Warrants or any convertible instruments : Nil | | | |
| State wise Operational locations : Odisha, Chhattisgarh, West Bengal, Andhra Pradesh, Telangana, Madhya Pradesh. | | | |
| Address for correspondence : Registered & Head Office: B-7/122A, Safdarjng Enclave, , New Delhi - 110029, India; Telephone: +91 11 4686 8800; Facsimile: +91 11 4686 8801 Corporate Office: C-1, Chandrasekharapur, Near BDA Colony, Behind RMRC, Bhubaneswar - 751 016, Odisha, India, Telephone: +91 674 3983 200; Facsimile: +91 674 2303 448, Email: ipo@ortelgroup.com; Website: www.ortelcom.com; | | | |

DOMINANT REGIONAL PLAYER WITH DIRECT TO CONSUMER OFFERING

- ✗ Regional cable television and broadband provider focused in the Indian states of Odisha, Chhattisgarh, Madhya Pradesh, Andhra Pradesh, Telangana & West Bengal
 - + Addressable market of ~5 mn homes; 701k RGUs covered
 - + Rapidly growing markets with maximum headroom for growth in the cable TV and broadband industry
- ✗ Direct to consumer business model with full control over the 'last mile'
 - + 92% of the subscriber base under own network
- ✗ Two-way communication network for 'Triple Play' service delivery (video/ TV, data/ broadband and voice capabilities)
 - + HFC network (combination of optic fibre in the backbone and coaxial cable in the downstream) with legal 'rights of way' for laying network
 - + Capable of providing broadband at speed of up to 50 mbps through use of cable modem with DOCSIS 3.0 technology
- ✗ Grown both organically and inorganically – through buyout of network equipment, infrastructure and subscribers of other MSOs and LCOs

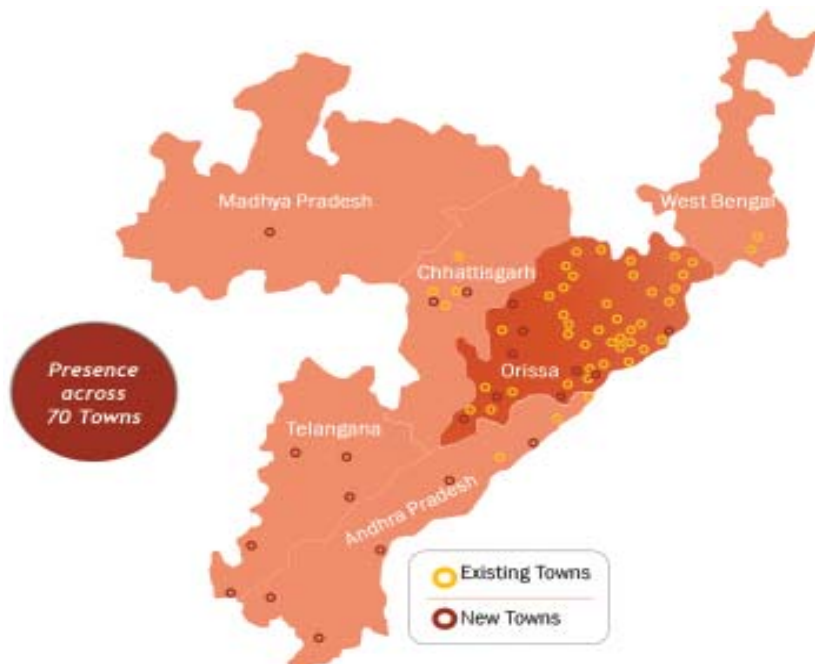


| | |
|--|-----------|
| Estimated Homes Reached | 1,182,132 |
| RGUs | 701,192 |
| Cable television subscribers | 628,710 |
| Digital subscribers as a % of cable TV subscribers | 37.10% |
| Broadband subscribers | 72,482 |
| Broadband subscribers as a % of total RGUs | 10.30% |

Note: Data above is as on March 31, 2016

Growth through increased penetration, digitization, inorganic acquisition and increased broadband penetration

STRONG TRACTION IN MARKETS OUTSIDE ODISHA



| | |
|----------------------|---------|
| Total RGUs | 701,192 |
| - Odisha | 535,126 |
| - Outside Odisha | 166,066 |
| - Ratio | 76 : 24 |
| RGU addition in FY16 | |
| - Odisha | 60,160 |
| - Outside Odisha | 110,921 |
| - Ratio | 35 : 65 |

Note: As on March 31, 2016

- ✗ The Company's Local Cable Operator (LCO) buy-out strategy receiving strong response in states of Andhra Pradesh, Telangana, Chhattisgarh and Madhya Pradesh
 - + 65% of new RGU addition in FY16 outside Odisha
- ✗ Robust growth outside Odisha to continue in FY17 taking the RGU contribution to ~35-40% from 24% in FY16

Establishing strong Multi-State presence

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management & Administration) Rules, 2014.

| | | |
|-----|---|---|
| i | CIN | L74899DL1995PLC069353 |
| ii | Registration Date | 02-06-1995 |
| iii | Name of the Company | ORTEL COMMUNICATIONS LIMITED |
| iv | Category/Sub-category of the Company | Public Company Limited by Share |
| v | Address of the Registered office & contact details | B7/122A,SAFDARJUNG ENCLAVE, NEW DELHI, 110029. Tel: 011-46868800, Fax:011- 46868801Corporate Office: C-1, Chandrasekharpur, BehindRMRC, Near BDA Colony, Bhubaneswar- 751016, OdishaTel: 0674-398200, Fax: 0674-2303448 |
| vi | Whether listed company | YES |
| vii | Name , Address & contact details of the Registrar & Transfer Agent, if any. | KARVY COMPUTERSHARES PRIVATE LIMITEDPLOT NO17-24, VITTALRAO NAGAR, MADHAPUR ,HYDERABAD - 500081, INDIA., PH: +91 40 44655300 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

| SL. No. | Name & Description of main products/services | NIC Code of the Product /service | % to total turnover of the company |
|---------|--|---|------------------------------------|
| 1 | Cable | 61103-Activities of the cable operators | 66% |
| 2 | Internet | 61104-Activities of providing internet | 17% |
| 3 | Infrastructure Leasing | 77309-Renting and leasing of other machinery and equipment n.e.c. withoutoperator | 11% |

III. PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

| Sl. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held in the Company | Applicable section |
|---------|---------------------------------|---------|--------------------------------|---------------------------------|--------------------|
| | | | NIL | | |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 31-March-2015] | | | | No. of Shares held at the end of the year [As on 31-March-2016] | | | | |
|---|--|---------------|-----------------|-------------------|--|---------------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | % Change during the year |
| A. Promoter s | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 1240648 | 0 | 1240648 | 4.09 | 1285439 | 0 | 1285439 | 4.23 | 0.15 |
| b) Central Govt | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) State Govt(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) Bodies Corp. | 14360701 | 0 | 14360701 | 47.29 | 14409246 | 0 | 14409246 | 47.45 | 0.16 |
| e) Banks / FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) Any other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Total shareholding of Promoter (A) | 15601349 | 0 | 15601349 | 51.38 | 15694685 | 0 | 15694685 | 51.69 | 0.31 |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 1783350 | 0 | 1783350 | 5.9 | 962304 | 0 | 962304 | 3.2 | -2.7 |
| b) Banks / FI | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 | 0.0 | 0.0 |
| c) Central Govt | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 | 0.0 | 0.0 |
| d) State Govt(s) | 0 | 50000 | 50000 | 0.2 | 0 | 50000 | 50000 | 0.2 | 0.0 |
| e) Venture Capital Funds | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 | 0.0 | 0.0 |
| f) Insurance Companies | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 | 0.0 | 0.0 |
| g) FIs | 690787 | 0 | 690787 | 2.3 | 3700025 | 0 | 3700025 | 12.18 | 9.9 |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 | 0.0 | 0.0 |
| i) Others (specify) | 0 | 0 | 0 | 0.0 | 4588748 | 275067 | 4863815 | 16.0 | 16.0 |
| Sub-total (B)(1):- | 2474137 | 50000 | 2524137 | 8.3 | 9251077 | 325067 | 9576144 | 31.5 | 23.2 |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | 0 | | | | 0 | | | |
| i) Indian | 6718369 | 0 | 6718369 | 22.13 | 3998985 | 0 | 3998985 | 13.17 | -8.96 |
| ii) Overseas | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0.00 |
| b) Individuals | | 0 | | 0.00 | 926638 | 156964 | 1083602 | 3.57 | 3.57 |
| i) Individual Shareholders holding nominal share capital upto Rs. 1lakh | 351732 | 55900 | 407632 | 1.34 | 283811 | 328175 | 611986 | 2.02 | 0.67 |
| ii) Individual Shareholders holding nominal share capital in excess Rs. 1lakh | 89884 | 132600 | 222484 | 0.73 | 762844 | 650244 | 1413088 | 4.7 | 3.92 |
| c) Others (specify) | | | | 0.00 | | | | 0 | 0.00 |
| Non Resident Indians | 9909 | 0 | 9909 | 0.03 | 3402 | 0 | 3402 | 0.0 | -0.02 |
| Overseas Corporate Bodies | 0 | 275067 | 275067 | 0.91 | 0 | 0 | 0 | 0 | -0.91 |
| Foreign Nationals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0.00 |
| Clearing Members | 17769 | 0 | 17769 | 0.06 | 5551 | 0 | 5551 | 0.0 | -0.04 |
| Trusts | 0 | 0 | 0 | 0.00 | 3095 | 0 | 3095 | 0.0 | 0.01 |
| Foreign Bodies - D R | 4588748 | 0 | 4588748 | 15.11 | 0 | 0 | 0 | 0 | -15.11 |
| Sub-total (B)(2):- | 11776411 | 463567 | 12239978 | 40.3 | 4937671 | 156964 | 5094635 | 16.78 | -23.53 |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 14250548 | 513567 | 14764115 | 48.6 | 14188748 | 482031 | 14670779 | 48.31 | -0.31 |
| C. Shares held by Custodian for GDRs & ADRs | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| Grand Total (A+B+C) | 29851897 | 513567 | 30365464 | 100.00 | 29883433 | 482031 | 30365464 | 100.00 | |

ii) SHARE HOLDING OF PROMOTERS (INCLUDING PROMOTER GROUP)

| Sl No. | Shareholder's Name | Shareholding at the beginning of the year(01-04-2015) | | | Shareholding at the end of the year(31-03-2016) | | | % change in shareholding during the year |
|--------|--|---|----------------------------------|---|---|----------------------------------|---|--|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | |
| 1 | Metro Skynet Ltd | 4859512 | 16.003 | 0 | 4859512 | 16.003 | 0 | 0.00 |
| 2 | Panda Investments Pvt Ltd | 4636510 | 15.269 | 0 | 4636510 | 15.269 | 0 | 0.00 |
| 3 | UMSL Ltd | 2580441 | 8.498 | 0 | 2580441 | 8.498 | 0 | 0.00 |
| 4 | Odisha Television Ltd | 2007293 | 6.610 | 0 | 2055838 | 6.770 | 0 | 0.16 |
| 5 | Bajjayant Panda | 537282 | 1.769 | 0 | 580042 | 1.910 | 0 | 0.14 |
| 6 | Jagi Mangat Panda | 270448 | 0.891 | 0 | 270448 | 0.891 | 0 | 0.00 |
| 7 | Nivedita Panda | 164935 | 0.543 | 0 | 164935 | 0.543 | 0 | 0.00 |
| 8 | Subhrakant Panda | 121875 | 0.401 | 0 | 123906 | 0.408 | 0 | 0.01 |
| 10 | Paramita Realtor Pvt Ltd | 98375 | 0.324 | 0 | 98375 | 0.324 | 0 | 0.00 |
| 11 | Subhrakant Panda(under Trusteeship) | 56818 | 0.187 | 0 | 56818 | 0.187 | 0 | 0.00 |
| 12 | Paramita Mohapatra | 40230 | 0.132 | 0 | 40230 | 0.132 | 0 | 0.00 |
| 13 | Paramita Mohapatra (Under Trusteeship) | 24530 | 0.081 | 0 | 24530 | 0.081 | 0 | 0.00 |
| 14 | Paramita Mohapatra (Under Trusteeship) | 24530 | 0.081 | 0 | 24530 | 0.081 | 0 | 0.00 |
| 15 | B Panda And Company Pvt.ltd | 107142 | 0.353 | 0 | 107142 | 0.353 | 0 | 0.00 |
| 16 | Barabati Investment And Trading Co Pvt.ltd | 71428 | 0.235 | 0 | 71428 | 0.235 | 0 | 0.00 |
| 17 | Orissa Telefilms Private Limited | 0 | 0.000 | 0 | 48545 | 0.160 | 0 | 0.16 |
| | Total | 15601349 | 51.38 | 0 | 15694685 | 51.69 | 0 | 0.31 |

iii) CHANGE IN PROMOTERS' SHAREHOLDING (PLEASE SPECIFY IF THERE IS NO CHANGE)

| Sl No. | Shareholder's Name | Shareholding at the beginning of the year (01-04-2015) | | | | Reason | Cumulative Share holding during the year | |
|--------|----------------------------------|---|---|------------|---------------------------------------|----------------------|--|----------------------------------|
| | | No. of Shares "At the beginning of the year (01-04-2015)" | "% of total shares of the company "At the beginning of the year "(01-04-2015) | Date | Increase and Decrease in Shareholding | | No of shares | % of total shares of the company |
| | At the beginning of the year | 15601349 | 51.38 | | | | 15601349 | 51.38 |
| 1 | Baijayant Panda | 14000 | 0.05 | 24-04-2015 | Increase | Purchase from Market | 15615349 | 51.43 |
| | | 5000 | 0.02 | 06-05-2015 | Increase | Purchase from Market | 15620349 | 51.44 |
| | | 5000 | 0.02 | 19-05-2015 | Increase | Purchase from Market | 15625349 | 51.46 |
| | | 5000 | 0.02 | 04-06-2015 | Increase | Purchase from Market | 15630349 | 51.48 |
| | | 5000 | 0.02 | 30-06-2015 | Increase | Purchase from Market | 15635349 | 51.49 |
| | | 1810 | 0.01 | 14-08-2015 | Increase | Purchase from Market | 15637159 | 51.50 |
| | | 1950 | 0.01 | 19-08-2015 | Increase | Purchase from Market | 15639109 | 51.50 |
| | | 2000 | 0.01 | 24-08-2015 | Increase | Purchase from Market | 15641109 | 51.51 |
| | | 2000 | 0.01 | 25-08-2015 | Increase | Purchase from Market | 15643109 | 51.52 |
| | | 1000 | 0.00 | 27-08-2015 | Increase | Purchase from Market | 15644109 | 51.52 |
| 2. | Subhrakant Panda | 1000 | 0.00 | 11-02-2016 | Increase | Purchase from Market | 15645109 | 51.52 |
| | | 9 | 0.00 | 09-03-2016 | Increase | Purchase from Market | 15645118 | 51.52 |
| | | 1022 | 0.00 | 10-03-2016 | Increase | Purchase from Market | 15646140 | 51.53 |
| 3. | Odisha Telefilms Private Limited | 5001 | 0.02 | 19-09-2015 | Increase | Purchase from Market | 15651141 | 51.54 |
| | | 5000 | 0.02 | 26-10-2015 | Increase | Purchase from Market | 15656141 | 51.56 |
| | | 5050 | 0.02 | 02-11-2015 | Increase | Purchase from Market | 15661191 | 51.58 |
| | | 5000 | 0.02 | 03-11-2015 | Increase | Purchase from Market | 15666191 | 51.59 |
| | | 10357 | 0.03 | 01-02-2016 | Increase | Purchase from Market | 15676548 | 51.63 |
| | | 7045 | 0.02 | 03-02-2016 | Increase | Purchase from Market | 15683593 | 51.65 |
| | | 5525 | 0.02 | 12-02-2016 | Increase | Purchase from Market | 15689118 | 51.67 |
| | | 5567 | 0.02 | 18-02-2016 | Increase | Purchase from Market | 15694685 | 51.69 |
| | At the end of the year | 15694685 | 51.69 | | | | | |

IV) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holdres of GDRs and ADRs)

| For each of the Top Ten share holder | Name | Shareholding | | Date | Increase/ Decrease in | Reason | Cumulative Shareholding during the year | |
|--------------------------------------|--|--|----------------------------------|--|--|--|---|----------------------------------|
| | | "No. of Shares at the Beginning (01-04-15)/ end of the year" (31-03-2016)" | % of total shares of the company | | | | No. of Shares | % of total shares of the company |
| 1 | NSR-PE Mauritius LLC | 4588748 | 15.11 | 0 | 0 | 0 | 4588748 | 15.11 |
| 2 | ICICI Prudential Life Insurance Company Ltd | 2759925 | 9.09 | 17-04-2015 05-06-2015 03-07-2015 17-07-2015 24-07-2015 30-10-2015 18-12-2015 12-02-2016 19-02-2016 | 77329 475883 15405 305346 1020 391 575 770 430 | Sell Sell Sell Sell Sell Sell Sell Sell Sell | 2682596 2206713 2191308 1885962 1884942 1884551 1883976 1883206 1882776 | 6.20 |
| 3 | Kotak Mahindra Bank Ltd | 2656658 | 8.74 | 22-07-2015 04-09-2015 25-12-2015 29-01-2016 05-02-2016 12-02-2016 19-02-2016 | 1183170 8000 6000 3198 724 6656 5738 | Sell Sell Sell Sell Sell Sell Sell | 1473488 1465488 1459488 1456290 1455566 1448910 1443172 | 4.75 |
| 4 | Acacia Partners, LP | 0 | 0.00 | 05-06-2015 03-07-2015 17-07-2015 | 340000 178000 442000 | Buy Buy Buy | 340000 518000 960000 | 3.16 |
| 5 | Acacia Institutional Partners, LP | 0 | 0.00 | 30-06-2015 03-07-2015 17-07-2015 | 280000 146000 414000 | Buy Buy Buy | 280000 426000 840000 | 2.77 |
| 6 | Schroder International Selection Fund Indian Oppor | 500025 | 1.65 | 09-10-2015 | 200000 | | 700025 | 2.31 |
| 7 | Acacia Conservation Fund LP | 0 | | 30-06-2015 03-07-2015 17-07-2015 | 200000 104574 295426 | Buy Buy Buy | 200000 304574 600000 | 1.98 |
| 8 | Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund Small Cap Fund | 900000 | 2.96 | - | - | - | 568142 | 1.87 |
| 9 | Acacia Banyan Partners | 0 | 0.00 | 10-07-2015 17-07-2015 | 244000 296000 | Buy Buy | 244000 540000 | 1.78 |
| 10 | Bajaj Allianz Life Insurance Company Ltd. | 499950 | 1.65 | - | - | - | 499950 | 1.65 |

v) SHAREHOLDING OF DIRECTOR AND KEY MANAGERIAL PERSONNEL
DIRECTORS

| Sl. No. | Name | Shareholding | | Date | Increase/ Decrease in | Reason | Cumulative Shareholding during the year | |
|---------|-------------------|--|----------------------------------|------------|-----------------------|--------------------------------|---|----------------------------------|
| | | "No. of Shares at the Beginning (01-04-15)/ end of the year" (31-03-2016)" | % of total shares of the company | | | | No. of Shares | % of total shares of the company |
| 1 | Bajjayant Panda | 537282 | 1.77 | 24-04-2015 | Increase | Purchase from the Stock Market | 537282 | 1.77 |
| | | 14000 | 0.046 | | | | 551282 | 1.82 |
| | | 5000 | 0.02 | | | | 556282 | 1.83 |
| | | 5000 | 0.02 | | | | 561282 | 1.85 |
| | | 5000 | 0.02 | | | | 566282 | 1.86 |
| | | 5000 | 0.02 | | | | 571282 | 1.88 |
| | | 1810 | 0.01 | | | | 573092 | 1.89 |
| | | 1950 | 0.01 | | | | 575042 | 1.89 |
| | | 2000 | 0.01 | | | | 577042 | 1.90 |
| | | 2000 | 0.01 | | | | 579042 | 1.91 |
| | | 1000 | 0.00 | | | | 580042 | 1.91 |
| | | | | | | | 270448 | 0.89 |
| 2 | Jagi Mangat Panda | 270448 | 0.89 | - | - | - | 270448 | 0.89 |
| 3 | Gautam Sehgal | 52750 | 0.17 | - | - | - | 52750 | 0.17 |
| 4 | Subhrakant Panda | 121875 | 0.40 | - | - | - | 121875 | 0.40 |
| | | 1000 | 0.00 | 11-02-2016 | Increase | Purchase from the Stock Market | 122875 | 0.40 |
| | | 9 | 0.00 | 09-03-2016 | Increase | Purchase from the Stock Market | 122884 | 0.40 |
| | | 1022 | 0.00 | 10-03-2016 | Increase | Purchase from the Stock Market | 123906 | 0.41 |
| 5 | Jyoti Bhusan Pany | 15000 | 0.05 | - | - | - | 15000 | 0.05 |

KEY MANAGERIAL PERSONNEL

| | | | | | | | | |
|---|---------------------|-------|------|------------|----------|--------------------|-------|------|
| 6 | Bibhu Prasad Rath | 65600 | 0.22 | 06-08-2015 | Decrease | Sell in the market | 65600 | 0.22 |
| | | 1087 | 0.00 | | | | 64513 | 0.21 |
| | | 2100 | 0.00 | | | | 62413 | 0.21 |
| | | 1364 | 0.00 | | | | 61049 | 0.20 |
| 7 | Manoj Kumar Patra | 2000 | 0.01 | - | - | - | 2000 | 0.01 |
| 8 | Lalit Kumar Mohanty | 500 | 0.00 | - | - | - | 500 | 0.00 |

V. INDEBTEDNESS

(Rs. in Lakhs)

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Secured Loans excluding deposits | Unsecured Loans | Total Indebtedness |
|--|--|--------------------|-----------------------|
| Indebtedness at the beginning of the financial year | | | |
| i) Principal Amount | 12796.74 | 933.18 | 13729.92 |
| ii) Interest due but not paid | 14.78 | - | 14.78 |
| iii) Interest accrued but not due | 231.96 | - | 231.96 |
| Total (i+ii+iii) | 13043.47 | 933.18 | 13976.66 |
| Change in Indebtedness during the financial year | | | |
| * Addition | 5212.82 | 170.00 | 5382.82 |
| * Reduction | 3623.29 | 207.56 | 3830.85 |
| Net Change | 1589.53 | -37.56 | 1551.96 |
| Indebtedness at the end of the financial year | | | |
| i) Principal Amount | 14297.80 | 895.62 | 15193.42 |
| ii) Interest due but not paid | 48.83 | - | 48.83 |
| iii) Interest accrued but not due | 286.37 | - | 286.37 |
| Total (i+ii+iii) | 14633.00 | 895.62 | 15528.62 |

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

| Sl. No | Particulars of Remuneration | Name of the MD JAGI MANGAT PANDA | Total Amount |
|--------|--|-------------------------------------|------------------|
| 1 | Gross salary | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961. | 50,62,728 | 50,62,728 |
| | (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 | - | - |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | - | - |
| 2 | Stock option | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission as % of Profit | - | - |
| | - as a % of Profit | - | - |
| | -Others, specify | - | - |
| 5 | Others, please specify | 15,27,852 | 15,27,852 |
| | Total (A) | 65,90,580 | 65,90,580 |
| | Ceiling as per the Act | - | - |

Note: 1. Total remuneration includes exempted remuneration of Rs. 604,848/- (Employer contribution to provident fund and gratuity) as per Section IV of Part II of Schedule V of the Companies Act, 2013

B. Remuneration to other Directors

(Rs. in Lakhs)

| Sl. No | Particulars of Remuneration | Name of Directors | | | | | | | | | Total Amount |
|--------|---|-------------------|------------------|---------------|-------------------|-----------------|------------------------|----------------|----------------|------------------------|--------------|
| | | Baijayant Panda | Subhrakant Panda | Gautam Sehgal | Jyoti Bhusan Pany | K.V. Seshasayee | Major(retd.) R.N.Misra | Dr. P.T Joseph | Debaraj Biswal | Gautam Buddha Mukherji | |
| 1 | Independent Directors | | | | | | | | | | |
| | Fee For Attending Board / Committee Meetings | - | - | 30000 | 60000 | 45000 | 50000 | 25000 | 75000 | 20000 | 305000 |
| | Commission | - | - | - | - | - | - | - | - | - | - |
| | Others, Please Specify | - | - | - | - | - | - | - | - | - | - |
| | Total (1) | - | - | 30000 | 60000 | 45000 | 50000 | 25000 | 75000 | 20000 | 305000 |
| 2 | Other Non-executive Directors | | | | | | | | | | |
| | Fee For Attending Board/ Committee Meetings | - | 30000 | - | - | - | - | - | - | - | - |
| | Commission | - | - | - | - | - | - | - | - | - | - |
| | Others, Please Specify | - | - | - | - | - | - | - | - | - | - |
| | Total (2) | - | 30000 | - | - | - | - | - | - | - | 30000 |
| | Total (B)=(1+2) | - | 30000 | 30000 | 55000 | 45000 | 50000 | 25000 | 70000 | 20000 | 335000 |
| | Total Managerial Remuneration (In Lakhs) | | | | | | | | | | 69.25 |

Overall Ceiling As Per The Act#

No Remuneration Is Paid To Non Executive And Independent Directors Except Sitting Fees

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | Total |
|---------|--|--------------------------|-------------------|---------------------|-----------|
| | | CEO | CFO | CS | |
| | | Bibhu Prasad Rath | Manoj Kumar Patra | Lalit Kumar Mohanty | |
| 1 | Gross Salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. | 46,57,972 | 17,74,131 | 9,33,946 | 73,66,049 |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | - | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | - | - | - | - |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission as % of Profit | - | - | - | - |
| | others, specify | - | - | - | - |
| 5 | Others, please specify | 12,23,651 | - | - | 12,23,651 |
| | Total | 58,81,623 | 17,74,131 | 9,33,946 | 85,89,700 |

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

| Type | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority (RD/NCLT/Court) | Appeal made if any (give details) |
|-------------------------------------|------------------------------|-------------------|--|---------------------------|-----------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |

MR-3
SECRETARIAL AUDIT REPORT

Annexure - 2

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members

ORTEL COMMUNICATIONS LIMITED

B7/122A,SAFDARJUNG ENCLAVE

NEW DELHI-110029

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ORTEL COMMUNICATIONS LIMITED(hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2016('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): –
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue

of Capital and Disclosure Requirements) Regulations, 2009;

- d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, (Not applicable to the Company during the Audit Period);
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period).

- (vi) Any other applicable laws like Factories Act, 1948, the payments of Gratuity Act, 1972 etc.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges in compliance with The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

During the period under review the Company has complied with the provisions of the all the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

- a) Consumer Complaint Redressal (Digital Addressable Cable TV Systems) Regulations, 2012;
- b) Quality of Service of Broadband Service Regulations, 2006
- c) The Direct to Home Broadcasting Services (Standards of Quality of Service and Redressal of Grievances) Regulations, 2007
- d) The Indian Telegraph Act, 1885 ("Telegraph Act")
- e) The Indian Wireless Telegraphy Act, 1933 ("Wireless Telegraphy Act")
- f) The Sports Broadcasting Signals (Mandatory Sharing with Prasar Bharati) Act, 2007("Mandatory Signal Sharing Act")

- g) The Telecom Regulatory Authority of India Act, 1997 ("TRAI Act")
- h) The Policy Guidelines for Uplinking of Television Channels from India, 2011 ("Uplinking Guidelines")
- i) Guidelines and General Information for Grant of License for Operating Internet Services dated August 24, 2007 ("ISP License Guidelines")
- j) Broadband Policy, 2004 ("Broadband Policy")
- k) Guidelines for Issue of Permission to Offer Internet Telephony Services, 2002 ("Internet Telephony Guidelines")
- l) Guidelines for Permission to Offer Virtual Private Network (VPN) Services by Internet Service Providers (ISPs), 2004 ("VPN Guidelines")
- m) National Tariff Policy, 2012 ("NTP 2012") to the extent applicable to the Company.
- n) The Telecommunication Tariff Order, 1999 ("Tariff Order 1999") and any amendment thereof.
- o) Information Technology Act, 2000

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out by Majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For Kumar Suresh & Associates

Company Secretaries

Suresh Kumar Yadav

FCS No. 6452

C P No.: 6711

Place: Gurgaon

Date: 30 April, 2016

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

Annexure-A

To,

ORTEL COMMUNICATIONS LIMITED

B7/122A,SAFDARJUNG ENCLAVE

NEW DELHI-110029

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Kumar Suresh & Associates

Suresh Kumar Yadav

Company Secretaries

FCS No. 6452

C P No.: 6711

Place: Gurgaon

Date: 30 April, 2016

AOC-2
Details of Contracts or Arrangements or Transactions at arm's length basis

Annexure-3

(Rs. in Lakhs)

| Name(s) of the related party | a | b | c | d | f | g | h |
|--|--|---|--|---|----------------------------------|---------------------------------|--|
| | Nature of relationship | Nature of contracts/arrangements/transactions | Duration of the contracts / arrangements/transactions: | Salient terms of the contracts or arrangements or transactions including the value, if any: | Date(s) of approval by the Board | Amount paid as advances, if any | (a) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: |
| Mrs. Jagi Mangat Panda | KMP | Managerial Remuneration | 01/04/2015-31/03/2016 | 65.91 | 7/27/2015 | NIL | 7/27/2015 |
| Mr. Bibhu Prasad Rath | KMP | Managerial Remuneration | 01/04/2015-31/03/2016 | 58.82 | | NIL | NA |
| Odisha Television Limited | Enterprises over which KMP/Relative of KMP is able to exercise significant influence | Signal Uplinking Income | 01/04/2015-31/03/2016 | 297.62 | 7/27/2015 | NIL | NA |
| Odisha Television Limited | Enterprises over which KMP/Relative of KMP is able to exercise significant influence | Rent Received | 01/04/2015-31/03/2016 | 7.20 | 7/27/2015 | NIL | NA |
| Odisha Television & Indian Metals & Ferro Alloys Ltd | Enterprises over which KMP/Relative of KMP is able to exercise significant influence | Internet Subscription fee | 01/04/2015-31/03/2016 | 18.64 | 7/27/2015 | NIL | NA |
| Indian Metals & Ferro Alloys Ltd | Enterprises over which KMP/Relative of KMP is able to exercise significant influence | Reimbursement of expenses (Paid) | 01/04/2015-31/03/2016 | 17.46 | 7/27/2015 | NIL | NA |
| Odisha Television | Enterprises over which KMP/Relative of KMP is able to exercise significant influence | Reimbursement of expenses (Received) | 01/04/2015-31/03/2016 | 135.48 | 7/27/2015 | NIL | NA |
| Odisha Television | Enterprises over which KMP/Relative of KMP is able to exercise significant influence | Subscription Income | 01/04/2015-31/03/2016 | 0.30 | 7/27/2015 | NIL | NA |
| Odisha Television | Enterprises over which KMP/Relative of KMP is able to exercise significant influence | Advertisement Expenses | 01/04/2015-31/03/2016 | 18.03 | 7/27/2015 | NIL | NA |
| Odisha Television | Enterprises over which KMP/Relative of KMP is able to exercise significant influence | Channel Carriage Income | 01/04/2015-31/03/2016 | 210.67 | 7/27/2015 | NIL | NA |

AOC-2 (Contd.)
Details of Contracts or Arrangements or Transactions at arm's length basis

(Rs. in Lakhs)

| | | | | | | | |
|----------------------------------|--|--|-----------------------|--------|-----------|-----|----|
| Odisha Television | Enterprises over which KMP/Relative of KMP is able to exercise significant influence | Programming Costs | 01/04/2015-31/03/2016 | 219.03 | 7/27/2015 | NIL | NA |
| Orissa Infrotech Pvt. Ltd | Enterprises over which KMP/Relative of KMP is able to exercise significant influence | Unsecured Loan Received | 01/04/2015-31/03/2016 | 170.00 | 7/27/2015 | NIL | NA |
| Orissa Infrotech Pvt. Ltd | Enterprises over which KMP/Relative of KMP is able to exercise significant influence | Unsecured Loan Repaid | 01/04/2015-31/03/2016 | 207.56 | 7/27/2015 | NIL | NA |
| Orissa Infrotech Pvt. Ltd | Enterprises over which KMP/Relative of KMP is able to exercise significant influence | Interest and Processing Fees on Unsecured Loan | 01/04/2015-31/03/2016 | 142.76 | 7/27/2015 | NIL | NA |
| Indian Metals & Ferro Alloys Ltd | Enterprises over which KMP/Relative of KMP is able to exercise significant influence | Subscription fee | 01/04/2015-31/03/2016 | 0.3 | 7/27/2015 | NIL | NA |
| Mr. Bibhu Prasad Rath | KMP | Subscription fee | 01/04/2015-31/03/2016 | 0.16 | | NIL | NA |
| Mr. Bibhu Prasad Rath | KMP | Advance recovery | 01/04/2015-31/03/2016 | 2.83 | | NIL | NA |

Details of contracts or arrangements or transactions not at arm's length basis

| a | b | c | d | f | g |
|--|---|--|---|----------------------------------|---------------------------------|
| Name(s) of the related party and nature of relationship: | Nature of contracts/arrangements/transactions | Duration of the contracts / arrangements/transactions: | Salient terms of the contracts or arrangements or transactions including the value, if any: | Date(s) of approval by the Board | Amount paid as advances, if any |
| NOT APPLICABLE | | | | | |

Annexure-4

PART-I

Disclosure of the particulars as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the Financial Year 2015-16 in respect of employees of the Company, is provided herein below.

(a) Ratio of remuneration of each Director/KMP to the median* remuneration of the employees:

| Sl. No | Directors/ KMPs | Designation | Ratio of remuneration of each Director/KMP to the median* remuneration of the employees of the Company for the Financial Year 2015-16 |
|--------|-----------------|-------------------|---|
| 1 | Director | Managing Director | (6990580:120552)=54.67 |
| 2 | KMP | President & CEO | (5881623:120552)=48.79 |
| 3 | KMP | CFO | (1774131:120552)=14.7 |
| 4 | KMP | CS | (933946:120552)=7.75 |

*'median' means the numerical value separating the higher half of a population from the lower half and the median of a finite list of numbers may be found by arranging all the observations from lowest value to highest value and picking the middle one.

(b) Percentage increase in the remuneration;

| Sl. No | Name | Designation | Remuneration paid in FY14-15 | Remuneration paid in FY15-16 | Percentage (%) increase/(decrease) in remuneration |
|--------|---------------------|-------------------|------------------------------|------------------------------|--|
| 1 | Jagi Mangat Panda | Managing Director | 4210807 | 6590580 | 56.51 |
| 2 | Bibhu Prasad Rath | President & CEO | 5163471 | 5881623 | 13.90 |
| 3 | Manoj Kumar Patra | CFO | 1677850 | 1774131 | 5.74 |
| 4 | Lalit Kumar Mohanty | CS | 913380 | 933946 | 2.25 |

(c) There has been 14.2% of increase in the median remuneration of employees during the financial year 2015-16.

(d) There are 1611 permanent employees on the rolls of company.

(e) Relationship between average increase in remuneration and company performance:

The Profit before Tax for the Financial Year ended March 31, 2016 increased by 115.72% whereas the increase in median remuneration was 14.2% . The average increase in the median remuneration was in line with the performance of the Company.

(f) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

| Particulars (Rs. in Cr) | Mar-16 | Mar-15 | % Increase/ (Decrease) |
|-------------------------|--------|--------|------------------------|
| Revenue | 196.29 | 161.12 | 21.83 |
| Profit before Tax (PBT) | 14.99 | 7.06 | 112.18 |
| Profit after Tax (PAT) | 11.93 | 5.6 | 113.04 |

(g) Variations in the Market Capitalization of the Company, Price Earning (P/E) Ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company.

| Financial year | P/E Ratio | Market Capitalisation (In Rs.) |
|----------------|-----------|--------------------------------|
| 31.03.2016 | 46.12 | 55037,40,350.00 |
| 31.03.2015 | 66.22 | 46246,60,167.20 |

The percentage increase in the market quotations of the shares of the Company as at March 31, 2016 is 19.01%.

- (h) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year, i.e. 2015-16 is 6.35 whereas the increase in the managerial remuneration for the same financial year was 56.51%. The managerial remuneration is linked to market trend and industry segment composition, thus, increase in managerial remuneration is higher.
- (i) The key parameters for the variable component of remuneration availed by the Managing Director are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy of the Company and was also approved by shareholders in their meeting.
- (j) There is no such employee in the Company who receives remuneration in excess of the highest paid Director during the year.
- (k) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees.

PART-II

Particulars of employees In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with the Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of the employees is disclosed as hereunder.

Statement pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| S.No | Name | Age (Years) | Designation /Nature of duties | Gross Remuneration (Rs.)* | Qualification | Total Experience (Years) | Date of Commencement of Employment | Last employment held Designation-Period for which post held |
|------|------------------------|-----------------------|-------------------------------|---------------------------|--|--------------------------|------------------------------------|---|
| 1 | Mrs. Jagi Mangat Panda | 49 years and 4 months | Managing Director | 65,90,580 | Bachelor's degree in biology and Chemistry from Osmania University. Middle level management programme from the Indian Institute of Management Ahmedabad | 20 years and 5 months | 05-10-1995 | Not Applicable |

Notes:

* Gross remuneration includes exempted remuneration of Rs. 604,848/- (Employer contribution to provident fund and gratuity) as per Section IV of Part II of Schedule V of the Companies Act, 2013

Annexure-5

Annual Report on CSR Activities

- 1 A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

CSR Policy is stated herein below: www.ortelcom.com

- 2 Composition of CSR Committee:

| | |
|----------------------------------|----------|
| Major (Retd.) Rabi Narayan Misra | Chairman |
| Mrs. Jagi Mangat Panda | Member |
| Mr. Jyoti Bhusan Pany | Member |

- 3 Average net profit of the Company for the last three financial years: Negative*

- 4 Prescribed CSR Expenditure (2% of the amount in item no 3 above): Negative

- 5 Details for CSR spend for the financial year.

(a) Total amount spend for the financial year: Rs. 100,000/-

(b) Amount unspent, if any: NIL

(c) Manner in which the amount spent during the financial year is detailed below:

| Sl No. | Sector in which the project is covered | CSR projects/Activities Identified | Projects or Programms | | Amount Outlay (Rs) | Amount spent on the projects | | Cumulative expenditure upto the reporting period | Activities carried out directly/ through implementing agency |
|--------|--|--|-----------------------|----------------|--------------------|------------------------------|----------|--|--|
| | | | Local Area/others | State/District | | Direct Expenditure | Overhead | | |
| 1 | Education | Education of poor and under privileged girl child (Sc VII(ii): of Companies Act, 2013 read with Section 135) | Bhubaneswar | Odisha | 100000 | 100000 | | 100000 | Through Ortel Dayitwa Charitable Trust |

*The average net profit of the company for the last three financial years was loss. However, the Company has voluntarily spent Rs.100,000/- towards CSR activities.

**Details of Implementing Agency: - Ortel Dayitwa Charitable Trust is a registered trust under Income Tax Act, 1961The principal aim and objective of the Trust is to undertake various activities for the promotion of education and upliftment of poor.

- 6 Reasons for not spending the allocated amount: NA

- 7 The Responsibility Statement of the Corporate Social Responsibility Committee of the Board of Directors of the Company, is reproduced below:

'We hereby affirm that the implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.'

Sd/-
Mrs. Jagi Mangat Panda
Managing Director

Sd/-
Major (Retd.) Rabi Narayan Misra
Chairman, CSR Committee

NOMINATION AND REMUNERATION POLICY

1. Preamble

Companies Act, 2013 read with applicable rules made thereunder and listing agreement applicable to Company on listing requires the Nomination and Remuneration Committee to formulate a policy relating to appointment, remuneration, retirement and removal of Director (s)/ Key Managerial Personnel (KMPs) and Senior Management Personnel. This policy has been formulated in compliance with above regulation.

2. Definitions

“Act” means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

“Board” means Board of Directors of the Company.

“Directors” mean Directors of the Company.

“Key Managerial Personnel” means

- i. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii. Chief Financial Officer;
- iii. Company Secretary; and
- iv. such other officer as may be prescribed.

“Senior Management” means the personnel of the company who are members of its core management team excluding Board of Directors and Key Managerial Personnel of the level GM and above.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

3. Policy on Board Diversity

The Board of Directors shall have the optimum combination of Directors including one Woman Director from different areas/fields like production, Technology management, Finance, Sales & marketing, Human Resources, Administration etc or as may be considered appropriate.

The Board shall have at least one Board member who has accounting or related financial management expertise and at least three members who are financially literate.

4. Policy for Appointment and Removal of Director, KMPs

4. 1. Appointment Criteria and Qualifications

a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for

appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of 70 (seventy) years. Provided that the term of the person holding this position may be extended beyond the age of 70 (seventy) years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond 70 (seventy) years.

4.2. Term / Tenure

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

4.3. Removal

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP subject to the provisions and compliance of the said Act, rules and regulations.

4.4. Retirement

The KMPs who are not Directors shall retire as per prevailing policy of the Company. The Board will have the discretion to retain KMP in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company on the recommendation of President & CEO.

4.5. Remuneration

1. Remuneration to Managing/Whole-time / Executive -Director

The Remuneration/ Compensation/ Commission etc. to be paid to Director / Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and on the recommendation of Committee to the Board for its approval.

2. Remuneration to Non- Executive / Independent Director

The Non-Executive Independent Director may receive remuneration / compensation / commission as per the provisions of Companies Act, 2013. The amount of sitting fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force and on the recommendation of Committee to the Board for its approval.

3. Remuneration to KMP

The Committee will recommend the remuneration to be paid to the KMP to the Board for their approval as per the provisions of the Act/ Policy of the Company. The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate Directors or KMPS of the quality required to run the Company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and variable pay reflecting short and long term performance objective appropriate to the working of the Company and its goals.

5. Policy for Appointment, Remuneration, Retirement and Removal of Senior Management Personnel

5.1. Appointment criteria and qualification

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for

appointment at Senior Management level and recommended to the Board his / her appointment.

- b) A person should possess adequate qualification, functional expertise and experience for the position he/ she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/ satisfactory for the concerned position.

5.2. Retirement & Removal

The Senior Management Personnel shall retire as per the prevailing policy of the Company. The Committee will have the discretion to retain the Senior Manager Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company based on the recommendation of President & CEO.

The Senior management personnel shall be removed after taking appropriate disciplinary action due to any breach of code of conduct/ ethics and / or any misconduct during the service.

5.3. Remuneration

The Committee will recommend the remuneration to be paid to the Senior management Personnel to the Board for their approval. The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate senior management of the quality required to run the Company successfully. The same should be reviewed periodically to make any adjustment based on the market.

The remuneration of such persons shall be in accordance with performance criteria defined for the role thorough performance management system to achieve the company's goal. The remuneration should be a balance of fixed and incentive pay which will be determined by fixed pay components and executive incentives scheme applicable to their level as and when in place.

Review and Amendment

- i. The NRC or the Board may review the Policy as and when it deems necessary.
- ii. The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- iii. This Policy may be amended or substituted by the NRC or by the Board as and when required and also by the President & CEO / Compliance Officer where there is any statutory changes necessitating the change in the policy.

Annexure-7

Corporate Governance Compliance Certificate

To
The Members
Ortel Communications Limited

I have examined the compliance of conditions of Corporate Governance of Ortel Communications Limited for the financial year ended March 31, 2016, as stipulated in Regulation 34(3) & Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said company with the Stock Exchanges.

The Compliance of the conditions of Corporate Governance is a responsibility of the Management. My examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an Audit nor an expression of opinion on the financial statement of the Company.

In my opinion and to the best of my information and according to the explanation given to me, I certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I further state that the compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Gurgaon

Date: 30 April, 2016

For Kumar Suresh & Associates
Company Secretaries
Suresh Kumar Yadav
Proprietor
C.P. No. - 6711
FCS No. - 6452

Annexure-8

Disclosure relating to ESOP as per SEBI guidelines

| | | |
|------|--|--|
| a) | Total nos of options outstanding at the beginning of the year | 210,450 |
| b) | Total nos. of options granted during the year 2015-16 | - |
| c) | Pricing formula | Exercise Price will be INR 70.00 per share |
| d) | Option Vested during the year | Nil |
| e) | Options exercised during the year | Nil |
| f) | Total number of shares arising as a result of exercise of option | Nil |
| g) | Options lapsed during the year | 4000 |
| h) | Variation of terms of options during the year | There is no variation in the terms of options |
| i) | Money realised by exercise of options during the year | Nil |
| j) | Total No of Options in force | 206,450 |
| k) | Employee wise details of options granted during FY 2015 -16: | |
| i) | Senior managerial personnel | - |
| ii) | Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year | - |
| iii) | Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant | - |
| l) | Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of 'Earnings option calculated in accordance with [Accounting Standard (AS) 20 Per Share | Please refer note no 31 of Notes to the financial statement. |
| | Computation of employee compensation cost and effect on profit and EPS: | |
| m) | i) Method of calculation of employee compensation cost | Intrinsic value as per ESOS guidelines |
| | ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost to P&L account if the Company has used the fair value of the option | Please refer note no 39 of Notes to the financial statement. |
| n) | Weighted- average exercise prices and weighted- average fair values of options granted at a price either equals or exceeds or below market price of the stock | Please refer note no 39 of Notes to the financial statement. |
| o) | Method and significant assumptions used during the year to estimate the fair values of options | Please refer note no 39 of Notes to the financial statement. |

INDEPENDENT AUDITOR'S REPORT

To the Members of Ortel Communications Limited Report on the Financial Statements

We have audited the accompanying financial statements of **Ortel Communications Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 and ensuring their operating effectiveness and 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true

and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, its profit and its cash flows for the year ended on that date.

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. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. On the basis of written representations received from the directors as on March 31, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Notes 29 and 41 to the 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.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W

Anand Kumar Jhunjhunwala

Partner

Membership No. 056613

Bhubaneswar

April 30, 2016

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report of even date, to the members of Ortel Communications Limited on the financial statements for the year ended March 31, 2016]

- (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 management of the Company 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.
- (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 broadly reviewed such records and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii)
- (a) According to the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us, the dues as at March 31, 2016 of income-tax, sales tax, service tax, duty of customs, duty of excise and value added tax, which have not been deposited on account of any dispute, are as follows :

| Name of the Statute | Nature of dues | Amount (Rs. In Lakhs) | Period to which the amount relates (Financial Year) | Forum where dispute is pending |
|----------------------|---|--------------------------|--|---|
| 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 | 1089.95 | 2006-07 to 2014-15 | Commissioner of Central Excise, Customs & Service Tax, Bhubaneswar |
| Finance Act, 1994 | Service Tax and interest thereon | 13.00 | 2013-14 | Addl. Commissioner(Audit) of Central Excise, Customs & Service Tax, Bhubaneswar |

* Rs.43.21 lakhs has been deposited in this regard.

- (viii) Based on our audit procedures and as per the information and explanations given to us by the management, we are of the opinion that during the year the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank or Government. The Company has not issued any debentures as at the balance sheet date.
- (ix) According to the information and explanations given to us, moneys raised by way of initial public offer and term loans were prima facie applied for the purposes for which those were raised. The Company has not raised any money by way of 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 financial statements and as per the information and explanations given to us by the management, 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.
- (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 Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) As per the information and explanations given to us, the Company has not entered into any non-cash transactions 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

Anand Kumar Jhunjhunwala

Partner

Membership No. 056613

Bhubaneswar

April 30, 2016

ANNEXURE - 2 TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report of even date, to the members of Ortel Communications Limited on the financial statements for the year ended March 31, 2016]

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Ortel Communications Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the 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 is responsible for establishing and maintaining internal financial controls, based on the internal control over financial reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 over financial reporting 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 system over financial reporting and their operating effectiveness.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W

Anand Kumar Jhunjhunwala

Partner

Membership No.056613

Bhubaneswar

April 30, 2016

Balance Sheet as at March 31, 2016

(Rs. in Lakhs)

| | Note No. | As at March 31, 2016 | As at March 31, 2015 |
|---|----------|-------------------------|-------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| (a) Share Capital | 2 | 3,036.54 | 3,036.54 |
| (b) Reserves and Surplus | 3 | 10,912.12 | 9,672.53 |
| | | 13,948.66 | 12,709.07 |
| Non-Current Liabilities | | | |
| (a) Long-Term Borrowings | 4 | 10,940.29 | 10,311.12 |
| (b) Other Long Term Liabilities | 5 | 1,359.36 | 458.61 |
| (c) Long-Term Provisions | 6 | 58.92 | 33.07 |
| | | 12,358.57 | 10,802.80 |
| Current Liabilities | | | |
| (a) Short-Term Borrowings | 7 | 2,000.00 | 746.48 |
| (b) Trade Payables | 8 | 2,598.77 | 2,081.71 |
| (c) Other Current Liabilities | 9 | 14,122.84 | 11,066.31 |
| (d) Short-Term Provisions | 10 | 2.69 | 1.61 |
| | | 18,724.30 | 13,896.11 |
| Total | | 45,031.53 | 37,407.98 |
| ASSETS | | | |
| Non-Current Assets | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 11 | 26,085.66 | 19,912.56 |
| (ii) Intangible Assets | 12 | 705.52 | 553.33 |
| (iii) Capital Work-In-Progress (Refer Note No.43) | | 6,008.44 | 1,227.62 |
| (b) Non-Current Investments | 13 | 32.55 | 32.55 |
| (c) Long-Term Loans and Advances | 14 | 237.31 | 206.45 |
| (d) Other Non-Current Assets | 15 | 539.71 | 278.98 |
| | | 33,609.19 | 22,211.49 |
| Current Assets | | | |
| (a) Inventories | 16 | 1,300.75 | 49.16 |
| (b) Trade Receivables | 17 | 3,134.85 | 1,813.79 |
| (c) Cash and Cash Equivalents | 18 | 2,895.00 | 11,842.97 |
| (d) Short-Term Loans and Advances | 19 | 3,844.71 | 1,366.86 |
| (e) Other Current Assets | 20 | 247.03 | 123.71 |
| | | 11,422.34 | 15,196.49 |
| Total | | 45,031.53 | 37,407.98 |

Significant Accounting Policies and Notes to Financial Statements 1 to 48

The Notes referred to above form an integral part of the Balance Sheet

This is the Balance Sheet referred to in our report of even date

For Haribhakti & Co. LLP

Chartered Accountants
ICAI Firm Registration No.103523W

Anand Kumar Jhunjunwala
Partner

Membership No.056613

Date: April 30, 2016

Place: Bhubaneswar

For and on behalf of Board of Directors

Sd/-
Jagi Mangat Panda
Managing Director

Sd/-
Lalit Kumar Mohanty
Company Secretary

Sd/-
J.B. Pany
Director

Sd/-
Manoj Kumar Patra
Chief Financial Officer

Statement of Profit and Loss for the year ended March 31, 2016

(Rs. in Lakhs)

| | Note No. | Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|----------|------------------------------|------------------------------|
| Revenue | | | |
| (a) Revenue from Operations | 21 | 18,769.50 | 15,478.91 |
| (b) Other Income | 22 | 859.65 | 633.21 |
| Total Revenue | | 19,629.15 | 16,112.12 |
| Expenses | | | |
| (a) Programming Cost | | 3,751.38 | 3,422.71 |
| (b) Bandwidth Cost | 23 | 831.91 | 668.86 |
| (c) Employee Benefits Expense | 24 | 2,249.70 | 1,666.89 |
| (d) Finance Costs | 25 | 2,356.41 | 2,245.10 |
| (e) Depreciation and Amortisation Expense | 26 | 1,857.27 | 1,886.04 |
| (f) Fixed Assets written off | | 1,316.48 | 1,054.54 |
| (g) Non Compete Fee pay outs | | - | 61.81 |
| (h) Other Expenses | 27 | 5,767.24 | 4,400.50 |
| Total Expenses | | 18,130.39 | 15,406.45 |
| Profit / (Loss) before tax | | 1,498.76 | 705.67 |
| Tax Expense | | | |
| - Current Tax | | 305.92 | 145.76 |
| - Deferred Tax | | - | - |
| Profit / (Loss) for the year | | 1,192.84 | 559.90 |
| Earnings per Equity Share (in Rs.) | 31 | | |
| (Par Value of Rs.10/- per Equity Share) | | | |
| Basic | | 3.93 | 2.30 |
| Diluted | | 3.91 | 2.29 |

Significant Accounting Policies and Notes to Financial Statements 1 to 48

The Notes referred to above form an integral part of the Statement of Profit & Loss

This is the Statement of Profit & Loss referred to in our report of even date

For Haribhakti & Co. LLP

Chartered Accountants
ICAI Firm Registration No.103523W

Anand Kumar Jhunhunwala

Partner

Membership No.056613

Date: April 30, 2016

Place: Bhubaneswar

For and on behalf of Board of Directors

Sd/-
Jagi Mangat Panda
Managing DirectorSd/-
Lalit Kumar Mohanty
Company SecretarySd/-
J.B. Pany
DirectorSd/-
Manoj Kumar Patra
Chief Financial Officer

Cash Flow Statement for the year ended March 31, 2016

(Rs. in Lakhs)

| | Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|------------------------------|------------------------------|
| A. Cash flow from operating activities: | | |
| Net profit/(loss) before Tax | 1,498.76 | 705.67 |
| Adjusted for: | | |
| Depreciation and Amortisation Expense | 1,945.07 | 1,886.04 |
| Finance Costs | 2,356.41 | 2,259.21 |
| Interest Income | (645.94) | (100.53) |
| Fixed Assets written off | 1,316.48 | 1,054.54 |
| Non Compete Fee pay outs | - | 61.81 |
| Liability no Longer required written back | (18.34) | (85.46) |
| Provision for doubtful receivables | 642.04 | 707.37 |
| Provision for doubtful receivables written back | (707.37) | (684.50) |
| Bad Debts / Advances written off | 1,664.07 | 1,440.78 |
| Employee Stock Option Expenses | 46.75 | 45.24 |
| Unrealised Foreign Exchange (Gain) / Loss [net] | (69.34) | 37.16 |
| Operating profit before working capital changes | 8,028.59 | 7,327.33 |
| Increase / (Decrease) in Trade Payables | 517.05 | 121.59 |
| Increase / (Decrease) in Provisions | 26.93 | 7.62 |
| Increase / (Decrease) in Other Liabilities | 1,494.47 | 1,822.32 |
| Decrease / (Increase) in Trade Receivables | (2,917.55) | (1,454.53) |
| Decrease / (Increase) in Inventories | (1,251.59) | (37.38) |
| Decrease / (Increase) in Loans and Advances | (2,359.52) | (664.18) |
| Decrease / (Increase) in Other Assets | 126.65 | (293.56) |
| Cash generated from operations | 3,665.03 | 6,829.21 |
| Payment of Taxes (Net) | (457.36) | (198.30) |
| Net cash from / (used in) operating activities | 3,207.67 | 6,630.91 |
| B. Cash flow from Investing activities: | | |
| Purchase of Fixed Assets | (12,297.48) | (3,287.26) |
| Payment for Non Compete Fee to LCOs | (442.48) | (591.49) |
| Interest Received | 565.74 | 30.35 |
| Net cash from investing activities | (12,174.22) | (3,848.40) |
| C. Cash flow from financing activities: | | |
| Proceeds from Long-Term Borrowings | 5,055.61 | 1,239.57 |
| Repayment of Long-Term Borrowings | (3,592.13) | (912.51) |
| Proceeds from Short-Term Borrowings | 1,253.55 | - |
| Repayment of Short-Term Borrowings | - | (219.73) |
| Issue of Share Capital | - | 10,930.77 |
| Share issue expenses | - | (780.58) |
| Interest and Other Borrowing Cost paid | (2,267.94) | (2,167.97) |
| Net cash from financing activities | 449.09 | 8,089.55 |
| Net Increase / (Decrease) in Cash & Cash Equivalents | (8,517.46) | 10,872.06 |
| Opening Cash and Cash Equivalents | 11,337.37 | 465.31 |
| Closing Cash and Cash Equivalents | 2,819.91 | 11,337.37 |

Cash Flow Statement for the year ended March 31, 2016

Notes :

1 Closing Cash and cash equivalents comprises:

| | | |
|-----------------------|-----------------|------------------|
| Cash | 4.92 | - |
| Cheques on hand | 2.87 | - |
| Balance with Banks: | | |
| - On Current Accounts | 311.77 | 821.71 |
| - On Deposit Accounts | 2,500.35 | 10,515.66 |
| Total | 2,819.91 | 11,337.37 |

2 The above Cash Flow Statement has been prepared under the Indirect Method as set out in Accounting Standard 3 'Cash Flow Statements' notified by the Central Government under Companies (Accounting Standards) Rules, 2006.

3 Previous year's figures have been regrouped / rearranged wherever necessary to conform to the current year's classification.

This is the Cash Flow Statement referred to in our report of even date.

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

Anand Kumar Jhunjunwala
Partner
Membership No.056613

Date: April 30, 2016
Place: Bhubaneswar

For and on behalf of Board of Directors

Sd/-
Jagi Mangat Panda
Managing Director

Sd/-
Lalit Kumar Mohanty
Company Secretary

Sd/-
J.B. Pany
Director

Sd/-
Manoj Kumar Patra
Chief Financial Officer

Notes to Financial Statements for the year ended March 31, 2016

1 Summary of Significant Accounting Policies

1.1 Basis of Preparation

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India, under the historical cost convention, on accrual basis. As per Rule 7 of The Companies(Accounts) Rules, 2014, the standards of accounting as specified under the Companies Act,1956 shall be deemed to be the accounting standards until accounting standards are specified by the Central Government under Section 133 of the Companies Act,2013. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of the Companies Act,1956 [Companies (Accounting Standards) Rules,2006] and the relevant provisions of the Companies Act,2013.

Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Schedule III of the Companies Act, 2013. The Company has ascertained its operating cycle as twelve months for the purpose of current/non-current classification of assets and liabilities.

1.2 Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions, which are considered to arrive at the reported amounts of assets and liabilities and disclosure of contingent liabilities as on the date of the financial statements and the reported income and expenses during the reporting year. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates. The difference between the actual results and the estimates are recognized in the periods in which the results are known / materialized. Any revision to the accounting estimates is recognized prospectively in the current and future years.

1.3 Fixed Assets, Depreciation / Amortisation and Impairment

i) Fixed Assets

Tangible Assets are carried at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Own

developed assets are capitalized at cost including an appropriate share of directly attributable overheads. Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realizable value and are shown separately in the financial statements. Any expected loss is recognized immediately in the Statement of Profit and Loss. Borrowing costs relating to acquisition of fixed assets, which take substantial period of time to get ready for their intended use, are also capitalised to the extent they relate to the period till such assets are ready to put to use.

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Cost comprises of the purchase price and any directly attributable expenditure on making the asset ready for its intended use. Intangible assets, comprising of amounts relating to Computer Software, Goodwill and Non Compete Fee, are recognised only if they are separately identifiable and the company expects to receive future economic benefits arising out of them. The amortisation period and amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from the previous estimate, the amortisation period is changed accordingly.

ii) Depreciation / Amortisation

a) Depreciation on tangible assets other than Freehold and Leasehold Land, including assets acquired under finance lease, is provided over the estimated useful life of assets, in accordance with Schedule II to the Companies Act, 2013. The residual value of assets is considered at 5%.

For the purpose of estimating the useful life of tangible assets as required under Schedule II , the Company has broadly divided the tangible assets in two categories viz., (a) assets which are specific to its industry and (b) assets which are general in nature. For the assets which are specific to its industry, the Company has estimated the useful life of such assets based on it's past experience in this regard, which has been duly supported by independent technical advice. For assets which are general in nature, the Company has adopted the useful life as specified in Schedule II to the Companies Act, 2013.

Accordingly, the useful lives of tangible assets of the Company which are different from the useful lives as specified by Schedule II are as given below :

| Asset Description(as per Note No.11) | Estimated useful life duly supported by Technical Advice (Years) | Estimated useful Life as per Schedule II (Years) |
|---------------------------------------|--|--|
| Cable Network - Backbone | 21 | 13, 18 |
| Cable Network- Drop | 12, 21 | 13, 18 |
| Cable Network- Infrastructure Leasing | 21 | 13, 18 |
| Maintenance Equipments | 21 | 15 |
| Head End Equipments | 21 | 13 |
| Broadband NOC Equipments | 21 | 13 |

Depreciation / Amortisation on assets purchased / sold during the reporting year is recognised on a pro-rata basis.

Leasehold Land is amortised over the period of lease.

- b) Intangible assets are amortised on a straight line basis over their expected useful life as follows:

- a) Non compete fees is amortised over the period of agreement with the Local Cable Operators ("LCOs"), in equal instalments.
- b) Computer software and Goodwill are amortised over a period of five years.

iii) Impairment

The carrying amount of assets is reviewed at each Balance Sheet date to determine if there is any indication of impairment, based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation, if there was no impairment.

1.4 Inventories

Inventories comprising of Stores and Spares are stated at lower of cost and net realisable value. The Company follows the first-in, first-out (FIFO) basis for valuation of inventory. Cost comprises of expenditure incurred in the normal course of business in bringing such inventories to their location and condition. Obsolete, slow moving and defective inventories are identified at the time of physical verification and where necessary, provision is made for such inventories. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

1.5 Borrowing Costs

Borrowing costs relating to the acquisition / construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use.

All other costs related to borrowings are recognised as expense in the year in which they are incurred.

1.6 Leases

Where the Company is lessee:

Finance Lease

- (i) Assets acquired under leases where all the risks and rewards of ownership have been substantially transferred in favour of the Company are classified as finance leases. Such Leases are capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

Operating lease

- (ii) Assets acquired under leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease rentals are charged to the Statement of Profit and Loss on accrual basis.

Where the Company is lessor:

Operating lease

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in Fixed Assets. Lease income on an operating lease

is recognised in the Statement of Profit and Loss on accrual basis. Costs, including depreciation are recognised in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc are recognised immediately in the Statement of Profit and Loss.

1.7 Investments

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments in accordance with Accounting Standard 13 on 'Accounting for Investments'. All other investments are classified as non-current investments.

Current investments are carried at lower of cost and fair value.

Non-current investments are carried at cost. However, provision for diminution in value, other than temporary in nature, is made to recognise a decline, for each investment individually.

1.8 Foreign Currency Transactions and Translations

The reporting currency of the Company is the Indian Rupee (Rs.).

i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the prevailing exchange rate between the reporting currency and the foreign currency, as on the date of the transaction.

ii) Conversion

As at the reporting date, foreign currency monetary items are reported using the year end rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates prevailing at the date when the values were determined.

iii) Exchange Differences

Exchange differences arising on the settlement or reporting of monetary items, at rates different from those at which they were initially recorded during the year or reported in previous financial statements and / or on conversion of monetary items, are recognised as income or expense in the year in which they arise.

1.9 Revenue Recognition

- Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company, it can be reliably measured and it is reasonable to expect ultimate collection.
- Service revenue comprises subscription fees, channel carriage fees, use of infrastructure

facilities and other services. Income from services is recognised upon completion of services as per the terms of contracts with the customers. Period based services are accrued and recognised prorata over the contractual period.

- Connection fees is recognised as revenue in the month of activation of service.

1.10. Other Income

Income is recognised in the Statement of Profit and Loss on an accrual basis.

Interest : Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Insurance Claims: It is not practicable to estimate the amount at which an Insurance Claim will be settled. Hence, Insurance Claims are recognised as income on settlement with the insurers.

1.11 Provision for Doubtful Receivables

In case of retail trade receivables, the entire amount which is outstanding for more than six months is provided for in the Statement of Profit & Loss.

For other receivables, provision is made based on management's assessment of each receivable separately.

1.12. Bad Debts

In case of retail customers, the entire outstanding dues as on the date of disconnection of service for any reason is written off as Bad Debts.

For other receivables, amount is written off based on management's assessment of each receivable separately.

1.13. Employee Benefits

Post Employment Benefits:

(i) Provident Fund

This is a defined contribution plan. Contributions to the recognised Provident Fund maintained by the Regional Provident Fund Commissioner are charged to the Statement of Profit and Loss on accrual basis. The Company has no further obligations for future provident fund benefits other than its contributions.

(ii) Gratuity

This is a defined benefit plan covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's scheme is administered by Life Insurance Corporation of India (LIC). The liability is determined based on

year end actuarial valuation using projected unit credit method. Actuarial gains/losses are recognized immediately in the Statement of Profit and Loss as income or expense. The fair value of the plan assets is reduced from the gross obligation under the defined benefit plan, to recognise the obligation on net basis. Past Service Costs, to the extent its benefits already vested, is recognised immediately in the Statement of Profit and Loss.

(iii) Leave Encashment

Accumulated compensated absences, which are expected to be available or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are recognised in the Statement of Profit and Loss in the year in which they arise.

(iv) Superannuation fund

The Company operates a superannuation scheme for its eligible employees with LIC towards which the Company contributes upto a maximum of 15% of the employees' current salary, which is charged to the Statement of Profit and Loss. The above benefit is in the nature of a defined contribution plan.

1.14. Employee Stock Option Expenses

Measurement and disclosure is done in accordance with the relevant guidelines and regulations issued by Securities and Exchange Board of India in this respect and the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India (ICAI). The Company measures compensation cost relating to employee stock options using the intrinsic value method. The deferred employee stock compensation is charged to Statement of Profit and Loss on straight line basis over the vesting period of the option.

1.15. Taxes on Income

Tax expense comprises of current tax [(net of Minimum Alternate Tax (MAT) credit entitlement)] and deferred tax.

Current tax is the amount of tax payable on the taxable income for the year, determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax reflects the impact of timing differences between taxable income and accounting income for the current reporting year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and

the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities. The deferred tax assets and deferred tax liabilities relate to the taxes on income levied by the same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the guidance note issued by The Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

1.16. Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. There is no inter-segment revenue. Revenue and expenses have been identified to segments on the basis of their relationship with the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under 'Unallocable expenses net of income'.

1.17. Programming Cost

Programming Cost represents amount paid / payable to Broadcasters to telecast their respective channels.

1.18. Provision, Contingent Liabilities and Contingent Assets

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognised but are disclosed in the notes to financial statements. Contingent Assets are neither recognised nor disclosed in the financial statements.

1.19. Earnings Per Share (EPS)

Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted EPS, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

1.20 Prior Period, Exceptional and Extra Ordinary Items

Prior Period, Exceptional and Extra Ordinary items having material impact on the financial affairs of the Company are disclosed separately.

Notes to Financial Statements for the year ended March 31, 2016

(Rs. in Lakhs)

2 Share Capital

Authorised

35,000,000 (March 31, 2015: 35,000,000) Equity Shares, Rs.10/- par value per share
 66,000,000 (March 31, 2015: 66,000,000) Preference Shares Rs.10/- par value per share

| As at March 31, 2016 | As at March 31, 2015 |
|-------------------------|-------------------------|
| 3,500.00 | 3,500.00 |
| 6,600.00 | 6,600.00 |
| 10,100.00 | 10,100.00 |
| | |
| 3,036.54 | 3,036.54 |
| 3,036.54 | 3,036.54 |

Issued, Subscribed and Paid-Up

Equity Shares

30,365,464 (March 31, 2015: 30,365,464) Equity Shares, Rs.10/- par value per share fully paid

2.1 Rights, preferences and restrictions in respect of each class of shares

The Company has two classes of shares referred to as Equity Shares and Preference Shares having par value of Rs.10/- per share. Each holder of Equity Share is entitled to one vote per share. Preference Shareholder is eligible to vote only on the resolutions directly affecting the rights attached to his Preference shares.

In the event of liquidation, the Equity Shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their paid up value of Capital.

2.2 Reconciliation of the Number of Shares outstanding:

| | March 31, 2016 | | March 31, 2015 | |
|--|---------------------|-----------------|---------------------|-----------------|
| Equity Shares | Number Of Shares | Amount | Number Of Shares | Amount |
| Balance As At The Beginning Of The Year | 3,03,65,464 | 3,036.54 | 2,32,94,409 | 2,329.44 |
| Add: Shares Issued | | | | |
| - On Exercise Of Employee Stock Options | - | - | 35,500 | 3.55 |
| - On Conversion Of 0.001% Non Cumulative Compulsorily Convertible Preference Shares | - | - | 9,99,841 | 99.98 |
| - On Preferential Allotment | - | - | 35,714 | 3.57 |
| - On Initial Public Offer | - | - | 60,00,000 | 600.00 |
| Balance As At The End Of The Year | 3,03,65,464 | 3,036.54 | 3,03,65,464 | 3,036.54 |

| 10.5% Cumulative Non Convertible Redeemable Preference Shares | Number of Shares | Amount | Number of Shares | Amount |
|--|---------------------|----------|---------------------|----------|
| Balance as at the beginning of the year | - | - | 5,121,897 | 512.19 |
| Less : Conversion into 0.001% Non Cumulative Compulsorily Convertible Preference Shares | | | 5,121,897 | 512.19 |
| Balance as at the end of the year | - | - | - | - |

Notes to Financial Statements for the year ended March 31, 2016

| 0.001% Non Cumulative Compulsorily Convertible Preference Shares | Number of Shares | Amount | Number of Shares | Amount |
|---|------------------|----------|------------------|----------|
| Balance as at the beginning of the year | - | - | 8,850,940 | 885.09 |
| Add : Fresh issue of shares | - | - | 25,000 | 2.50 |
| Add: On Conversion of 10.5% Cumulative Non Convertible Redeemable Preference Shares | - | - | 5,121,897 | 512.19 |
| Less: Conversion into Equity Shares | - | - | 13,997,837 | 1,399.78 |
| Balance as at the end of the year | - | - | - | - |

2.3 Details of shares held by each shareholder holding more than 5% shares in the company:

| Name of the shareholders | March 31, 2016 | | March 31, 2015 | |
|---|------------------|-------------------|------------------|-------------------|
| | Number of Shares | % of Shareholding | Number of Shares | % of Shareholding |
| Equity Shares | | | | |
| Metro Skynet Limited | 4,859,512 | 16.00% | 4,859,512 | 16.00% |
| Panda Investments Private Limited | 4,636,510 | 15.27% | 4,636,510 | 15.27% |
| NSR-PE Mauritius LLC | 4,588,748 | 15.11% | 4,588,748 | 15.11% |
| UMSL Limited | 2,580,441 | 8.50% | 2,580,441 | 8.50% |
| Odisha Television Limited | 2,007,293 | 6.61% | 2,007,293 | 6.61% |
| ICICI Prudential Life Insurance Company Ltd | 1,882,776 | 6.20% | 2,759,925 | 9.09% |

2.4 Shares reserved for issue under options:

Refer note no. 39 for details of shares to be issued under Employee Stock Option Scheme.

Notes to Financial Statements for the year ended March 31, 2016

(Rs. in Lakhs)

| 3 | Reserves & Surplus | As at March 31, 2016 | As at March 31, 2015 |
|---|---|-------------------------|-------------------------|
| | Securities Premium Reserve | | |
| | Balance as at the beginning of the year | 17,941.87 | 7,083.21 |
| | Add: | | |
| | - Transfer from allotment of Employee Stock Options | - | 33.01 |
| | - Transfer from conversion of Preference Shares | - | 1,299.80 |
| | - On Preferential Allotment | - | 46.43 |
| | - On Issue of Equity Shares in IPO | - | 10,260.00 |
| | Less: | | |
| | - Share issue expenses adjusted | - | 780.58 |
| | Balance as at the end of the year (A) | 17,941.87 | 17,941.87 |
| | Employee Stock Options Outstanding | | |
| | Balance as at the beginning of the year | 65.48 | 38.52 |
| | Add: Compensation for options during the year | 46.75 | 45.24 |
| | Less: Exercise of Stock Options during the year | - | 18.28 |
| | Balance as at the end of the year (B) | 112.23 | 65.48 |
| | Surplus / (Deficit) in the Statement of Profit and Loss | | |
| | Balance as at the beginning of the year | (8334.82) | (8793.62) |
| | Add: Carrying value of assets after retaining the residual value where the remaining useful life of an asset is nil as at 01 April 2014 | - | (101.11) |
| | Add : Net Profit / (Loss) for the year | 1,192.84 | 559.91 |
| | Balance as at the end of the year (C) | (7141.98) | (8334.82) |
| | Total (A+B+C) | 10912.12 | 9672.53 |

4 Long-Term Borrowings

| Particulars | As at March 31, 2016 | | | As at March 31, 2015 | | |
|----------------------------------|---------------------------|-----------------------|------------------|---------------------------|-----------------------|------------------|
| | Non-current Maturities | Current Maturities | Total | Non-current Maturities | Current Maturities | Total |
| Secured | | | | | | |
| Term Loans: | | | | | | |
| From Banks | 4,305.76 | 1,338.57 | 5,644.33 | 1,317.05 | 1,043.35 | 2,360.40 |
| From Others | 5,622.76 | 2,178.12 | 7,800.88 | 7,852.77 | 1,853.99 | 9,706.76 |
| Finance Lease Obligations | 356.47 | 496.12 | 852.59 | 415.68 | 313.90 | 729.58 |
| (A) | 10,284.99 | 4,012.81 | 14,297.80 | 9,585.50 | 3,211.24 | 12,796.74 |
| Unsecured Term Loans: | | | | | | |
| From Others | 655.30 | 240.32 | 895.62 | 725.62 | 207.56 | 933.18 |
| (B) | 655.30 | 240.32 | 895.62 | 725.62 | 207.56 | 933.18 |
| Total (A+B) | 10,940.29 | 4,253.13 | 15,193.42 | 10,311.12 | 3,418.80 | 13,729.92 |

Notes to Financial Statements for the year ended March 31, 2016

4.1 Security Description:

Term Loans of Rs.2599.77 lakh (March 31, 2015: Rs.1261.79 lakh) from banks are secured by way of hypothecation of Fixed assets. The following have been provided as collateral:

Already hypothecated fixed assets purchased out of term loans availed from Industrial Promotion and Investment Corporation of Odisha Limited (IPICOL) and SREI Equipment Finance Limited (SREI) charged on pari passu basis, equitable mortgage of leasehold property at Bhubaneswar, equitable mortgage of immovable property and flat at Cuttack and Bhubaneswar, pledge of term deposits of Rs.129.24 lakh (March 31, 2015: Rs.109.01 lakh) and personal guarantee of one of the Directors.

Term Loans of Rs.2198.60 lakh (March 31, 2015: Rs.1098.60 lakh) from banks are secured by way of pari passu charge on assets/equipments acquired out of the said Term Loan and ranking pari passu with other Banks. Second charge on fixed assets already hypothecated to other banks and institutions. The following have been provided as collateral:

Equitable mortgage of leasehold property at Bhubaneswar, equitable mortgage of Immovable property and flat at Cuttack and Bhubaneswar, pledge of term deposits of Rs.209.26 lakh (March 31, 2015: Rs.177.78 lakh) and personal guarantee of one of the Directors.

Term Loans of Rs.845.95 lakh (March 31, 2015: Rs. Nil) from banks are secured by way of pari passu charge on assets/equipments acquired out of the said Term Loan. The following have been provided as collateral:

Equitable mortgage of leasehold property at Rourkela.

Term Loans of Rs.7800.88 lakh (March 31, 2015: Rs.9706.76 lakh) from Others are secured by way of First/exclusive charge created by way of hypothecation of assets including various networking equipment and personal guarantee of one of the Directors. The following have been provided as collateral :

Against Term Loan of Rs.6697.30 lakh (March 31, 2015: Rs.8292.82 lakh), equitable mortgage of immovable property at Raipur together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth, both present and future.

Finance Lease Obligations of Rs.852.59 lakh (March 31, 2015: Rs.729.57 lakh) from Others are secured on equipment together with all parts, accessories and substitutions taken on lease.

4.2 Long Term Borrowings

Terms of repayment:

| Tenure | As at March 31, 2016 | | Repayment Terms of residual amount | As at March 31, 2015 | | Repayment Terms of residual amount |
|--------|-------------------------|----------|---------------------------------------|-------------------------|----------|---------------------------------------|
| | Amount (Rs. Lakh) | Interest | | Amount (Rs. Lakh) | Interest | |

Residual Maturity

Term Loan from Bank

| | | | | | | |
|---------------|----------|-----------------------|---|----------|-----------------------|---|
| 0-1 Years | 599.77 | KBL Base Rate + 3.5% | Repayable in 10 equated monthly installments and last installment due on 29th January 2017. Installments are inclusive of interest. | | | |
| 1-3 Years | 698.60 | UCO Base Rate + 4.05% | 7 quarterly installments of Rs.100.00 lakh. Interest to be served on monthly basis as and when charged. | 1,261.79 | KBL Base Rate + 3.5% | Repayable in 22 equated monthly installments and last installment due on 29th January 2017. Installments are inclusive of interest. |
| | | | | 1,098.60 | UCO Base rate + 4.05% | 11 quarterly installments of Rs.100.00 lakh. Interest to be served on monthly basis as and when charged. |
| Above 5 Years | 1,000.00 | KBL Base Rate + 3% | Repayable in 59 equal monthly installments of Rs.16.60 Lakh & the final installment (60th) of Rs.20.60 Lakh after an initial holiday period of 12 months. Interest to be serviced on monthly basis including during holiday period. | | | |

Notes to Financial Statements for the year ended March 31, 2016

4.2 Long Term Borrowings (Continued)

Terms of repayment:

| | | | | | | |
|---------------|----------|-----------------------|---|--|--|--|
| Above 5 Years | 1,000.00 | KBL Base Rate + 3% | Repayable in 71 equal monthly installments of Rs.14.00 Lakh & the final installment (72nd) of Rs.6.00 Lakh after an initial holiday period of 12 months. Interest to be serviced on monthly basis including during holiday period. | | | |
| Above 5 Years | 1,500.00 | UCO Base rate + 3.55% | Repayable in 60 equal monthly installments of Rs.25 Lakh after an initial holiday period of 12 months after the disbursement. Interest to be serviced on monthly basis including during holiday period. | | | |
| Above 5 Years | 845.95 | UBI Base rate + 4.00% | Repayable in 59 equal monthly installments of Rs.14.00 Lakh & the final installment (60th) of Rs.19.95 Lakh after an initial holiday period of 12 months. Interest to be serviced on monthly basis including during holiday period. | | | |

Term Loans from Others (Secured):

| | | | | | | |
|-----------|----------|-----------------|---|----------|-----------------|---|
| 3-5 Years | 1,103.58 | 16% (Floating)* | 37 monthly installment of Rs.38.317 lakh. Installments are inclusive of interest. | 1,413.94 | 16% (Floating)* | 49 monthly installment of Rs.39.55 lakh. Installments are inclusive of interest. |
| 3-5 Years | 6,697.30 | 16% (Floating)* | 37 monthly installment of Rs.224.73 lakh. Installments are inclusive of interest. | 8,292.82 | 16% (Floating)* | 49 monthly installment of Rs.232.00 lakh. Installments are inclusive of interest. |

Term Loans from Others (Unsecured):

| | | | | | | |
|-----------|--------|--------|--|--------|--------|---|
| 0-1 Years | 73.74 | 18% | 4 monthly installments of Rs.19.16 lakh. Installments are inclusive of interest. | | | |
| 1-3 Years | | | | 270.69 | 18% | 16 monthly installments of Rs.19.16 lakh. Installments are inclusive of interest. |
| 3-5 Years | 651.88 | 14.25% | 46 monthly installments of Rs.18.47 lakh. Installments are inclusive of interest. | 662.49 | 14.25% | 11 monthly installments of Rs.7.87 lakh and 47 monthly installments of Rs.18.47 lakh. Installments are inclusive of interest. |
| 3-5 Years | 170.00 | 14.25% | Repayable in 41 equal monthly installments starting from September 2016 and ends on January 2020. Interest to be serviced on monthly basis on balance outstanding. | | | |

Finance Lease Obligations

| | | | | | | |
|-----------|--------|--------|---|--------|--------|--|
| 0-1 Years | 496.12 | 12% ** | Repayable in 12-15 equal quarterly installments which vary for each phase. 28 phases have been disbursed till March 31, 2016. Repayment for Phase 1 started on June 2008. Repayment upto 28th Schedule will end on September 2018. 1-16 phases has been repaid in full till March 31, 2016. | 2.56 | 12% ** | Repayable in 12-15 equal quarterly installments which vary for each phase. 24 phases have been disbursed till March 31, 2015. Repayment for Phase 1 started on June 2008. Repayment upto 24th Schedule will end on July 2017. 1-15 phases has been repaid in full till March 31, 2015. |
| 1-3 Years | 356.47 | 12% ** | | 727.01 | 12% ** | |
| 3-5 Years | - | - | | - | - | |

*Floating rate based on the SBR (SREI Benchmark Rate) which is subject to variations.

** Interest rate is different for different phases, average interest rate being approx 12% (12% for the year ending March 31, 2015)

Notes to Financial Statements for the year ended March 31, 2016

(Rs. in Lakhs)

| | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| 5 Other Long-Term Liabilities | | |
| Long-Term LCO* Liability | 441.17 | 123.81 |
| Advance from Customers | - | 174.10 |
| Security Deposit | 34.03 | 37.97 |
| Creditors for Capital Goods | 884.16 | 122.74 |
| Total | 1,359.36 | 458.61 |
| * LCO: Local Cable Operators | | |
| 6 Long-Term Provisions | | |
| Provision for Employee Benefits: (Non Current Portion) (Refer Note No.38) | | |
| Leave Entitlement | 58.92 | 33.07 |
| Total | 58.92 | 33.07 |
| 7 Short-Term Borrowings | | |
| Loans repayable on demand (Secured) : | | |
| Working Capital facilities from bank | 2,000.00 | 746.48 |
| Total | 2,000.00 | 746.48 |
| [Secured by way of hypothecation of stocks of Networking items and book debts of the Company. The following assets are kept as collateral: Already hypothecated fixed assets purchased out of term loan availed from IPICOL and SREI charged on pari passu basis, equitable mortgage of leasehold property at Bhubaneswar, equitable mortgage of immovable property and flat at Cuttack and Bhubaneswar, pledge of term deposits amounting to Rs. 78.05 Lakh (31 March 2015: Rs. 65.90 Lakh) and personal guarantee of one of the Directors.] | | |
| 8 Trade Payables | | |
| For services | 2,598.77 | 2,081.71 |
| Total | 2,598.77 | 2,081.71 |
| Refer Note No. 48 for dues to Micro, Small and Medium Enterprises | | |
| 9 Other Current Liabilities | | |
| Current Maturities of Long-term borrowings (Refer Note No.4) | 3,757.01 | 3,104.90 |
| Current Maturities of Finance Lease Obligations (Refer Note No.4) | 496.12 | 313.90 |
| Interest accrued but not due on Borrowings | 286.37 | 231.96 |
| Interest accrued and due on Borrowings | 48.83 | 14.78 |
| Temporary book overdraft (Unsecured) | 1,449.08 | 463.75 |
| Share Application Money Refundable | - | 0.30 |
| Other Payables: | | |
| Statutory Liabilities | 288.84 | 313.79 |
| Payable to Employees | 401.05 | 309.15 |
| Advance from Customers (Refer Note No.41) | 903.48 | 2,079.06 |
| LCO Liability | 206.42 | 390.52 |
| Creditors for Capital Goods | 4,287.71 | 2,737.24 |
| Earnest Money Deposits | 116.08 | 172.12 |
| Liability for Operating Expenses | 1,881.85 | 934.84 |
| Total | 14,122.84 | 11,066.31 |
| 10 Short-Term Provisions | | |
| Provision for Employee Benefits (Current portion) (Refer Note No.38) | | |
| Leave Entitlement | 2.69 | 1.61 |
| Total | 2.69 | 1.61 |

Notes to Financial Statements for the year ended March 31, 2016

11. Tangible Assets

(Rs. in Lakhs)

| Particulars | Gross Block / Original Cost | | | Depreciation / Amortisation | | | Net Block | | | |
|---------------------------------------|-----------------------------|---------------------------------|---------------------------------|---|-----------------------------|---------------------------------|---------------------------------|---|-------------------------------------|-------------------------------------|
| | As at April 01, 2015 (a) | Addition/ Adjustments (b) | Deletion/ Adjustments (c) | As at March 31, 2016 (d)=(a)+(b)-(c) | As at April 01, 2015 (e) | Addition/ Adjustments (f) | Deletion/ Adjustments (g) | As at March 31, 2016 (h)=(e)+(f)-(g) | As at March 31, 2015 (i)=(d)-(h) | As at March 31, 2015 (j)=(e)-(a) |
| Land (Leasehold)- A | 59.24 | - | - | 59.24 | 3.97 | 0.60 | - | 4.57 | 54.67 | 55.27 |
| Own Assets | | | | | | | | | | |
| Land | 37.95 | - | - | 37.95 | - | - | - | - | 37.95 | 37.95 |
| Buildings | 234.49 | - | - | 234.49 | 34.08 | 3.68 | - | 37.76 | 196.73 | 200.41 |
| Cable Network-Backbone | 13,065.14 | 2,784.77 | 397.72 | 15,452.19 | 3,767.17 | 600.72 | 155.58 | 4,212.31 | 11,239.88 | 9,297.97 |
| Cable Network- Drop | 5,856.39 | 4,003.57 | 1,526.00 | 8,333.96 | 1,409.56 | 373.61 | 557.51 | 1,225.66 | 7,108.30 | 4,446.83 |
| Cable Network- Infrastructure Leasing | 1,696.58 | 357.32 | 152.00 | 1,901.90 | 66.95 | 82.53 | 30.01 | 119.47 | 1,782.43 | 1,629.63 |
| Head End Equipments | 3,183.20 | 713.36 | 94.62 | 3,801.94 | 1,342.52 | 114.91 | 56.68 | 1,400.75 | 2,401.19 | 1,840.68 |
| Maintenance Equipments | 442.90 | 75.57 | 28.53 | 489.94 | 153.76 | 18.54 | 12.06 | 160.24 | 329.70 | 289.14 |
| Broadband NOC Equipments | 432.39 | 145.37 | 19.33 | 558.43 | 300.71 | 8.10 | 11.59 | 297.22 | 261.21 | 131.68 |
| Furniture and Fixtures | 308.54 | 20.90 | 19.05 | 310.39 | 182.83 | 27.00 | 12.25 | 197.58 | 112.81 | 125.71 |
| Computers | 454.32 | 147.76 | 80.35 | 521.73 | 376.17 | 39.91 | 74.23 | 341.85 | 179.88 | 78.15 |
| Office Equipments | 263.34 | 80.72 | 11.66 | 332.40 | 215.58 | 29.22 | 10.52 | 234.28 | 98.12 | 47.76 |
| Vehicles | 71.79 | 9.16 | 2.83 | 78.12 | 50.58 | 6.27 | 2.69 | 54.16 | 23.96 | 21.21 |
| Electrical Installations | 763.75 | 84.70 | 44.87 | 803.58 | 276.45 | 84.73 | 21.05 | 340.13 | 463.45 | 487.30 |
| Total- B | 26,810.78 | 8,423.20 | 2,376.96 | 32,857.02 | 8,176.36 | 1,389.22 | 944.17 | 8,621.41 | 24,235.61 | 18,634.42 |
| Assets taken on Finance Lease | | | | | | | | | | |
| Cable Network-Backbone | 229.28 | 193.01 | - | 422.29 | 9.86 | 23.58 | - | 33.44 | 388.85 | 219.42 |
| Cable Network- Drop | 862.32 | 360.18 | - | 1,222.50 | 51.72 | 70.96 | - | 122.68 | 1,099.82 | 810.60 |
| Broadband NOC Equipments | 5.68 | - | 1.72 | 3.96 | 1.53 | 0.21 | 0.63 | 1.11 | 2.85 | 4.15 |
| Computers | 23.32 | - | 8.63 | 14.69 | 16.69 | 5.47 | 8.20 | 13.96 | 0.73 | 6.63 |
| Total- C | 1,120.60 | 553.19 | 10.35 | 1,663.44 | 79.80 | 100.22 | 8.83 | 171.19 | 1,492.25 | 1,040.80 |
| Assets given on Operating Lease | | | | | | | | | | |
| Signal uplinking equipments -D | 281.92 | 149.76 | - | 431.68 | 99.84 | 28.71 | - | 128.55 | 303.13 | 182.08 |
| Total Tangible Assets A+B+C+D | 28,272.54 | 9,126.15 | 2,387.31 | 35,011.38 | 8,359.97 | 1,518.75 | 953.00 | 8,925.72 | 26,085.66 | 19,912.56 |
| Previous year | 27,897.90 | 10,277.15 | 9,902.51 | 28,272.54 | 9,294.70 | 3,028.22 | 3,962.95 | 8,359.97 | 19,912.56 | |

Note:

(i) Addition to own assets includes 10.35 Lakh (31 March 2015: Rs.148.53 Lakh) [accumulated depreciation: 8.83 Lakh (31 March 2015: Rs.39.28 Lakh)] on closure of Finance Leases of a lessor and accordingly the above amount has been deducted from the leased assets.

(ii) Refer Note No.36 for capitalisation of expenses.

12. Intangible Assets

| Particulars | Gross Block / Original Cost | | | Amortisation | | | Net Block | | | |
|-------------------------|-----------------------------|---------------------------------|---------------------------------|---|-----------------------------|---------------------------------|---------------------------------|---|-------------------------------------|-------------------------------------|
| | As at April 01, 2015 (a) | Addition/ Adjustments (b) | Deletion/ Adjustments (c) | As at March 31, 2016 (d)=(a)+(b)-(c) | As at April 01, 2015 (e) | Addition/ Adjustments (f) | Deletion/ Adjustments (g) | As at March 31, 2016 (h)=(e)+(f)-(g) | As at March 31, 2016 (i)=(d)-(h) | As at March 31, 2015 (j)=(e)-(a) |
| Own Assets | | | | | | | | | | |
| Computer Software | 42.23 | 40.87 | - | 83.10 | 31.93 | 8.92 | - | 40.85 | 42.25 | 10.30 |
| Goodwill | 65.59 | 0.23 | - | 65.82 | 36.90 | 13.24 | - | 50.14 | 15.68 | 28.69 |
| Non Compete Fees | 2,460.18 | 575.74 | 1,330.61 | 1,705.31 | 1,945.84 | 442.49 | 1,330.61 | 1,057.72 | 647.59 | 514.34 |
| Total Intangible Assets | 2,568.00 | 616.84 | 1,330.61 | 1,854.23 | 2,014.67 | 464.65 | 1,330.61 | 1,148.71 | 705.52 | 553.33 |
| Previous year | 3,273.75 | 46.55 | 752.30 | 2,568.00 | 2,211.31 | 555.73 | 752.37 | 2,014.67 | 553.33 | |

Notes to Financial Statements for the year ended March 31, 2016

| | | <i>(Rs. in Lakhs)</i> | |
|---|-------------------------|-------------------------|--------|
| | As at March 31, 2016 | As at March 31, 2015 | |
| 13 Non-Current Investments | | | |
| Trade Investment, at Cost | | | |
| Investment in Equity Instruments (Unquoted) | | | |
| Odisha Television Limited | 32.55 | 32.55 | |
| (325,500 Equity Shares of Rs. 10/- each, fully paid) | | | |
| Total | 32.55 | 32.55 | |
| 14 Long-Term Loans and Advances | | | |
| Unsecured, Considered good | | | |
| Employee Advances | 1.79 | 6.60 | |
| Security Deposits* | 229.42 | 199.85 | |
| Amount recoverable from ESOP Trust | 6.10 | - | |
| Total | 237.31 | 206.45 | |
| * Includes deposit with Hon'ble High Court of Orissa Rs. 29.00 lakh (March 31, 2015: Rs. 29.00 lakh). Refer Note No.41. | | | |
| 15 Other Non-Current Assets | | | |
| Unsecured, Considered good | | | |
| Non Current portion of Other Bank Balances: | | | |
| -Fixed Deposits with bank having balance maturity of more than twelve months (Under Lien)* | 522.83 | 259.72 | |
| Interest accrued but not due on Fixed Deposits with Banks | 16.88 | 19.26 | |
| Total | 539.71 | 278.98 | |
| *Includes: | | | |
| -Margin Money Deposits | 166.59 | 199.41 | |
| -Deposits pledged with banks against borrowings | 356.24 | 60.31 | |
| 16 Inventories | | | |
| Stores and Spares [Refer Note No.1.4] | 1,300.75 | 49.16 | |
| Total | 1,300.75 | 49.16 | |
| 17 Trade Receivables | | | |
| Unsecured | | | |
| a) Outstanding for more than six months | | | |
| Considered good | 312.15 | 127.75 | |
| Considered doubtful | 502.66 | 622.00 | |
| | 814.81 | 749.75 | |
| Less : Allowances for doubtful receivables | 502.66 | 312.15 | 622.00 |
| b) Others | | | |
| Considered good | 2,822.70 | 1,686.04 | |
| Considered doubtful | 139.38 | 85.37 | |
| | 2,962.08 | 1,771.41 | |
| Less : Provision for doubtful receivables | 139.38 | 2,822.70 | 85.37 |
| Total | 3,134.85 | 1,813.79 | |

Notes to Financial Statements for the year ended March 31, 2016

(Rs. in Lakhs)

As at
March 31, 2016 As at
March 31, 2015

18 Cash and Cash Equivalents

| | | | |
|---|-----------------|----------|--------------------|
| Balance with banks- On current accounts | 311.77 | | 821.71 |
| Cheques on hand * | 2.87 | | - |
| Cash on hand | 4.92 | 319.56 | - 821.71 |
| Other Bank Balances : | | | |
| Fixed Deposits with Banks having balance maturity of twelve months or less : | | | |
| - Not under lien | 2,500.00 | | 5,768.00 |
| - Under lien** | 75.09 | | 505.60 |
| Fixed Deposits with Banks having balance maturity of more than twelve months | | | |
| - Not under lien | 0.35 | | 4,747.66 |
| - Under lien | 522.83 | | 259.72 |
| Less: Non-Current portion of other bank balances disclosed separately under 'Other Non-Current Assets' (Refer Note No.15) | (522.83) | 2,575.44 | (259.72) 11,021.26 |
| Total | 2,895.00 | | 11,842.97 |
| * Cheques on hand have been since realised. | | | |
| ** includes | | | |
| -Margin Money Deposits | | 14.78 | 213.22 |
| -Deposits pledged with banks against borrowings | | 60.31 | 292.38 |

19 Short-Term Loans and Advances

(Unsecured, Considered good)

Advances

| | | |
|--|-----------------|-----------------|
| Advance for Capital Goods | 737.34 | 221.63 |
| Advance for Supplies / Services | 1,347.85 | 19.61 |
| Employee Advances | 9.87 | 11.80 |
| Security Deposits- Others | 12.54 | 10.75 |
| Advance Income Tax [Net of provision for tax Rs.451.68 Lakh (March 31, 2015: Rs. 145.76 Lakh)] | 609.07 | 457.62 |
| Prepaid Expenses | 182.55 | 176.64 |
| Balances with Statutory/Government Authorities | 945.49 | 468.81 |
| Total | 3,844.71 | 1,366.86 |

20 Other Current Assets

(Unsecured, Considered good)

| | | |
|---|---------------|---------------|
| Interest accrued but not due on Fixed Deposits with Banks | 161.81 | 79.24 |
| Income accrued but not due | 55.50 | 6.42 |
| Receivable on account of Gratuity | 29.72 | 38.05 |
| Total | 247.03 | 123.71 |

Notes to Financial Statements for the year ended March 31, 2016

(Rs. in Lakhs)

| | | As at March 31, 2016 | As at March 31, 2015 |
|-----------|---|-------------------------|-------------------------|
| 21 | Revenue from Operations | | |
| | Cable Subscription Fees | 8,658.78 | 7,901.51 |
| | Internet Subscription Fees | 3,031.24 | 2,696.86 |
| | Channel Carriage Fees | 3,555.98 | 2,636.12 |
| | Connection Fees- Cable TV | 835.24 | 314.20 |
| | Connection Fees- Internet | 259.31 | 192.03 |
| | Income from Infrastructure Leasing | 2,131.33 | 1,449.81 |
| | Signal Uplinking Income | 297.62 | 288.38 |
| | Total | 18,769.50 | 15,478.91 |
| 22 | Other Income | | |
| | Interest | | |
| | - Fixed deposits with banks | 644.84 | 86.20 |
| | - Others | 1.10 | 14.33 |
| | Insurance Claims | 100.43 | 331.36 |
| | Liability no longer required written back | 18.34 | 85.46 |
| | Rental Income | 17.60 | 24.17 |
| | Foreign Exchange Gain (net) | 15.79 | - |
| | Miscellaneous Income | 61.55 | 91.69 |
| | Total | 859.65 | 633.21 |
| 23 | Bandwidth Cost | | |
| | International Lease Line charges | 460.16 | 349.96 |
| | Intercity link charges | 187.82 | 135.22 |
| | Uplinking Charges | 183.93 | 183.68 |
| | Total | 831.91 | 668.86 |
| 24 | Employee Benefits Expense | | |
| | Salary, Wages and Bonus | 1,979.92 | 1,456.16 |
| | Contribution to Provident and Other Funds | 153.80 | 128.54 |
| | Employee Stock Option Expenses | 46.75 | 45.24 |
| | Staff Welfare Expenses | 69.23 | 36.95 |
| | Total | 2,249.70 | 1,666.89 |
| 25 | Finance Costs | | |
| | Interest Expense | 2,247.33 | 2,227.80 |
| | Other Borrowing costs | 109.08 | 17.30 |
| | Total | 2,356.41 | 2,245.10 |
| 26 | Depreciation and Amortisation Expense | | |
| | Depreciation/ Amortisation of tangible assets | 1,518.75 | 3,028.22 |
| | Less: On account of closure of Finance Lease | 8.83 | 39.28 |
| | Less: On account of asset reclassification | 29.49 | 1,557.52 |
| | Less: Carrying value of assets after retaining the residual value where the remaining useful life of an asset is nil as at 01 April, 2014 | - | 101.11 |
| | | 1,480.43 | 1,330.31 |
| | Amortization of intangible assets | 22.16 | 26.06 |
| | Amortization of NCF | 442.49 | 529.67 |
| | Less Excess of amortisation over commission | 87.81 | 529.67 |
| | Total | 1,857.27 | 1,886.04 |

Notes to Financial Statements for the year ended March 31, 2016

(Rs. in Lakhs)

| | | As at March 31, 2016 | As at March 31, 2015 |
|----|--|-------------------------|-------------------------|
| 27 | Other Expenses | | |
| | Power and Fuel | 590.10 | 508.56 |
| | Rent | 353.49 | 313.23 |
| | Commission and Incentive | 615.56 | 332.32 |
| | Collection Charges | 626.38 | 522.71 |
| | Consumption of Stores & Spare Parts (Refer Note No.35) | 225.30 | 89.69 |
| | Repairs to Machinery | 80.73 | 49.37 |
| | Repairs to Buildings | 1.74 | 5.57 |
| | Repairs - Others | 97.80 | 70.72 |
| | Insurance | 183.31 | 143.28 |
| | Travelling & Lodging | 620.85 | 375.33 |
| | Rates and Taxes | 93.40 | 82.67 |
| | Professional Charges | 141.62 | 73.33 |
| | Work outsourcing expenses | 70.85 | 46.13 |
| | Postage and Telephone | 61.21 | 45.64 |
| | Printing and Stationery | 41.52 | 29.83 |
| | Closing Provision for doubtful receivables | 642.04 | 707.37 |
| | Less: Opening Provision written back | 707.37 (65.33) | 684.50 22.87 |
| | Bad Debts written off | 1,661.82 | 1,397.43 |
| | Advances written off | 2.25 | 43.35 |
| | Marketing Expenses | 61.61 | 22.43 |
| | Foreign Exchange Loss (net) | - | 53.29 |
| | CSR Expenses | 1.00 | - |
| | Commission to Director | 7.53 | - |
| | Director sitting fees | 3.35 | 3.15 |
| | Miscellaneous Expenses | 291.15 | 169.60 |
| | Total | 5,767.24 | 4,400.50 |

28 Deferred Tax Liabilities/Assets

Deferred Tax asset is recognised only to the extent of deferred tax liability and accordingly, no amount has been provided for on account of deferred tax.

The major components of deferred tax liabilities/assets on the tax effects on the timing differences as at March 31, 2016 are :

| | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| Deferred Tax Liabilities | | |
| Depreciation | 1,506.69 | 1,230.59 |
| Finance Lease | 221.39 | 105.79 |
| Total | 1,728.08 | 1,336.38 |
| Deferred Tax Assets | | |
| Leave Entitlement | 21.32 | 11.79 |
| Allowance for Doubtful Receivables | 222.21 | 240.44 |
| Unabsorbed Depreciation Carried Forward | 1,484.55 | 1,084.15 |
| Total | 1,728.08 | 1,336.38 |
| Deferred Tax Liabilities/Assets (Net) | - | - |

Notes to Financial Statements for the year ended March 31, 2016

(Rs. in Lakhs)

29 Contingent Liabilities and Commitments (To the extent not provided for)

A. Contingent Liabilities

Claims against the Company not acknowledged as debts:

| | | |
|---|----------------|---------------|
| Entry Tax demand under Appeal | 1.00 | 1.00 |
| Entertainment Tax demand under Appeal | 69.75 | 69.75 |
| Income Tax and Interest thereon for non-deduction of tax at source - 2005-06, 2006-07, 2008-09 and 2010-11 | 175.15 | 175.15 |
| Service Tax and Interest for 2006-07, 2007-08 and 2008-09 | 283.58 | 283.58 |
| Service Tax and Interest for 2010-11 to 2014-15 | 819.37 | - |
| Paradip Port Trust (Refer Note Below)* | 52.69 | 52.69 |
| The Company has received legal notices of claims / lawsuits filed against it in relation to miscellaneous damages. In the opinion of the management supported by legal advise, no material liability is likely to arise on account of such claims / lawsuits. | | |
| Total | 1401.54 | 582.17 |

B. Commitments

| | | |
|--|---------|---------|
| Estimated amount of Contracts remaining to be executed on Capital Account and not provided for | 4569.23 | 1462.83 |
| [Net of advance Rs. 715.86 Lakh (March 31, 2015: Rs.59.56 Lakh)] | | |

* The Company had been providing services in Paradeep Port Trust (PPT) area as per contracts. In an earlier year, the Company had committed to cover programmes/news of PPT in its news channel as "PARADIP PARIKRAMA". As per the terms of the contract, the contents of the programmes were to be provided by PPT for coverage and transmission of the programmes by the Company. Subsequently, PPT had claimed that it incurred Rs. 52.69 Lakh for shooting and covering the same. However, the said claim has not been accepted by the Company. By the time PPT raised this claim, the contract had expired and a new contract pursuant to fresh negotiation was executed. PPT then claimed that they would adjust the said amount with subscription money payable by PPT to the Company. Accordingly, the Company had filed a writ petition dated 10 July 2006 against the demand of PPT before the Hon'ble High Court, Orissa. The demand has been stayed by the Hon'ble High Court vide its interim Order dated 20 July 2006. The matter is still pending for final hearing. As on date, all earlier contracts with PPT have expired.

30 Leases

Finance Leases

The Company has acquired certain Cable Network, Broadband NOC equipment and Computers on finance lease for a period maximum up to forty eight months, The assets will be transferred to the Company at a nominal value at the end of the lease period. The lease Agreements are non-cancellable as envisaged in the Accounting Standard 19 on Leases.

The minimum lease payments and their present value, for each of the following years are as follows:

| | | |
|---|---------------|---------------|
| Total Minimum Lease Payments Outstanding | 964.76 | 844.62 |
| Less: Interest not due | 112.16 | 115.03 |
| Total | 852.60 | 729.59 |
| Future minimum lease payments payable: | | |
| Not later than one year | 577.48 | 389.40 |
| Later than one year and not later than five years | 387.29 | 455.21 |
| Later than five years | - | - |
| Total | 964.77 | 844.61 |
| Present Value of minimum lease payments: | | |
| Not later than one year | 541.26 | 366.33 |
| Later than one year and not later than five years | 316.75 | 373.00 |
| Later than five years | - | - |
| Total | 858.01 | 739.33 |

(b) Operating Leases

| | | |
|--|--------|--------|
| Rent (Minimum lease payment Rs. Nil (March 31, 2015 : Rs. Nil) | 353.49 | 313.23 |
|--|--------|--------|

[Operating leases for office premises and pole rents are entered into for a period of one to ten years and thereafter renewable by mutual consent of both parties. The operating leases are cancellable by either party giving one to six months notice.]

Notes to Financial Statements for the year ended March 31, 2016

(Rs. in Lakhs)

| | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| 31 Earnings Per Share | | |
| (A) Profit / (Loss) after Tax (Rs. In Lakh) | 1,192.84 | 559.90 |
| (B) Weighted average number of equity shares (Basic) | 30,365,464 | 24,368,513 |
| (C) Weighted average number of equity shares (Potential) | 128,879 | 113,723.00 |
| (D) Weighted average number of equity shares (Diluted) [(B) + (C)] | 30,494,343 | 24,482,236 |
| (E) Nominal Value of Equity Shares | 10.00 | 10.00 |
| (F) Basic Earnings per Share [(A)/(B)] | 3.93 | 2.30 |
| (G) Diluted Earnings per Share [(A)/(D)] | 3.91 | 2.29 |

32 Payments to the Auditor :

| | | |
|--|--------------|--------------|
| As Auditor - Statutory Audit & Limited Reviews | 28.50 | 15.00 |
| For Other Services | 2.50 | 38.50 |
| For reimbursement of expenses | 0.52 | 0.85 |
| Total | 31.52 | 54.35 |

Note:

1. The above amounts are exclusive of Service Tax.

2. Rs.38.50 Lakh "For Other Services" during the year ended March 31,2015 is pertaining to IPO related services.

33 Value of imports calculated on CIF basis

| | | |
|-------------------------|-----------------|-----------------|
| C.I.F. Value of Imports | | |
| Capital Goods | 7,746.50 | 1,469.93 |
| Stores and Spare Parts | 1,614.49 | 115.38 |
| Total | 9,360.99 | 1,585.31 |

34 Expenditure in Foreign Currency

| | | |
|----------------------------------|-------------|--------------|
| Professional & Consultation Fees | 6.73 | 8.07 |
| Other Matters: | | |
| Annual Membership Fees | 0.44 | 2.17 |
| Repairs to Plant and Machinery | 1.49 | 1.82 |
| License fees | 0.32 | 0.28 |
| Total | 8.98 | 12.34 |

35 Directly Imported and indigenously available stores and spare parts consumed and the percentage of each to the total consumption :

| | | | | |
|------------------------|-----|---------------|-----|--------------|
| Directly Imported | 37% | 83.32 | 11% | 10.01 |
| Indigenously Available | 63% | 141.98 | 89% | 79.68 |
| Total | | 225.30 | | 89.69 |

36 Capitalisation of Expenses

During the year, the Company has capitalised the following expenses to the cost of Fixed Assets under the head 'Cable Network-Backbone'. Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

| | | |
|---------------------------|---------------|---------------|
| Employee Benefits Expense | 679.94 | 183.26 |
| Other Expenses | 66.79 | 54.27 |
| Total | 746.73 | 237.53 |

Notes to Financial Statements for the year ended March 31, 2016

Rs. in Lakhs

37 Unhedged Foreign Currency Exposure

Foreign currency exposure as on the Balance Sheet date which is not hedged by derivative instruments or otherwise is as follows:

| (In Lakh) | | | | | | |
|-----------------------------|----------------------|--------|----------|----------------------|--------|----------|
| | As at March 31, 2016 | | | As at March 31, 2015 | | |
| | Currency | Amount | Rs. | Currency | Amount | Rs. |
| Payable in Foreign Currency | USD | 67.35 | 4,467.68 | USD | 20.06 | 1,255.28 |

38 Disclosure pursuant to Accounting Standard (AS) 15 - Employee Benefits

The Company maintains a provident fund with Regional Provident Fund Commissioner. Contributions are made by the Company to the funds, based on the current salaries. In the provident fund schemes, contributions are also made by the employees. An amount of Rs. 123.23 Lakh (March 31, 2015 : Rs.76.54 Lakh) has been charged to the Statement of Profit and Loss on account of the above defined contribution schemes.

The Company operates a superannuation scheme for its eligible employees with Life Insurance Corporation of India (LIC) towards which the Company contributes upto a maximum of 15% of the employees' current salary amounting to Rs. 1.24 Lakh (March 31, 2015 : Rs.1.26 Lakh) which is charged to the Statement of Profit and Loss.

The Company has taken a policy with Life Insurance Corporation of India (LIC) for future payment of gratuity liability to its employees, which is a defined benefit scheme. Actuarial valuations are carried out by an independent actuary based on the methods prescribed in the Accounting Standard 15 - "Employee Benefits" of the Companies (Accounting Standard) Rules, 2006. Contributions are also made by the Company. Employees are not required to make any contribution.

The Company also provides for leave encashment benefit to the employees. Actuarial valuations for the year are carried out by an independent actuary based on the methods prescribed in the Accounting Standard 15 - "Employee Benefits" of the Companies (Accounting Standard) Rules, 2006.

Gratuity (Funded)

| (Rs. In Lakh) | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Amount recognised in the Balance Sheet is as follows: | As at 31-Mar-16 | As at 31-Mar-15 | As at 31-Mar-14 | As at 31-Mar-13 | As at 31-Mar-12 |
| Present value of funded obligation | 176.03 | 128.35 | 94.91 | 99.92 | 92.56 |
| Fair Value of Plan Assets | 205.75 | 166.40 | 163.05 | 158.52 | 87.84 |
| Net (Asset)/Liability | (29.72) | (38.05) | (68.14) | (58.60) | 4.72 |

Recognised under:

| | | |
|----------------------|-------|-------|
| Other current assets | 29.72 | 38.05 |
|----------------------|-------|-------|

Leave Entitlement (Unfunded)

Amount recognised in the Balance Sheet are as follows:

| | | | | | |
|---------------------------------------|--------------|--------------|--------------|---------------|---------------|
| Present value of un-funded obligation | 61.61 | 34.68 | 27.06 | 117.09 | 110.76 |
| Fair Value of Plan Assets | - | - | - | - | - |
| Net (Asset)/Liability | 61.61 | 34.68 | 27.06 | 117.09 | 110.76 |

Recognised under:

| | | |
|----------------------|--------------|--------------|
| Long-term Provision | 58.92 | 33.07 |
| Short-term Provision | 2.69 | 1.61 |
| Total | 61.61 | 34.68 |

Notes to Financial Statements for the year ended March 31, 2016

Amount recognised in the Statement of Profit and Loss and charged to Salaries and Wages and Contribution to Provident and Other Funds as follows:

(Rs. in Lakhs)

| | Gratuity | | Leave Encashment | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | Year ended 31-Mar-16 | Year ended 31-Mar-15 | Year ended 31-Mar-16 | Year ended 31-Mar-15 |
| Current Service cost | 27.38 | 17.14 | 12.94 | 10.23 |
| Interest cost | 10.10 | 7.17 | 2.60 | 1.86 |
| Expected Return on Plan Assets | (13.31) | (13.04) | - | - |
| Net actuarial loss/(gain) recognised during the year | 14.33 | 20.17 | 15.70 | 3.18 |
| Total | 38.50 | 31.44 | 31.24 | 15.27 |

Reconciliation of opening and closing balances of the present value of the obligations:

| | | | | |
|---|---------------|---------------|--------------|--------------|
| Opening defined benefit obligation | 128.35 | 94.91 | 34.68 | 27.06 |
| Current Service cost | 27.38 | 17.14 | 12.94 | 10.23 |
| Interest cost | 10.10 | 7.17 | 2.60 | 1.86 |
| Actuarial loss/(gain) | 14.42 | 19.61 | 15.70 | 3.18 |
| Benefits paid | (4.21) | (10.48) | (4.31) | (7.65) |
| Closing Defined Benefit Obligation | 176.04 | 128.35 | 61.61 | 34.68 |

Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

| | Gratuity | | Leave Encashment | |
|--|---------------------------|---------------------------|-------------------------|-------------------------|
| | Year ended 31-Mar-2016 | Year ended 31-Mar-2015 | Year ended 31-Mar-16 | Year ended 31-Mar-15 |
| Opening fair value of Plan Assets | 166.40 | 163.05 | - | - |
| Expected Return on Plan Assets | 13.31 | 13.04 | - | - |
| Contributions by employer | 30.16 | 1.35 | - | - |
| Actuarial (loss)/gain | 0.09 | (0.56) | - | - |
| Benefits paid | (4.21) | (10.48) | - | - |
| Closing Fair Value on Plan Assets | 205.75 | 166.40 | - | - |

Actual Return on Plan Assets* 13.41 12.49 - -

*Plan Assets consist of funds maintained with LIC for gratuity scheme

Principal Actuarial Assumption Used:

| | | | | |
|--------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Discount Rates | 8.00% | 8.00% | 8.00% | 8.00% |
| Expected Return on Plan Assets | 8.00% | 8.00% | - | - |
| Expected Salary increase rates | 6.50% | 6.00% | 6.50% | 6.00% |
| Mortality Rates | IALM (2006-2008) ultimate | IALM (2006-2008) ultimate | IALM (2006-2008) ultimate | IALM (2006-2008) ultimate |

The estimates of future salary increase considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors. The expected return on plan assets is based on actuarial expectation of the average long term rate of return expected on investments of the funds during the estimated terms of the obligations.

Gratuity expenses and Leave Encashment expenses charged to the Statement of Profit and Loss for the year ended March 31, 2016 are Rs. 37.68 lakh and Rs. 30.40 lakh respectively.

Notes to Financial Statements for the year ended March 31, 2016

(Rs. in Lakhs)

The table below illustrates experience adjustment disclosure as per para 120 (n) of Accounting Standard 15 - Employee Benefits.

Gratuity

| Particulars | 31-Mar-16 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 |
|--|-----------|-----------|-----------|-----------|-----------|
| Present value of obligation at the end of the year | 176.03 | 128.35 | 94.91 | 99.92 | 92.56 |
| Fair value of plan assets at the end of the year | 205.75 | 166.40 | 163.05 | 158.52 | 87.84 |
| Surplus/(Deficit) at the end of the year | 29.72 | 38.05 | 68.14 | 58.60 | (4.72) |
| Experience adjustments on plan liabilities [(Gain)/Loss] | 4.00 | 7.88 | 1.09 | (2.40) | 2.67 |
| Experience adjustments on plan assets [Gain/(Loss)] | 0.09 | 0.67 | (1.37) | 14.65 | 3.94 |

Leave Salary

| Particulars | 31-Mar-16 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 |
|--|-----------|-----------|-----------|-----------|-----------|
| Present value of obligation at the end of the year | 61.61 | 34.68 | 27.06 | 117.09 | 110.76 |
| Fair value of plan assets at the end of the year | - | - | - | - | - |
| Deficit at the end of the year | - | - | - | - | - |
| Experience adjustments on plan liabilities [(Gain)/Loss] | 11.55 | (0.17) | (41.51) | 4.12 | 65.04 |
| Experience adjustments on plan assets [Gain/(Loss)] | - | - | - | - | - |

39 Employee Stock Option Scheme

Brief description about the scheme :

Employee Stock Option Scheme, 2010 (ESOS 2010): The Board, vide its resolution dated 19 December 2010, approved (i) ESOS 2010 for granting Employee Stock Options in the form of Equity Shares linked to the completion of a minimum period of continued employment and (ii) Employee Performance Linked Stock Option to be issued at par in lieu of loyalty bonus linked to specified performance target to the eligible employees of the Company monitored and supervised by the Compensation Committee of the Board of Directors in compliance with the provisions of Securities and Exchange Board of India (Employee Stock Option Scheme And Employee Stock Purchase Scheme) Guidelines, 1999 and amendments thereof from time to time [since repealed on October 28, 2014 pursuant to the coming into force of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 with effect from the said date.] An employee who is a promoter or belongs to the promoter group shall not be eligible to participate in the scheme. The eligible employees for the purpose of ESOS 2010 will be determined by the Compensation Committee from time to time. The Employee Performance Linked Stock Option shall be subject to 18 months lock in after the date of allotment whereas the Employee Stock Option is free from lock in. The vesting period of Employee Performance Linked Stock Option and Employee Stock Option are 18 and 36 months respectively with 3 months exercise period for exercising the option to subscriber.

The Company had granted (net of options lapsed) 35500 stock options in 2010-11 under the ESOS 2010 Scheme (Option XI), which had vested in earlier years and were allotted in FY 2014-15. All the exercised options were allotted in the form of Equity Shares.

Details of options granted under ESOS 2010 existing during the year :

| | Option XII | Option XIII |
|---|------------|-------------|
| Date of grant | 23-Sep-13 | 21-Jul-14 |
| Numbers originally granted | 179,600 | 48150 |
| Exercise price | 70 | 70 |
| Vesting Period (Including 3 months Exercise Period) | 3.25 Years | 3.25 Years |
| Weighted Average Remaining Contractual Life of options (in years) | 0.73 | 1.56 |
| Method of Settlement | Equity | Equity |

All the above valid options would be allotted in the form of Equity Shares on the basis of 1:1.

Notes to Financial Statements for the year ended March 31, 2016

(Rs. in Lakhs)

| | Year ended 31-Mar-16 | | Year ended 31-Mar-15 | |
|--|-------------------------|------------------------------------|-------------------------|------------------------------------|
| | Numbers | Weighted Average Price (Rs.) | Numbers | Weighted Average Price (Rs.) |
| Outstanding at the beginning of the year | 210,450 | 70.00 | 163,100 | 70.00 |
| Granted during the year | - | - | 48,150 | 70.00 |
| Forfeited/Expired during the year | 4,000 | 70.00 | 800 | 70.00 |
| Exercised during the year | - | - | - | - |
| Outstanding at the end of the year | 206,450 | 70.00 | 210,450 | 70.00 |
| Exercisable at the end of the year | - | - | - | - |

The Company has adopted the intrinsic value method as permitted by the aforesaid SEBI guidelines/regulations and the Guidance Note on Accounting for Employee Share Based Payment issued by the Institute of Chartered Accountants of India in respect of stock options granted. The value of the underlying Shares has been determined by an independent valuer. The Company's net profit / (loss) and earnings per share would have been as under, had the compensation cost for employees' stock options been recognised based on the fair value at the date of grant in accordance with Black Scholes model.

The following assumptions were used for the calculation of fair value of the options / grants :

| | Option XII | Option XIII |
|----------------------------------|------------|-------------|
| Risk Free Interest Rate (%) | 8.52 | 8.47 |
| Expected life of Options (years) | 3.25 | 3.25 |
| Expected Annual Volatility | 61.43% | 61.00% |
| Dividend Yield | 0% | 0% |
| Weighted average exercise price | 70.00 | 70.00 |
| Weighted average fair value | 83.51 | 89.50 |

Since the Company was unlisted at the time of grant of Options, the Expected Annual Volatility of the options was taken based on one year historical volatility index of Peer Listed Company as per clause 27 of Appendix 1 of the Guidance Note issued by ICAI.

| | Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|------------------------------|------------------------------|
| Profit / (Loss) for the year as reported | 1,192.84 | 559.91 |
| Add: ESOP Cost using intrinsic value method | 46.75 | 45.24 |
| Less: ESOP Cost using fair value method | 55.57 | 54.60 |
| Proforma Profit / (Loss) for the year | 1,184.01 | 550.55 |

Earnings Per share:

Basic and Diluted

- As reported

| | | |
|-------------------|------|------|
| Basic | 3.93 | 2.30 |
| Diluted | 3.91 | 2.29 |
| - Proforma | | |
| Basic | 3.90 | 2.26 |
| Diluted | 3.88 | 2.25 |

Notes to Financial Statements for the year ended March 31, 2016

Ortel Employee Stock Option Scheme, 2015 ("ESOS 2015"/ "Scheme")

The Members of the Company at the Annual General Meeting dated July 27, 2015 approved ESOS 2015 for granting Employee Stock Options in form of Equity Shares, linked to the completion of a minimum period of continued employment, to the eligible employees of the Company, administered by the Nomination & Remuneration Committee ("Committee") of the Board of Directors in compliance with the provisions of SEBI (Share Based Employee Benefits) Regulations 2014 and amendments thereof from time to time. The Scheme can be implemented either directly or through an irrevocable Trust. However, if the scheme involves secondary acquisition of shares or gift or both, then it is mandatory to implement the scheme through a Trust. The Company may lend or give refundable advance with or without interest to the trust to acquire shares of the Company from secondary market. Such secondary acquisition by the trust shall not exceed 2% of the paid up equity capital of the Company as at the end of each financial year. An employee who is a promoter or belongs to the promoter group shall not be eligible to participate in the scheme. The eligible employees for the purpose of ESOS 2015 will be determined by the Committee from time to time. The vesting period of Employee Stock Option is not less than one year and not more than five years from the grant of offer with 3 months exercise period for exercising the option to subscribe. The shares issued against exercise of options may be subject to lock in for a period till repayment of the funds availed from the company/trust or for any other period as may be decided by the Committee. During the year ended March 31, 2016, no option has been offered/granted pursuant to the scheme. Further, as per the Scheme, the Company has set up an irrevocable Trust, "Ortel Employee Welfare Trust" on 20th November, 2015 to implement the scheme. As on March 31, 2016, the trust has acquired 3095 nos of equity shares from secondary market at an average acquisition price of Rs.189.84 per shares which will be offered to the eligible employees in future, as decided by the Committee.

40 Disclosure pursuant to Accounting Standard 18- Related Party Disclosures

(a) Names of the Related Parties

- | | | |
|------|---|--|
| i) | Key Managerial Personnel (KMP) : | Ms. Jagi Mangat Panda - Managing Director Mr. Bibhu Prasad Rath - Chief Executive Officer |
| ii) | Relative of Key Managerial Personnel : | Mr. Baijayant Panda - Husband of Ms. Jagi Mangat Panda |
| iii) | Enterprises over which KMP and/or relative of such KMP is able to exercise significant influence (with whom transactions have taken place during the year): | Indian Metals & Ferro Alloys Ltd. Odisha Television Ltd. Orissa Infratech Pvt. Ltd. B. Panda & Company Pvt. Ltd. Barabati Investment & Trading Co. Pvt. Ltd. Panda Investment Pvt. Ltd. |

Summary of Transactions with Related parties:

| Sl. No. | Nature of Transaction | Year ended March 31, 2016 | | | Year ended March 31, 2015 | | |
|---------|--|-----------------------------|-----------------|--|-----------------------------|-----------------|--|
| | | KMP | Relative of KMP | Enterprises over which KMP/Relative of KMP is able to exercise significant influence | KMP | Relative of KMP | Enterprises over which KMP/Relative of KMP is able to exercise significant influence |
| 1 | Managerial Remuneration | 124.73 | - | - | 93.74 | - | - |
| 2 | Sitting fees paid | - | - | - | - | - | 0.05 |
| 3 | Sitting fees refunded to the Company | - | - | - | - | - | 0.05 |
| 4 | Signal Uplinking Income | - | - | 297.62 | - | - | 288.38 |
| 5 | Rent Received | - | - | 7.20 | - | - | 7.20 |
| 6 | Internet Subscription Fees | - | - | 18.64 | - | - | 16.36 |
| 7 | Reimbursement of expenses (Paid) | 23.17 | - | 15.92 | 23.55 | - | 18.76 |
| 8 | Reimbursement of expenses (Received) | - | - | 127.79 | - | - | 115.57 |
| 9 | Subscription Fees | 0.16 | - | 0.30 | 0.19 | - | 0.34 |
| 10 | Material Issued | - | - | - | - | - | 0.44 |
| 11 | Advertisement Expenses | - | - | 18.03 | - | - | 18.00 |
| 12 | Channel Carriage Income | - | - | 210.67 | - | - | 174.39 |
| 13 | Programming Cost | - | - | 219.03 | - | - | 179.70 |
| 14 | Share application money received | - | - | - | - | 2.50 | - |
| 15 | Amount Received towards Exercise of Employee Stock Option Scheme | - | - | - | 10.30 | - | - |
| 16 | Unsecured Loan Received | - | - | 170.00 | - | - | 662.49 |
| 17 | Unsecured Loan Repaid | - | - | 207.56 | - | - | 164.73 |
| 18 | Interest and Processing Fees on Unsecured Loan | - | - | 142.76 | - | - | 65.22 |
| 19 | Advance Given | - | - | - | 9.27 | - | - |
| 20 | Advance Recovery | 2.83 | - | - | 1.80 | - | - |
| | | As at March 31, 2016 | | | As at March 31, 2015 | | |
| 21 | Credit Balance outstanding | 13.49 | - | 1,004.15 | 15.73 | - | 952.43 |

Notes to Financial Statements for the year ended March 31, 2016

(c) Details of the aforesaid Related Party Transactions during the year (excluding reimbursements):

- 1 Managerial Remuneration paid to Ms. Jagi Mangat Panda Rs.65.91 Lakh (Previous Year: Rs.42.11 Lakh) and Mr. Bibhu Prasad Rath Rs. 58.82 Lakh(Previous Year : Rs. 51.63 Lakh)
- 2 Sitting fees as nominee paid to Panda Investment Pvt. Ltd Rs.Nil (Previous Year: Rs.0.05 Lakh)
- 3 Sitting fees as nominee refunded back by Panda Investment Pvt. Ltd Rs.Nil (Previous Year: Rs. 0.05 Lakh)
- 4 Signal Uplinking Income received from Odisha Television Ltd. Rs.297.62 Lakh (Previous Year: Rs.288.38 Lakh)
- 5 Rent Received from Odisha Television Ltd. Rs.7.20 Lakh (Previous Year: Rs.7.20 Lakh)
- 6 Internet Subscription Fees received from Odisha Television Ltd. Rs.12.40 Lakh (Previous Year: Rs.10.13 Lakh) and Indian Metals & Ferro Alloys Ltd. Rs.6.24 Lakh (Previous Year: Rs.6.23 Lakh)
- 7 Subscription Fees received from Mr. Bibhu Prasad Rath Rs 0.16 Lakh (Previous Year Rs 0.19 Lakh) and Indian Metals & Ferro Alloys Ltd. Rs 0.30 Lakh (Previous Year: Rs.0.34 Lakh)
- 8 Material Issued to Odisha Television Ltd. Rs. Nil (Previous Year: Rs.0.44 Lakh)
- 9 Advertisement Expenses paid to Odisha Television Ltd. Rs.18.03 Lakh (Previous Year: Rs. 18.00 Lakh)
- 10 Channel Carriage Income received from Odisha Television Ltd. Rs.210.67 Lakh (Previous Year: Rs.174.39 Lakh)
- 11 Programming Cost paid to Odisha Television Ltd. Rs.219.03 Lakh (Previous Year: Rs.179.70 Lakh)
- 12 Share application money received from Mr.Baijayant Panda Rs. Nil (Previous Year: Rs.2.50 Lakh).
- 13 Amount Received towards Exercise of Employee Stock Option Scheme by Mr. Bibhu Prasad Rath Rs. Nil(Previous Year: Rs 10.30)
- 14 Unsecured Loan received from Orissa Infratech Pvt. Ltd. Rs. 170.00 Lakh(Previous Year: Rs.662.49 Lakh)
- 15 Unsecured Loan repaid to Orissa Infratech Pvt. Ltd. Rs.207.56 Lakh (Previous Year: Rs.164.73 Lakh)
- 16 Interest and Processing Fees on Unsecured Loan paid to Orissa Infratech Pvt. Ltd. Rs.142.76 Lakh (Previous Year: Rs.65.22 Lakh)
- 17 Advance given to Mr. Bibhu Prasad Rath Rs.Nil (Previous Year : Rs 9.27 Lakh).
- 18 Advance Recovery from Mr. Bibhu Prasad Rath Rs. 2.83 Lakh (Previous Year : Rs 1.80 Lakh)
- 41 Advance from customers includes Rs. 74.46 Lakh, being Electricity Inspection Duty collected from the customers (levied by the Department of Energy, Government of Orissa vide its notification dated March 29, 2002 under Indian Electricity Rules, 1956) but not deposited with the appropriate authorities on the ground that neither the rules nor the notification is applicable to the Company and the charging chapter of the Notification does not authorise the electrical Inspector to levy fees on any person other than the owner of the television connection. The Company has filed a writ petition before

Hon'ble High Court of Orissa against the said Notification and obtained an order to the effect that no coercive action can be taken against the Company until the disposal of the case. However, as per the direction of Hon'ble High Court of Orissa vide its order dated February 09, 2007, Rs. 29.00 Lakh was deposited with the said Court. Subsequently, Hon'ble High Court of Orissa vide its order dated November 05, 2007 directed the Government of Orissa to take a decision as to whether the inspection charges so far as consumer of television connections are concerned can be waived and/or imposed and also directed the Company not to collect any amount from any individual customer until a decision is taken by the Government of Orissa.

- 42 The Company acquires the "Cable Network Business" of various Local Cable Operators (LCOs) which, inter alia, consists of equipments, infrastructure and cable television subscribers and enters into agreements with the LCOs in this regard, whereby the LCOs agree to sell their "Cable Network Business". The LCOs also agree not to compete with the Company for a specified period in the areas where the LCOs have transferred their cable television subscribers to the Company. The amount payable for acquisition of equipments & infrastructure has been capitalised under relevant categories of tangible assets and the amount payable as non-compete fee has been treated as an Intangible asset.

- 43 Capital Work-in-Progress includes capital inventory of Rs.6008.44 Lakh (March 31, 2015: Rs.1115.97 Lakh).

Notes to Financial Statements for the year ended March 31, 2016

44 Segment Information

(Rs. in Lakhs)

The Company is engaged in the businesses of Cable TV, Broadband Service, Infrastructure Leasing (IFL) and operates in domestic market only.

Segment Information as required by Accounting Standard 17 - "Segment Reporting"

| Particulars | March 31, 2016 | | | | March 31, 2015 | | | |
|---|----------------|-----------|----------|------------------|----------------|-----------|----------|------------------|
| | Cable TV | Broadband | IFL | Total | Cable TV | Broadband | IFL | Total |
| Segment Revenue | 13,050.00 | 3,290.55 | 2,131.33 | 18,471.88 | 10,851.84 | 2,888.89 | 1,449.81 | 15,190.54 |
| Others | | | | 297.62 | | | | 288.37 |
| Total Revenue from operations | | | | 18,769.50 | | | | 15,478.91 |
| Segment Results | 5,598.43 | 1,994.45 | 1,991.39 | 9,584.27 | 4,898.92 | 2,088.98 | 1,306.45 | 8,294.35 |
| Less: Unallocable expenses net of income | | | | 6,375.04 | | | | 5,444.11 |
| Less: Finance Costs (net) | | | | 1,710.47 | | | | 2,144.57 |
| Profit/(Loss) before exceptional and extraordinary items and Tax | | | | 1,498.76 | | | | 705.67 |
| Exceptional items/ Extraordinary items | | | | - | | | | - |
| Profit/(Loss) before Tax | | | | 1,498.76 | | | | 705.67 |
| Provision for Taxation | | | | 305.92 | | | | 145.76 |
| Profit/(Loss) after Tax | | | | 1,192.84 | | | | 559.91 |
| Segment Assets | 11,138.57 | 1,808.42 | 2,207.16 | 15,154.15 | 6,283.42 | 1,553.79 | 1,583.43 | 9,420.64 |
| Add: Unallocated Corporate Assets | | | | 29,877.38 | | | | 27,987.34 |
| Total Assets | | | | 45,031.53 | | | | 37,407.98 |
| Segment Liabilities | 5,533.09 | 147.88 | 1.35 | 5,682.32 | 5,137.60 | 123.45 | 734.20 | 5,995.25 |
| Add: Unallocated Liabilities | | | | 25,400.55 | | | | 18,703.66 |
| Total Liabilities | | | | 31,082.87 | | | | 24,698.91 |
| Capital Expenditure | 4,025.49 | 653.29 | 357.32 | 5,036.10 | 959.13 | 291.33 | 1,455.87 | 2,706.33 |
| Depreciation | 790.73 | 71.50 | 82.53 | 944.76 | 806.63 | 62.70 | 67.33 | 936.66 |
| Non Cash Expenses other than Depreciation | 1,283.61 | 262.85 | 52.28 | 1,598.74 | 1,244.17 | 162.97 | 13.94 | 1,421.08 |

Notes:

(a) The segment wise revenue, results, assets and liabilities figures relate to the respective amounts directly identifiable to each of the segments. Unallocable income/expenditure relate to the Company as a whole and are earned/incurred at the Company level.

Notes to Financial Statements for the year ended March 31, 2016

45 Funds were raised through IPO during the year ended March 31, 2015 for, inter alia, expansion of network/capital expenditure on development of digital cable services and broadband services/general corporate purposes. The amount remaining unutilised as at March 31, 2016 is as follows:

(Rs. in Lakhs)

| Particulars | Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|---------------------------------|---------------------------------|
| Issue Proceeds | 10,860.00 | 10,860.00 |
| Less: Issue Expenses accounted upto March 31* | 780.58 | 780.58 |
| Net proceeds from IPO (A) | 10,079.42 | 10,079.42 |
| Amount utilised upto March 31: | | |
| - Expansion of network for providing video, data and telephony services | 5,542.89 | - |
| - Capital expenditure on development of digital cable services | 886.94 | - |
| - Capital expenditure on development of broadband services | 677.51 | - |
| - General corporate purposes | 470.28 | - |
| Total (B) | 7,577.62 | - |
| Amount unutilised as at March 31 # (A-B) | 2,501.80 | 10,079.42 |

* excluding the share of expenses pertaining to the selling shareholder

remains invested in Fixed Deposits and Bank Current Accounts

For Haribhakti & Co. LLP

Chartered Accountants
ICAI Firm Registration No.103523W

Anand Kumar Jhunjunwala
Partner
Membership No.056613
Date: April 30, 2016
Place: Bhubaneswar

46 There are no Micro, Small and Medium Enterprises, as required to be disclosed under the 'Micro, Small and Medium Enterprise Development Act, 2006' identified by the Company on the basis of information available with the Company.

47 The Company has calculated Earning before Interest, Tax, Depreciation & Amortisation (EBITDA) as follows :-

| Particulars | Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|---------------------------------|---------------------------------|
| Profit / (Loss) for the year, after tax | 1,192.84 | 559.90 |
| Add: | | |
| (a) Finance Costs | 2,356.41 | 2,245.10 |
| (b) Tax Expense | 305.92 | 145.76 |
| (c) Depreciation and Amortisation Expense | 1,857.27 | 1,886.04 |
| (d) Fixed Assets written off | 1,316.48 | 1,054.54 |
| (e) Non Compete Fee pay outs | - | 61.81 |
| EBITDA | 7,028.92 | 5,953.15 |

48 Previous year's figures have been regrouped/rearranged wherever necessary to make them comparable with those of current year.

For and on behalf of Board of Directors

Sd/-
Jagi Mangat Panda
Managing Director

Sd/-
Lalit Kumar Mohanty
Company Secretary

Sd/-
J.B. Pany
Director

Sd/-
Manoj Kumar Patra
Chief Financial Officer

Glossary:

| <u>Abbreviation</u> | <u>Full Form</u> | <u>Abbreviation</u> | <u>Full Form</u> |
|---------------------|--|---------------------|--|
| Rs./ INR | Indian Rupees. | HFC | Hybrid Fibre Coaxial. |
| ADR | American Depository Receipt | HHTs | Hand Held Terminals. |
| AGM | Annual General Meeting. | HITS | Headend-in-the-sky. |
| ARPU | Average Revenue Per User per month. | HUF | Hindu Undivided Family. |
| B2B | Business to Business. | ICAI | Institute of Chartered Accountants in India. |
| B2C | Business to Consumer. | IPO | Initial Public Offer. |
| BSE | BSE Limited. | IPTV | Internet Protocol Television. |
| CAGR | Compound annual growth rate | IRD | Integrated Receiver cum Decoder. |
| CDSL | Central Depository Services (India) Limited. | ISIN | International Security Identification Number |
| CEO | Chief Executive Officer. | ISP | Internet Service Provider |
| CFO | Chief Financial Officer. | IT | Information Technology |
| CIN | Corporate Identity Number. | KMP | Key Managerial Personnel |
| CSR | Corporate Social Responsibility | LCOs | Local Cable Operators. |
| DAS | Digital Addressable Systems | M&E | Media and Entertainment. |
| Demat | Dematerialization | Mbps | Mega bytes per second. |
| DIN | Directors Identification Number. | MEN | Metro Ethernet Network. |
| DoT | The Department of Telecommunications. | MSOs | Multi System Operators. |
| DOCSIS | Data Over Cable Service Interface Specification | NED | Non-Executive Director |
| DSNG | Digital Satellite News Gathering. | NOC | Network operating centre. |
| DTH | Direct-to-home. | NRC | Nomination & Remuneration Committee |
| DVR | Digital Video Recorder. | NSDL | National Securities Depository Limited. |
| EAT | Earnings After Tax. | NSE | National Stock Exchange of India Limited. |
| EBDTA | Earnings before Depreciation, Tax and Amortisation | NVoD | Near Video on Demand. |
| EBIDTA | Earnings before Interest, Depreciation, Tax and Amortisation | OFC | Optic Fibre Cable network. |
| EBT | Earnings Before Tax. | RGUs | Revenue Generating Units. |
| EOC | Ethernet over Cable | QMS | Quality management system. |
| EPS | Earning Per Share. | SD | Standard Definition |
| ESI | Employee State Insurance | SEBI | The Securities and Exchange Board of India |
| ESOP | Employee Stock Option Plan | STB | Set-top box. |
| FTTH | Fiber To The Home | TRAI | The Telecom Regulatory Authority of India |
| GDR | Global Depository Receipt | VoiP | Voice over Internet Protocol. |
| HD | High Definition. | VPN | Virtual Private Network |

Notes

NDTV
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Ortel Digital

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MOVIES
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communications
AN ISO 9001: 2008 COMPANY



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