ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted alongwith Annual Audited Financial Results – (Standalone and Consolidated separately).

Statement on Impact of Audit Qualifications for the Financial year ended March 31, 2019
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

Sr. No.	Particulars	Standalone (Rs. in Crores)		Consolidated (Rs. In Crores)	
		Audited Figures (as reported before adjusting for qualifications)	Audited Figures (audited figures after adjusting for qualification)	Audited Figures (as reported before adjusting for qualifications)	Audited Figures (audited figures after adjusting for qualifications)
1.	Turnover / Total income	685.74	685.74	2,172.03	2,172.03
2.	Total Expenditure	1,049.12	921.20	3,179.59	3,051.67
3.	Net Profit / (Loss)	(2,494.87)	(2,366.95)	(3,657.42)	(3,529.50)
4.	Earnings Per Share (in Rs.)	(150.5)	(142.8)	(220.7)	(212.9)
5.	Total Assets	6,882.05	7,811.12	8,094.73	8,094.73
6.	Total Liabilities	5,312.24	6,113.38	9,366.81	9,366.81
7.	Net Worth	1,569.81	1,694.74	(1,298.42)	(1,298.42)
8.	Any other financial item(s) (as felt appropriate by the management)	None	None	None	None

II.	Audit Qualification :
For Standalone Financial Statement	
(a)	**Details of Audit Qualification :**
1.	We draw your attention to the following :
	During the year, consequent upon default committed by the International Subsidiaries of the Company based in the US, UK and UAE, viz, Rolta International Inc (RUS), Rolta UK Limited (RUK) and Rolta Middle East FZ LLC (RME) on repayment of loans given to them by Foreign Banks against Standby Letters of Credit (SBLC) issued by overseas branches of the Company's bankers and guaranteed by the Company, the repayment of the loans devolved on the Company as the Company's bankers had to honour the invocation of the guarantees by the said lenders. Pursuant thereto, the Company recognized a liability to its bankers with a corresponding receivable from each of the subsidiaries for which interest was cross-charged upto March 31, 2019. The Company also has in its books long term export advances received from the said international subsidiaries. The Company has during the year made the following adjustments, under an arrangement of assignment, in respect of which the deed of assignment (refer sub point b & c) is yet to be executed, without obtaining necessary permission from the Reserve Bank of India in its books of accounts :

	a.	Advance against exports, received from RUS is adjusted against amount receivable from RUS on account of devolvement of SBLC and against short term loan receivable from RUS; advance against exports received from RUK is adjusted against amount receivable from RUK on account of devolvement of SBLC; and advance against exports received from RME is adjusted against amount receivable from RME on account of devolvement of SBLC.
	b.	Advance against exports received from RME adjusted by transfer to advance against exports received from RUS; advance against exports received from RUK is adjusted by transferring it to trade advance of RUS, where it currently stands.
	c.	Advance against exports received from RUS adjusted against trade receivable from Rolta Canada Limited, since reversed.
	The aforesaid adjustments, in our opinion, are not permissible under the provisions of Foreign Exchange Management Act (FEMA) 1999, where in Para C2 (2) (iv) of Master Directions – Export of Goods and Services as updated upto January 12, 2018 which stipulates that a long term export advance can be adjusted against future exports. Had the said adjustments been not carried out, the other non-current liabilities would have been higher by Rs. 801.14 crores, other financial assets (non-current) would have been higher by Rs. 893.61 crores trade receivables would have been higher by Rs. 35.46 crores, and loss for the year due to unrealized exchange loss resulting from the above adjustments would have been lower by Rs. 127.92 crores (Refer note no. 7 of Notes forming part of the Statement).	
	Qualified Opinion	
	In our opinion and to be best of information and accounting to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid Statement gives the information required by the Act in the manner so required and gives 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, 2019 its losses and its cash flow for the year ended on that date.	
(b)	Type of Audit Qualification :	
	Qualified Opinion	
(c)	Frequency Qualification:	
	First time	
(d)	For Audit Qualification(s) where the impact is quantified by the auditor, Management's views :	
	During the year the Company had adjusted the Inter Company balances for the amount recoverable from subsidiary companies towards invocation of SBLC's, Sundry Debtors and short term loan given to them, against the amount payable to subsidiary companies towards export advances received and creditors for expenses.	

	The SBLCs were issued by the banks against the existing Indian securities. Therefore, the banks debited RIL account when SBLC were devolved and paid to the foreign corresponding banks. Accordingly RIL debited the said amount to the foreign subsidiary companies and closed the bank account in their books. Due to this transaction an amount payable by RUS against these SBLCs was adjusted as stated in para above. The Company had obtained opinion from Legal Advisor as well as from eminent Chartered Accountant who opined that the adjustments are in compliance with the Foreign Exchange Management Act and need not require prior permission from Reserve Bank of India. A copy of the opinion was also given to the Auditors. However, the auditors did not agree with the views of the opinion given to them and they deemed it fit to give the qualification. The impact of the above adjustment in respect of Standalone and Consolidated results are given in table above.

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

(i)	Management's estimation on the impact of audit qualification :	Not Applicable
(ii)	If management is unable to estimate the impact, reasons for the same :	Not Applicable
(iii)	Auditor's Comments on (i) or (ii) above	Not Applicable

CEO/Managing Director | Audit Committee Chairperson | Chief Financial Officer (Interim)

Statutory Auditors

N. M. RAIJI & CO. MUMBAI CHARTERED ACCOUNTANTS

Place : Mumbai
Date : 24th May 2019