

**TAMIL NADU  
TELECOMMUNICATIONS  
LIMITED**

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**19th Annual Report  
2006 - 2007**

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### REGISTRAR & SHARE TRANSFER AGENTS

#### Cameo Corporate Services Limited

"Subramanian Building"

No.1, Club House Road,

Chennai – 600 002.

Phone: 044-28460390.

Note : 1. No. Gifts / Coupons will be distributed at the meeting  
2. Please bring your copy of the enclosed Annual Report to the meeting

Board of Directors	Shri. K. Rajaraman, IAS	Chairman cum Director
	Shri. M. Sengupta	Managing Director
	Shri. R.K. Upadhyay	Director
	Shri. K.B. Batra	Director
	Shri. Vimal Wakhlu	Director
	Shri. T. Willington	Director
	Shri. S. Susai	Director
	Shri. M.K. Jain (Nominee of Department of Telecommunications, Govt. of India)	Director
Registered office	No.16, 1 <sup>st</sup> Floor, Aziz Mulk 3 <sup>rd</sup> Street, Thousand Lights, Chennai – 600 006.	
FACTORY	<u>Optical Fibre Cable</u> E-18B – E-24, CMDA Industrial Complex, Maraimalai Nagar, Pin – 603 209, Tamil Nadu. website : www.ttlofc.com	
BANKERS	State Bank of India Andhra Bank Punjab National Bank	
AUDITORS	Brahmayya & Co., Chartered Accountants, Masilamani Street, Balaji Nagar, Royapettah, Chennai – 600 014.	
Promoters	Telecommunications Consultants India Limited, TCIL Bhavan, Greater Kailash – 1, New Delhi – 110 048.  Tamilnadu Industrial Development Corpn. Ltd., 19-A, Rukmani Lakshmipathy Road, Egmore, Chennai – 600 008.	

**TAMILNADU TELECOMMUNICATIONS LIMITED****NOTICE**

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of Tamilnadu Telecommunications Limited is scheduled to be held at 15:00 hrs on Tuesday, 25<sup>th</sup> September 2007 at the Music Academy, Mini Hall, New No.168, T.T.K. Road, Royapettah, Chennai – 600 014 to transact the following business.

**Ordinary Business**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March 2007, the Profit and Loss Account for the financial year ended on that date and the Directors' Report and Auditor's Report.
2. To appoint a Director in place of Shri R.K. Upadhyay, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri T. Willington, who retires by rotation and being eligible, offers himself for re-appointment.

By order of the Board  
for Tamilnadu Telecommunications Limited

Chennai  
Date : 17th Aug. 2007

M. Sengupta  
Managing Director

**NOTES :**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. The proxy, in order to be effective, must be deposited / lodged at the Registered Office of the Company not less than 48 hours before the meeting. A form of proxy is given at the end of the Annual Report.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 20.09.2007 to 25.09.2007 ( both days inclusive ) in connection with the Annual General Meeting.
3. Members are requested to produce the enclosed attendance slip duly filled and signed as per the specimen signature recorded with the company for admission to the meeting hall.
4. Shareholders seeking any information with regard to accounts are requested to write to the company atleast two days before the date of the meeting so as to enable the management to keep the information ready.
5. The shareholders may note that the dividend for the financial year ended 31<sup>st</sup> March 2000 and all dividend declared thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund established under Section 205C of the Companies Act, 1956. Shareholders who have not

encashed the dividend, warrant(s) so far for the financial year ended 31<sup>st</sup> March 2000 and 31<sup>st</sup> March 2001 are requested to make their claim to the Registered Office of the Company. It may also be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund, as above, no claim shall lie in respect thereof.

6. Members are requested to kindly bring their copy of the Annual Report to the Meeting.

**Particulars of the Directors seeking re-appointment in the forthcoming AGM pursuant to clause 49 of the Listing Agreement**

Brief profile of the Directors who retire by rotation and are eligible for re-appointment :

1. Shri. R.K. Upadhyay, aged 53 years has been on the Board of the Company since September 2006. He has rich experience in Monitoring and development of Telecommunication Projects with particular reference to project management and control in the Cable industry. He holds nil shares in TTL. The details of Directorships / Committee Membership in other companies

Name of the Companies	Nature of Interest
Telecommunications Consultants India Limited	Chairman cum Managing Director
Bharti Hexacom Limited	Director
TCIL Bellsouth Limited	Director
United Telecom Limited, Nepal	Director
TCIL Saudi Company Ltd. Saudi Arabia	Director

2. Shri. T. Willington, aged 59 Years has been in the Board of the Company since May 1988. He is director of the company since its inception. He has rich experience in project implementation and monitoring. He holds nil shares in TTL. The details of Directorships / Committee Membership in other companies

Name of the Companies	Nature of Interest
Nova Roofings & Pipes Ltd	Chairman
Tamilnadu Magnesite Ltd	Director
Nagarjuna Oil Corporation Ltd	Director
Tamilnadu Industrial Explosives Ltd	Director
DCM Hyundai Limited	Director
Manali Petrochemical Limited	Director
Ennore SEZ Company Limited	Director
Mepco Industries Limited	Director
Tamilnadu Industrial Park (Rubber) Limited	Director
Jayamkondam Lignite Power Corporation Limited	Director,

**REPORT OF DIRECTORS AND MANAGEMENT  
DISCUSSION & ANALYSIS**

To

The Members

Your Directors present the Nineteenth Annual Report, together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2007.

**Financial Results**

	(Rs. in Lakhs)	
	2006-07	2005-06
Net Sales	1440.00	3657.99
Other Income	151.85	13.71
Total Income	1591.85	3671.70
Total Expenditure	1256.76	2694.71
Finance Charges	490.81	512.85
Gross Profit / (Loss) after interest		
Before Depreciation & Tax	(155.72)	464.14
Depreciation	237.71	249.44
Provision for Taxation /		
Deferred Tax written back	(242.24)	(32.15)
Net Profit / (Loss)	160.25	246.85

The Net Profit after Tax is Rs. 160.25 lakhs against profit of Rs. 246.85 made during the previous year.

**Review of Operations**

During the year under review, the company's sales and other income was 1591.85 Lakhs. The entire turnover of the year is achieved from the Optical Fibre Unit in view of the Jelly Filled Telecom Cable Unit's operations having been suspended since 01.12.2003. Major portion of the turnover came from exports and the company could not bag adequate domestic orders due to severe competition. However, your company managed to survive in this price war by implementing various cost-cutting and value engineering measures in the manufacturing operations.

Your company successfully launched the manufacturing of Ribbon type OFC and exported the same to Kuwait Telecom, Myanmar, Jordan and other countries during the year.

Reduction in operating expenses could be achieved because of curtailment of overheads and all around optimization in costs by exercising strict control / regular review mechanism.

Of the petitions filed by two Trade Unions of employees at the PIJF Unit at Arakkonam against the suspension of operations before the Madras High Court, the one

filed by the majority union has been withdrawn. The High Court lifted the embargo on sale of PIJF Unit assets. Voluntary Retirement Scheme notified by Company had evoked positive response. So far 120 employees out of the total 128 employees have opted for the said scheme.

Based on the ordinary resolution passed by the shareholders in February 2006 through postal ballot for disposal of the company's JFTC Unit, the company disposed off the remaining Plant and Machinery to the highest bidders during the first quarter of 2006-07 for consideration totaling Rs.7.95 Crores.

In accordance with the requirement of Sec.15 of the Sick Industrial Companies ( Special Provisions ) Act, 1985, the company has made a reference in October 2004 to the Board for Industrial and Financial Reconstruction (BIFR) of the fact that the accumulated loss of the company at the end of the financial year 2003-04 has exceeded the entire net worth of the company. BIFR has declared the company as industrially sick. A draft rehabilitation / revival scheme has been submitted to BIFR.

**Market Scenario and Outlook**

The company expects that OF telecom cables sector to increase in volumes in the back-drop of the increased plan of BSNL for deployment of high fibre count OFC for inter exchange links and long-haul projects is likely to provide the much needed fillip for Ribbon type Optical Fibre Cables. This may reinforce and add to the competitive strength of the company which is one of the few players equipped to manufacture Ribbon type of OFC in India.

The demand outlook for the optical fibre cables was much encouraging during the year under review due to Government's Broadband Policy. The industry also expects the advent of Conditional Access System (CAS) and broadband applications to spur the growth of optical fibre cable networks in the coming years.

During the year under review your company has been able to export Optical Fibre Ribbon Cables on favourable terms through the Company's promoters, i.e., TCIL for their projects abroad. The optic fibre industry at home is also poised for a period of significant growth and the demand is expected to match the current availability in the months to come. This favourable trend is expected to continue at least over the next few years. The company continues to take all initiatives to retain the competitive edge and be in a position to meet the requirements of the market. The medium / long-term prospects will augur well for the company. The company continues to emphasize on cost cutting through

## **TAMILNADU TELECOMMUNICATIONS LIMITED**

enhanced productivity, reduction in logistics and other costs. The company has effected substantial reduction in manpower and will continue its efforts to further prune all its fixed costs including administrative and discretionary overheads.

### **Risk & Concern**

Risks still persist regarding the demand for optical fibre cables being dependent largely on BSNL as the single largest consumer of optical fibre cable in India. Leasing of excess bandwidth by long distance operators and use of "ADSL modems" as a means to its broad-band connectivity may temporarily slow down demand for OFC in access network and Fibre-to-the-Home applications. The competition within OFC business is becoming fierce due to emerging new technologies and frequent new product introductions in Optical fibre products which command competitive prices and preference in the market.

### **Directors.**

In accordance with Sec.256 of the Companies Act, 1956, read with Articles 79 & 80 of the Articles of Association of the company, Shri R.K. Upadhyay, and Shri T. Willington, will retire from the Directorship of the company by rotation and being eligible, offers themselves for re-appointment.

During the year the Board had appointed the following directors on the board

i) Shri R.K. Upadhyay in place of Shri. S.K. Verma, ii) Shri. K.B. Batra in place of Shri. A.K. Chandra Shekhar and iii) Shri. Vimal Wakhlu in place of Shri. G.D. Gaiha. Further, TIDCO had nominated Shri. K. Rajaraman, IAS, as Director and Chairman on the Board of the company.

### **Directors' Responsibility Statement**

As required under Section 217(2AA) of the Companies Act, 1956, the Directors of the Company hereby state and confirm that –

- a) In the preparation of the annual accounts the applicable accounting standards had been followed.
- b) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2007, and the profit of the Company for the year ended on that date.
- c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for

safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

- d) They have prepared the annual accounts on a going concern basis.

### **Corporate Governance**

A report on Corporate Governance with the Practising Company Secretary's Certificate on compliance with conditions of the Corporate Governance has been attached to form part of the Annual Report.

### **Energy, Technology and Foreign Exchange**

Particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Sec.217(1)(e) of the Companies Act, 1956 are enclosed as part of the Report.

### **Personnel**

None of the employees drew remuneration of Rs.24,00,000/- or more per annum / Rs.2,00,000/- or more per month during the year. This information is furnished as required under Sec.217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees ) Rules, 1975.

### **Human Resources**

Your company is glad to announce that the industrial relations continue to be very cordial. TTL has designated and implemented a large number of initiatives to build and improve knowledge base and competencies of employees at all levels. TTL has been encouraging its employees to come out with innovative suggestions, which will pave way for significant cost savings as well as overall development of the company.

### **Quality Management Systems**

Your Directors are happy to report that as a commitment in meeting global quality standards, your company continues to have IS/ISO 9001:2000 quality management systems certification from Bureau of Indian Standards (Accredited by Raad Voor Accreditatie, Netherlands ).

### **Internal Control System**

TTL has adequate internal control procedures in respect of all its operations. It has laid down internal control procedures to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and transactions are authorized, recorded and reported correctly.



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**Auditors**

In terms of Section 619(2) of the Companies Act, 1956, the Comptroller and Auditor General of India ( CAG ) had appointed / re-appointed M/s. Brahmayya & Co., Chartered Accountants as the Auditors of the company for the year 2006-07 at a remuneration of Rs. 30,000/- besides reimbursement of traveling and out-of-pocket expenses at actuals, subject to the other items and conditions as specified by the CAG.

**Auditors' Report**

Clarification on Auditors observations is given below :

**Para No.4 The Company has prepared the Financial Statements on "Going concern basis" despite substantial losses which exceeds net worth of company.**

The Accumulated losses of the company had exceeded its net worth. During the year 2005-06, Board for Industrial and Financial Reconstruction (BIFR), vide its order dated 16.05.2006, formed the view that the company had fully eroded its net worth and accordingly appointed State Bank of India (SBI) as Operating Agency (OA) under Section 17(3) of SICA for formulating Revival Scheme. However, the company embarked on an exercise to improve the operational and economic performance of the unit. The methods include restructuring the operations, cost control, corporate debt restructuring thro BIFR and other measures which would result in significant improvement and turnaround. In view of the foregoing, the accounts have been prepared on going concern basis.

**Para No.5 No adjustment is made in the financial statements for certain long outstanding debtors for which the recoverability is dependent on judgment of Court of Law.**

No provision is made for certain long pending debtors in view of the arbitration proceeding completed against the Purchaser for which the Award is received in favour of the Company but has since been challenged by the Purchaser in the court.

**Item No.10 & 11 of the Annexure to the Auditors Report**

**10. The company has defaulted in payment of principal to the company listed in the register under Section 301 of the Companies Act, 1956. The overdue amount as at 31<sup>st</sup> March 2007 is Rs.255.01 lakhs.**

**11. The debt portfolio of the company was restructured through corporate debt restructuring scheme. As per the scheme, the company has defaulted the repayment of the dues to the financial institutions and banks amounting to Rs.15.09 Lakhs as at 31<sup>st</sup> March 2007.**

As indicated in Item No. 2 of II, Notes on Accounts under Schedule 24, the accumulated losses of the company had exceeded its net worth. During the year 2005-06, Board for Industrial and Financial Reconstruction (BIFR), vide its order dated 16.05.2006, formed the view that the company had fully eroded its net worth and accordingly appointed State Bank of India (SBI) as Operating Agency (OA) under Section 17(3) of the SIC for revival of the company. The revival scheme had already been prepared and submitted to BIFR / OA for their consideration in which these overdue payments have been duly factored in.

**Item No.15 of the Annexure to the Auditors Report**

**The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Service Tax, Custom Duty, Excise-Duty, Cess applicable to it. However, in respect of Provident Fund, Tax Deducted at Source, Sales Tax, there have been in some delays during the year. The Tax deducted at source amount of Rs.10,65,327 is outstanding as at the last day of the financial year for a period of five months.**

The amount pertains to the TDS on the interest amount set-off against the payable to TTL. Due to severe sickness and cash crunch neither the payment could be made nor the TDS effected for the amount credited and set off.

**Comments of the Comptroller and Auditor General**

Comments of the Comptroller and Auditor General under Section 619(4) of the Companies Act, 1956 for the year ended 31<sup>st</sup> March 2007 are enclosed as part of the Report.

**Acknowledgements**

The Directors wish to place on record their sincere appreciation for the encouragement, assistance, support and co-operation given by Government of India, Government of Tamil Nadu, Promoters and the Company's Bankers. The Directors appreciate your whole hearted efforts during the year and solicit your continued support and co-operation. Your Directors acknowledge the continued trust and confidence you have reposed in this company. They also wish to place on record their appreciation for the hard work put in by the employees at all levels.

for and on behalf of the Board  
M. Sengupta  
Managing Director

Date : 17th Aug, 2007  
Chennai.

S Susai  
Director

**TAMILNADU TELECOMMUNICATIONS LIMITED****ANNEXURE TO THE DIRECTORS' REPORT**

Disclosure of particulars as per Companies ( Disclosure of Particulars in the Report of Board of Directors ) Rules, 1988.

**A. CONSERVATION OF ENERGY****a) Measures taken for Energy Conservation :**

Measures like improvement of power factor, reducing loads whenever the machines are not running, saving light energy etc., had been taken. These steps have yielded a saving to the company upto Rs.1.00 lakh.

Even though there is less production and increase in power cost, the company had exported different types of cables like Hybrid, Figure-8 Hybrid, Aerial (ADSS-Type) etc., to Bangladesh, Jordan, Ethiopia, Myanmar and Kuwait, thereby achieved exports benefits substantially.

**B. TECHNOLOGY ABSORPTION**

Efforts made in technology absorption are given in prescribed FORM-B as annexed.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

a) Activities relating to exports : Initiatives are taken to increase exports, developments of new exports markets for products and services and export plans. Continuous efforts are being made to procure export orders through TCIL as well as directly. A major thrust is being given to tap the export market.

**b) Total Foreign Exchange Used and Earned :**

(Rs. in Lakhs )

	2006-07	2005-06
Used	438.29	334.52
Earned	444.78	17.88

**FORM A**

(Form for disclosure of particulars with respect to conservation of energy)

The particulars in respect of conservation of energy in the prescribed form are not applicable to the company and hence it is not furnished.

**FORM B**

(Form for disclosure of particulars with respect to technology absorption)

**A. Research and Development ( R&D )****1. Specific Areas in which the company carried out R&D activities.**

- Developed 24 Fibre Self Supporting Metal Free Aerial Optical Fibre Cable (for Urban Areas).
- Developed 12 Fibre Hybrid Cable consisting of G652D and G655 Fibres and supplied over 1000 Kms to Myanmar.
- Developed Special Tools and manufactured 12 Fibre Hybrid Figure-8 Aerial Cables.

**2. Benefits derived as a result of the above R&D**

- The company is now fully geared up to meet the FTTH (Fibre To The Home) needs of the country.
- The company could capture sizeable quantity of export orders.
- The company has now become important bidder by participating through e-bidding for various Global requirements for the International clients Alcatel.
- The plant capacity is increased to 20,220 Kms from 17,136 Kms for supply of Optical Fibre Cables, as assessed by BSNL (QA).

**3. Future Plan**

- Production of ADSS Cable for longer span for rural area also.
- Getting Type Approval for Micro Duct Cables from BSNL.

**4. Expenditure on R&D**

Expenditure towards the above R&D is Rs.20,000/-.

**B. Technology absorption, adaptation and innovation.**

- Obtained Technical Specification Evaluation Certificates for High Fibre Count Optical Fibre Cables – 48 F, 96 F and 144 F.
- Manufactured for the first time 96 Fibre Armoured Optical Fibre Cable and supplied to Videsh Sanchar Nigam Limited (VSNL).



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**Corporate Governance****Introduction**

Corporate Governance is an ongoing process that ensures that the Company displays the highest standard of professionalism, integrity, accountability, fairness, transparency, social responsiveness and business ethics, in its dealings. Good Corporate Governance is a critical doctrine to the global economic system, enabling the business to not only effectively and efficiently achieve its corporate objectives but also develop a structure and methodology to sustain in a globally competitive environment.

**Company Philosophy**

TTL firmly believes that implementation of good Corporate Governance will help the company achieve goals and enhance shareholder value. It has been our endeavor to give importance on ensuring fairness, transparency, accountability and responsibility to shareholders besides implementing practices voluntarily that would give optimum information and benefit to the shareholders and Board of Directors. The company has complied with the requisite mandatory and certain non-mandatory requirements of the revised Clause 49 of the Listing Agreement. The company has its internal control system in place. The Company has also adopted Code of Conduct for Board of Directors and Senior Management which is strictly adhered to, by them. The Company has also an Insider Trading Dealing Code in place which complies with SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended.

The Company is managed and controlled by professional Board of Directors comprising of Executive and Non-Executive Independent Directors. The composition of the Board of Directors as on 31.03.2007 is as under :

Category	Name of Directors	Designation	No. of Shares in the Company
Promoter Executive Director	M. Sengupta	Managing Director	Nil
Promoter Non-Executive Directors	G.D. Gaiha * R K Upadhyay * Chandra Shekhar A K S K Verma *	Director Director Director Director	Nil Nil Nil Nil
Non-Executive Independent Directors	K. Rajaraman, IAS * T. Willington S. Susai M.K. Jain(Nominee of Dept. of Telecom)	Director Director Director Director	Nil Nil Nil Nil

\* G.D. Gaiha resigned w.e.f 27.02.2007 and S.K. Verma resigned w.e.f. 30.09.2006. Shri. R.K. Upadhyay appointed as director w.e.f 30.09.2006 and Shri. K.

Rajaraman appointed as Director and Chairman of the Board on 25.06.2007.

**Board Meetings**

The Board of Directors met 5(Five) times during the period 01<sup>st</sup> April 2006 to 31<sup>st</sup> March 2007 on the following dates i.e., 29<sup>th</sup> April 2006, 22<sup>nd</sup> July 2006, 30<sup>th</sup> September 2006, 07<sup>th</sup> November 2006, 31<sup>st</sup> January 2007.

Attendance of each Director at the Board Meetings, last Annual General Meeting and Number of other Directorship and Chairmanship / Membership of Committee of each Director in various companies is as follows :

Name of the Director	Attendance of Particulars		No. of Directorships and Committee Chairmanship Membership		
	Board Meeting	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanship
M Sengupta	5	Yes	-	1	-
R.K. Upadhyay*	3	Yes	5**	-	-
G D Gaiha*	1	No	6	-	-
Chandra Shekhar AK*	5	Yes	6	4	-
S K Verma*	1	No	1	-	-
S Susai	4	Yes	13**	6	1
T Willington	5	Yes	11	5	1
M K Jain	-	No	-	-	-

Note : In accordance with Clause 49 of the listing agreement, Memberships / Chairmanships of only Audit Committee, Shareholders / Investors Grievances Committee of all Public Limited Companies has been considered. None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees as specified in Clause 49, across all the companies in which he is a Director. Necessary disclosures regarding Committee positions in other public companies as at March 31 2007 have been made by the Directors.

\* - S.K. Verma resigned from 30.09.2006, G D Gaiha resigned from 27.02.2007, Chandra Shekhar A K resigned from 25.06.2006 and R.K. Upadhyay was appointed as Director with effect from 30.09.2006

\*\* - Includes nomination in two overseas companies.

**Board Committees' Report**

In accordance with the listing agreement of stock exchanges on Corporate Governance, the following Committees were in operations :

## **TAMILNADU TELECOMMUNICATIONS LIMITED**

- Audit Committee
- Shareholders'/Investors' Grievance Committee

Except Managing Director, no remuneration either by way of sitting fees or in any form is paid to other Directors. As such, there has been no need to constitute a Remuneration Committee.

### **Audit Committee**

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's responsibilities, an audit committee has been constituted with the following members :

Mr. T.Willington, Chairman,

Mr. Chandra Shekhar A.K, Member\*

Mr. S. Susai, Member.

\* Mr. Chandra Shekhar A.K. resigned from the Directorship on 25.06.2007; consequently Mr. K.B. Batra is appointed as Director of the Company and a member in Audit Committee.

K. Sainathan, Company Secretary of the company, acts as Secretary of the committee.

### **Terms of reference :**

The main functions of the Committee include :-

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Reviewing with the Management the annual financial statements before submission to the Board, focusing primarily on –
  - Any change in accounting policies and practice
  - Qualifications in the draft Audit Report
  - Significant adjustments arising out of audit
  - The going concern assumption
  - Compliance with accounting standards
  - Matters required to be included in the Directors Responsibility Statement and the Boards' Report in terms of clause (2AA) of section 217 of the Companies Act 1956.
  - Disclosure of any related party transactions
- Compliance with stock exchange and legal requirements concerning financial statements.

- Reviewing with the Management, external and internal auditors the adequacy of internal control system
- Reviewing the adequacy of internal audit functions
- Reviewing the findings of any internal investigations by the internal auditors into matter where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board
- Investigating the reasons for substantial defaults, if any, in the payment to the shareholders ( in case of non-payment of declared dividends ) and creditors.
- To review the functioning of the Whistle Blower Mechanism
- To carry out any other functions as may be referred to by the Board or Chairman of the Board from time to time.

### **Review of Information :-**

- a) Management discussion and analysis of financial conditions and results of operations.
- b) Statement of significant related party transactions
- c) Management letters / letters of Internal control weakness issued by the statutory Auditors
- d) Internal audit reports relating to Internal control weakness, and
- e) The appointment, removal and the terms of remuneration of the Chief Internal Auditor.

The Audit Committee met 4 (four) times during the period from 01<sup>st</sup> April 2006, to 31<sup>st</sup> March 2007 on the following dates 29.04.2006, 22.07.2006, 30.10.2006 and 31.01.2007.

Attendance particulars of each director at the Audit Committee Meeting as follows :

Name of Members	No. of Meetings		
	Category	Held	Attended
Mr.T.Willington,Chairman	Independent, Non-Executive	4	4
Mr.Chandra Shekhar A.K.*	Non-Independent Non-Executive	4	3
Mr. S.Susai	Independent, Non-Executive	4	3