

**NOTICE**

Notice is hereby given that the Twenty Third Annual General Meeting of the Members of Tamilnadu Telecommunications Limited is scheduled to be held at 03.30 PM on Wednesday, 21st September 2011 in the "Sri Venkata Auditorium" at Bharatiya Vidya Bhavan, No.18-22, East Mada Street (Near Kapaleeswarar Temple), Mylapore, Chennai – 600 004 to transact the following business.

**Ordinary Business**

01. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2011, the Profit and Loss Account for the financial year ended on that date and the Director's Report and Auditor's Report.
02. To appoint Director in place of Shri.B.Elangovan, who retires by rotation and being eligible, offers himself for re-appointment.
03. To appoint Director in place of Shri. B.Ramakrishnan, who retires by rotation and being eligible, offers himself for re-appointment.

**Special Business**

04. To consider and if thought fit, to pass with or without modifications, the following resolution as ORDINARY resolution:

"RESOLVED THAT consent of the Company be and is hereby accorded pursuant to the provisions of Section 269,198(4),309,310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the said Act to the appointment of Shri.V.S.Parameswaran, Group General Manager(Wireless Network), Telecommunications Consultants India Limited (TCIL) on deputation as Managing Director of the Company with effect from 15th June 2011 for a period as determined by TCIL on the following terms and conditions:

## 1) Salary:

Basic Pay Rs.59,990/- p.m in the pay scale as may be admissible from time to time for Officers of similar grade on deputation from TCIL. The Dearness Allowance (DA) on IDA pattern is also payable as admissible for Officers of similar grade on deputation from TCIL. The present DA is 47.20% on above basic.

## 2) Accommodation:

- a) Leased accommodation provided by the Company on recovery of 10% of the Basic pay per month towards rent
  - b) Drawal of House Rent Allowance at the rate as applicable to the Officers of TCIL posted at Chennai, towards rent. Present rate is 30% on basic pay.
- MD can exercise the option from (a) or (b) above

## 3) Motor Car:

The Managing Director is entitled to use the Car with Driver for official use as applicable to the Officers of similar grade on deputation from TCIL.

## 4) Telephone:

Telephones to be provided at the residence as per the applicable guidelines.

## 5) Medical Facilities:

The Managing Director is entitled for reimbursement of all actual medical expenses subject to the limit as prescribed for the Officers of GGM cadre in TCIL.

## 6) Leave Travel Concession:

The Managing Director is entitled to the Leave Travel Concession in line with the rules admissible as per TCIL, and the cost there of will be borne by the Company.

## 7) Provident Fund:

The Managing Director, being on deputation from TCIL will continue to subscribe to the Contributory Provident Fund of TCIL, with corresponding matching contribution from the Company.

## 8) Leave Encashment:

The Managing Director is eligible for leave encashment as per the rules of TCIL applicable to his equivalent cadre in TCIL.

By order of the Board  
for **TAMILNADU TELECOMMUNICATIONS LIMITED**

Place : Chennai  
Date : 27.08.2011

**V.S.Parameswaran**  
Managing Director

**Notes :**

01. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 setting out all material facts concerning the aforesaid special business is annexed hereto.
02. 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.
03. The Register of Members and the Share Transfer Books of the Company will remain closed from 17.09.2011 to 21.09.2011 (both days inclusive) in connection with the Annual General Meeting.

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04. 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.
05. Shareholders seeking any information with regard to accounts are requested to write to the company at least two days before the date of the meeting so as to enable the management to keep the information ready.
06. The shareholders may note that the dividend for the financial year ended 31st March 2001 which remain unpaid or unclaimed for a period of 7 years had been already transferred to the Investor Education and Protection Fund established under Section 205C of the Companies Act, 1956.
07. Members are requested to kindly bring their copy of the Annual Report to the Meeting.

### Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

#### Item No.04

Shri.V.S.Parameswaran has been appointed on deputation from Telecommunications Consultants India Limited (TCIL) as Managing Director in place of Shri.M.Sengupta, with effect from 15th June 2011, for a period as determined by TCIL. The Board of Directors of the Company has approved the appointment of Shri.V.S.Parameswaran as Managing Director of the Company at their meeting held on 28.05.2011 subject to approval of Shareholders.

As the appointment and remuneration of Managing Director requires the approval of Shareholders, the resolution is accordingly proposed.

None of the Directors other than Shri.V.S.Parameswaran shall be deemed to be interested or concerned in respect of the appointment and remuneration as stated in the resolution.

### 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:

01. Shri.B.Elangovan, aged 47 years has been in the Board of the Company since December 2008. He is a Master Degree holder in Mechanical Engineering and has rich technical experience. He holds NIL shares in TTL. The details of Directorships / Committee Membership in other companies

Name of the Companies	Nature of Interest
Arakkonam Castings & Forgings Ltd	Director
Sakthi Sugars Ltd	Director
Narmathaa Textiles Ltd	Director
Asian Bearing Ltd	Director
Jayamkondam Lignite Power Corporation Ltd	Director
Southern Petrochemicals Industries Corporation Ltd	Director
Tamilnadu Trade Promotion Organisation (Section 25 Company)	Director

02. Shri.B.Ramakrishnan, aged 47 years has been in the Board of the Company since December 2009. He is a Bachelor of Technology and MBA. He has rich technical experience. He holds NIL shares in TTL. The details of Directorships / Committee Membership in other companies

Name of the Companies	Nature of Interest
SKM Egg Products Export (India) Ltd	Director
Saptharishi Agro Industries Ltd	Director
Tantech Agro Chemicals Ltd	Director
Nilgiris Flower Company Ltd	Director
Intgen Agro Products Ltd	Director
Vishnu Fabrics Private Ltd	Director
Occimum Pharma Private Ltd	Director
Sattva Agro Expo Private Ltd	Director
Devaraj Agro Industries Private Ltd	Director
Golden Jubilee Biotech Park for Women Society	Member

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

To

The Members

Your Directors present the Twenty Third Annual Report, together with the Audited Accounts of the Company for the year ended 31st March 2011.

**Financial Results**

	( Rs. in Lakhs )	
	2010-11	2009-10
Net Sales	1364.04	3503.20
Other Income	59.10	104.30
Total Income	1423.14	3607.50
Total Expenditure	1537.25	3191.73
Finance Charges	294.97	386.90
Extraordinary item	--	--
Gross Profit / (Loss) after interest		
before Depreciation & Tax	(409.08)	28.87
Depreciation	238.77	239.22
Provision for Taxation / Deferred Tax	--	--
Net Profit / (Loss)	(647.85)	(210.35)

The net loss after Tax is Rs. 647.85 lakhs against net loss of Rs. 210.35 lakhs made during the previous year.

**Review of Operations**

During the year under review, the company's sales and other income was 1423.14 Lakhs. The entire turnover of the year is achieved from the Optical Fibre Unit. Overall the market condition of OFC was not encouraging during the year and the order booking status was not as expected. Your company is thriving hard to survive in the price war by implementing various cost-cutting and value engineering measures in the manufacturing operations.

Your Company successfully developed 500 meters span of ADSS cable for Power Sector and 144 fiber dry core type cable for exports.

You are aware that BIFR has issued a Sanctioned Scheme to the Company on 21.07.2010. As per the Sanctioned Scheme the Board of Directors have issued 1,54,32,700 equity shares of Rs.10 each to M/s. Telecommunications Consultants India Limited (TCIL), 42,47,500 equity shares of Rs.10 each to State Bank of India, 20,70,600 equity shares of Rs.10 each to Andhra Bank and 12,65,200 equity shares of Rs.10 each to Punjab National Bank by converting part of the loans into equity. The shares in physical format were issued on 14.09.2010. Out of the bridge loan of Rs.12.50 crores from TCIL as per the Sanctioned Scheme of BIFR, the Company has availed Rs.11.66 crores towards OTS to consortium bankers and towards the Tamilnadu Government land in possession of the Company. With the above restructuring the net worth

has become positive. However during the year the desired results as projected in the Scheme couldn't be achieved due to OFC market conditions.

**Market Scenario and Outlook**

Though the OFC market condition in India was not encouraging during 2010-11, with the Government's decision to expand the broad band connections to cover the villages in India, the OFC market will again pick up and will grow further in future. MTNL and BSNL are both focusing on Fibre Termination To Home (FTTH) deployment as this gained momentum across the Globe. The demand for data services is increasing. 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 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. In power sector ADSS cable applications are increasing day by day.

During the year under review your company has been able to export Optical Fibre 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 enhanced productivity, reduction in logistics and other costs. The company will continue its efforts to further prune all its fixed costs including administrative and discretionary overheads.

**Cautionary Statement**

Statements in the Directors' Report and Management Discussion & Analysis contain forward looking statements. Actual results, performances or achievements may vary materially from those expressed or implied, depending upon economic conditions, Government policies, subsequent developments and other incidental factors.

**Risk & Concern**

The industry is facing challenging cost pressures due to overall reduction in sale value of cables. Costs of major raw materials are increasing as the market is volatile due to frequent changes in crude oil price. The competition within OFC business is becoming fierce due to emerging new technologies and frequent new product

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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 B.Elangovan and Shri.B.Ramakrishnan, will retire from the Directorship of the company by rotation and being eligible, offers themselves for re-appointment.

During the year the following changes had taken place in the Board of the Company: -

Shri N.P.Gupta has been appointed as a Special Director by the Hon'ble Board of Industrial and Financial Reconstruction (BIFR) with effect from 22.09.2010.

### 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 31st March 2011, and the loss 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 Practicing Company Secretaries 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 9001:2008 quality management systems certification from Bureau of Indian Standards (Accredited by Raad Voor Accreditatie, Netherlands) and also ISO 14001:2004 from Guardian Independent Certification Ltd (Registered in England and accredited by Member of the IAF MLA).

### 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. Internal Audit is being carried out by Independent Audit Firm of Chartered Accountants on an on going basis and it recommends appropriate improvements apart from ensuring adherence in company policies as well as regulatory compliance. The audit committee periodically reviews the audit findings.

### Auditors

In terms of Section 619(2) of the Companies Act, 1956, the Comptroller and Auditor General of India (CAG) had appointed M/s. N.Sankaran & Co., Chartered Accountants as the Auditors of the company for the year 2010-11 at a remuneration of Rs. 30,000/- besides reimbursement of travelling 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 Impact on the accounts could not be ascertained due to adjustments if any required on account of non confirmation of balances of Debtors, Creditors and Loans and Advances as referred in Note No.3.**

Though the Company has sent request for confirmation of balances the same are subject to confirmation. However the Company is collecting its realizations regularly and do not see any scope for adjustments as observed by the statutory auditors.

**Para No.5. No provision is made for an amount of Rs. 365.40 lakhs (Previous year Rs.352 lakhs) in the financial statements for certain long outstanding**

**debtors for which the recoverability is dependent on judgement of Court of Law as referred to in Note No.4. The loss for the year would have been higher by the said amount and consequential impact in accumulated losses in profit and loss account, reserves and surplus.**

No provision is made for Rs.352 lakhs 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. In one case the matter has been remitted by the Court to the Arbitrator for speaking orders. Arbitration is in progress and the decision is expected shortly, hopefully in favour of the Company. Regarding Rs.13.40 lakhs case the Arbitration proceedings are in progress and expected to be in favour of the Company. In view of this the Company is of the opinion that these will not have impact on the losses.

**Item No.8 of the Annexure to the Auditors Report**

According to the information and explanations provided by the management, the Company has taken a secured loan from one of the companies listed in the register maintained under section 301 of the Companies Act, 1956. This is as per the Sanctioned Scheme issued by BIFR. **The maximum amount due during the year and the amount due as at 31st March 2011 was Rs. 1165.73 lakhs.** There are no over dues in this account.

This loan is the recent bridge loans availed as per the Sanctioned Scheme of BIFR under the rehabilitation scheme.

**Item No.9 of the Annexure to the Auditors Report**

In our opinion the rate of interest and other terms and conditions on which the Loans have been taken from the company listed in the register maintained under section 301 of the Companies Act, are not, prima facie, pre-judicial to the interest of company. **The interest due amount as at 31st March 2011 is Rs. 0.42 Lakhs.**

This interest is towards the recent bridge loans availed as per the Sanctioned Scheme of BIFR under the rehabilitation scheme. The interest is being settled in phased manner out of the realizations.

**Item No.13 of the Annexure to the Auditors Report**

According to the records of the Company, the Company is regular in depositing with appropriating authorities undisputed statutory dues including Provident Fund, Investor education protection fund, Employees State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Service Tax, Customs Duty, Excise Duty, profession tax, Cess applicable to it. **However TDS of Rs.6.07 lakhs has not been deducted during this year**

Company is remitting regularly PF, ESI, Excise duty, Cess, Service tax, Sales tax, TDS etc., Regarding Rs.6.07 lakhs, this pertains to TDS on interest amount set off by lender against the payable by it to TTL. Due to cash crunch, the company is suffering and is expected to improve in future. **However this TDS amount has been deducted and remitted subsequently.**

**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 31st March 2011 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 Tamilnadu, 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  
**V.S.Parameswaran**  
Managing Director

Place : Chennai.  
Date : 27.08.2011

B. Elangovan  
Director

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## 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) Measure taken for Energy Conservation :

Maintaining power factor at optimum level, reducing loads whenever the machines are not running, saving light energy etc had been followed vigorously. However due to the shortage of power in the state and due to reduction of capacity by the Tamilnadu Electricity Board, the Company has to incur additional cost for usage during peak hours, power cuts etc.,

During the year Company had exported different types of cables like 12F, 24F, 48F and 96F Optical Fibre Cables to Kuwait.

### 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 )

	2010-11	2009-10
Used	2.29	13.43
Earned	78.80	36.73

### 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.

- Designed and developed 500 meters span ADSS Cable
- Designed and developed 144 fiber dry core type cable for exports

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

- The company already produced and supplied 12 Kms of 24 fiber ADSS Cable. The Company could capture sizeable quantity of orders for domestic power sectors
- The company already successfully executed and exported 80 KMs of 144F cable. The company could capture sizeable quantity of export orders in future.

#### 3. Future Plan

- Getting Type Approval for Micro Duct Cables from BSNL.
- To obtain Type Approval for 576 High Count Metal Free OF Cable (Ribbon Type)
- To obtain Type approval of 24F ADSS OF Cable for Urban area
- To get extended type approval of 24F Armoured OF Cable for Indian Railways
- To introduce new stranding line & sheathing line
- To install dual tower fiber drawing plant to enhance capacity as well as indigenous production of fiber
- To install facilities for production of OPGW cables for power sectors

#### 4. Expenditure on R&D

Expenditure towards the R&D is Rs.402,044.00

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

- Infrastructure Assessment obtained from BSNL for different types of Optical Fiber Cables viz., 12 Self supporting MF Aerial OF Cable, 24F Self Supporting MF Aerial OF Cable, 48F MF OF Cable, 48F Ribbon OF Cable, 96F Ribbon OF Cable, 144F Ribbon OF Cable, 288F Ribbon OF Cable and 576F Ribbon OF Cable.
- Obtained Type Approval for 24F(UA) G652D Metal free OF Cable.
- Obtained Bulk production clearance for 24F(UA) G652D OF Cable from BSNL

## Report on 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 31.03.2011 is as under :

Category	Name of Directors	Designation	No. of Shares in the Company
Promoter Executive	M. Sengupta	Managing Director	Nil
Promoter Non-Executive	R K Upadhyay	Director	Nil
	K.B. Batra	Director	Nil
	Vimal Wakhlu	Director	Nil
	Dr.(Tmt) S.Revathi	Director	Nil
Non-Executive Independent Directors	B.Elangovan	Director	Nil
	B.Ramakrishnan	Director	Nil
	M.K. Jain	Director	Nil
	( Nominee of Dept. of Telecom )		
	N.P.Gupta* (Special Director of BIFR)	Director	Nil

\* Shri.N.P.Gupta has been appointed in the Board by the BIFR as Special Director with effect from 22.09.2010

### Board Meetings

The Board of Directors met 4 ( Four ) times during the period 01st April 2010 to 31st March 2011 on the following

dates i.e., 28th May 2010, 14th September 2010, 22nd December 2010 and 31st March 2011(Adjourned for want of quorum and held on 07th April 2011).

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	4	Yes	-	1	-
R.K. Upadhyay	2	No	6*	-	-
K.B. Batra	3	Yes	6**	1	1
Vimal Wakhlu	Nil	No	2	-	-
S.Revathi	2	No	1	-	-
B.Elangovan	4	Yes	7	2	-
B.Ramakrishnan	1	No	9***	2	-
M .K. Jain	Nil	No	-	-	-
N.P.Gupta	2	No	2	-	-

Note: In accordance with Clause 49 of the listing agreement, Memberships / Chairmanships of only Audit Committee, Shareholders / Investors Grievances Committee of all Public Limited Company 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 2011 have been made by the Directors.

\* - Includes nomination in three overseas companies.

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

\*\*\*-Includes four Private Companies

### Board Committees' Report

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

- Audit Committee
- Sub-Committee of the Board for approving quarterly un-audited results
- Shareholders'/Investors' Grievance Committee

Except Managing Director and the BIFR nominee Director, no remuneration either by way of sitting fees or in any form is paid to other Directors. To the BIFR nominee Director only sitting fee as approved by the Board and reimbursement of conveyance expenses are paid. 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

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the Board's responsibilities, the audit committee has been re-constituted with the following members:

Mr. K.B.Batra, Member

Mr. B.Elangovan, Chairman cum Member

Mr. B.Ramakrishnan, Member

V.Mohan, GM(Finance) cum Company Secretary of the Company, acted 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 four times during the period from 01st April 2010 to 31st March 2011 on the following dates 28.05.2010, 14.09.2010, 22.12.2010, and 31.03.2011.

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

Name of Members	No. of Meetings		
	Category	Held	Attended
Mr. K.B. Batra	Non-Independent Non-Executive	4	3
Mr. B.Elangovan,	Independent, Non-Executive	4	4
Mr.B.Ramakrishnan	Independent, Non-Executive	4	1

Particulars of Managerial Remuneration of Managing Director

(Rs. In Lakhs )

Particulars of Remuneration	2010-11	2009-10
i) Salary and Allowance Shri M. Sengupta	15.89	12.61
ii) Medical Reimbursement Shri M. Sengupta	0.57	0.50

In addition, the Managing Director is allowed the use of car for private purpose to the limits prescribed by the Department of Public Enterprises from time to time.

### Shareholders'/Investors' Grievance Committee

The Board of the Company has constituted a Shareholders'/Investors' Grievance Committee comprising of the following directors.

Mr. B.Elangovan, Chairman cum Member

Mr. M. Sengupta, Member

Mr. B.Ramakrishnan, Member

V.Mohan, GM(Finance) cum Company Secretary of the company, acted as Secretary of the committee.

### Terms of Reference :

The Committee inter-alia approves transfer, transposition, transmission of Shares, issue of duplicate / rematerialized share certificates and review all matters connected with share transfers. The Committee also looks into redressal of shareholders' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. The Committee oversees the performance of the Registrar and Share Transfer Agents and recommends measures for overall improvement in the quality of investor services.

During the year, Four (4) complaints were received and replied to the satisfaction of shareholders. Outstanding complaints as on 31.03.2011 were NIL.



### Compliance with the Code of Conduct for Board of Directors and Senior Management Personnel

The company is in compliance with the requirements of the revised guidelines on corporate governance stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, of a Code of Conduct for the Directors and Senior Management Personnel, the company has moved further in its pursuit of excellence in corporate governance.

The Code of Conduct Compliance is monitored through the Compliance Reports received from the Directors and the Senior Management Personnel. It is declared that the Board Members and Senior Management Personnel of the company have furnished the Annual Compliance Report affirming that they have fully complied with the provisions of the Code of Conduct during the financial year ended 31st March 2011.

### General Body Meetings

Location and time of the last three Annual General Meetings

Year	Venue	Held On	Time
2007-08	Russian Cultural Centre, No.74,Kasturi Ranga Road, Alwarpet, Chennai-600018	23.12.2008	11.30 A.M.
2008-09	Russian Cultural Centre, No.74,Kasturi Ranga Road, Alwarpet, Chennai-600018	30.09.2009	3.00 P.M
2009-10	Russian Cultural Centre, No.74,Kasturi Ranga Road, Alwarpet, Chennai-600018	14.09.2010	3.00 P.M

### Special Resolution

Year	AGM/EGM	Passed Under Section(s)
2008-2009	AGM on 30.09.2009	81(1A), 293(1)(d) and 31

### Postal Ballot

No special resolution was put through postal ballot during last 3 years. The provisions relating to postal ballot will be complied as per the provisions of the Companies Act, 1956 as and when situation may arise. Similarly, no business is required to be transacted through postal ballot at the forthcoming Annual General Meeting.

### Disclosures

#### Related Party Transactions

Related Party Transactions are defined as transactions of the company of a material nature, with Promoters, Directors or the Management or their relatives etc, which may have potential conflict with the interest of the Company at large.

The company has not entered into any transaction of material nature with the Promoter, Directors or Management, their relatives that may have potential conflict of interest of the Company at large. There are no material transactions

with related parties that may have any potential conflict with the interest of the Company at large. There is no pecuniary transaction with the independent / non-executive directors. All transactions covered under related party transactions are detailed under Part V of Schedule 24 – Notes annexed to and forming part of the Balance Sheet of the company.

### Statutory Compliance, Penalties and Strictures

The Company has complied with the requirements of the Stock Exchanges / SEBI and Statutory Authority (ies) on all matters related to the capital market during the last three years. There are no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or by any Statutory Authority (ies) relating to the above.

### Whistle Blower Policy

The company has established a mechanism for employees to report concerns about unethical behaviors, actual or suspected fraud, violation of Code of Conduct of the Company etc. The mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access by the Whistle Blower to the Audit Committee. It is affirmed that during the Financial Year 2010-11, no employee has been denied access to the Audit Committee.

### Risk Assessment and Minimization Procedures

As per Clause 49 IV (C), the company shall lay down procedures to inform Board of Directors about the risk assessment and minimization procedures. These procedures shall be periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

Accordingly, a system has been developed and procedures have been laid down, on risk assessment and minimization. The scope of the Audit Committee includes review of company's financial and risk management policies.

### 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 to the Board as per Clause 49V.

### Means of Communication

- The quarterly / half-yearly / annual results have been published in the News Today English Newspaper and Maalai Sudar Tamil Newspaper.
- The Management perspective, Business review and financial highlights are part of the Annual Report
- At present no separate quarterly / half-yearly reports are being sent to investors