

Tamilnadu Telecommunications Limited

**24th Annual Report
2011-12**

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Board of Directors	Shri. Vimal Wakhlu	-	Chairman and Director
	Shri. V.S.Parameswaran	-	Managing Director
	Shri. V.K.Sharma	-	Director
	Shri. A.K.Gupta	-	Director
	Shri. M.S.Shanmugam	-	Director
	Shri. B.Elangovan	-	Director
	Shri. B.Ramakrishnan	-	Director
	Shri. M.K.Jain	-	Director (Nominee of the Dept. of Telecom)
	Shri. N.P.Gupta, IAS (Retd)	-	Special Director appointed by BIFR

Registered Office	:	No.16, 1 st Floor, Aziz Mulk 3 rd Street, Thousand Lights, Chennai – 600 006
Factory	:	E 18B – E24, CMDA Industrial Complex, Maraimalai nagar – 603 209, Tamilnadu Website : www.ttlcfc.in
Auditors	:	M. Kuppaswamy PSG & Co., Chartered Accountants, 54/3, C.P. Ramaswamy Road, Abhiramapuram, Chennai – 600 018
Promoters	:	Telecommunications Consultants India Limited, 'TCIL BHAWAN', Greater Kailash – I, New Delhi – 110 048 Tamilnadu Industrial Development Corporation Limited, 19-A, Rukmani Lakshmi pathy Road, Egmore, Chennai – 600 008

REGISTRAR & SHARE TRANSFER AGENTS

Cameo Corporate Services Limited,
"Subramanian Building"
No.1, Club House Road,
Chennai – 600 002.
Phone : 044 – 28460390

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form may register their email id by informing the same to the Company or its R&T Agent.

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

NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Members of Tamilnadu Telecommunications Limited is scheduled to be held at 03.00 PM on Thursday, 20th September 2012 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 2012, the Statement of 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.Vimal Wakhlu, who retires by rotation and being eligible, offers himself for re-appointment.
03. To appoint Director in place of Shri. M.S.Shanmugam, who retires by rotation and being eligible, offers himself for re-appointment.

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

Place : Chennai
Date : 29.08.2012

V.S.Parameswaran
Managing Director

Notes:

01. 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.
02. The Register of Members and the Share Transfer Books of the Company will remain closed from 15.09.2012 to 20.09.2012 (both days inclusive) in connection with the Annual General Meeting.
03. 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.
04. 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.
05. 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.
06. 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:

01. Shri. Vimal Wakhlu, aged 56 years has been in the Board of the Company since June 2007. He is a Bachelor of Engineering from NIT, Srinagar and MBA Marketing from IGNOU. He is also a certified Project Management Professional from Project Management Institute, Pennsylvania. He has very rich experience for more than 35 years in the field of Telecom including e-Networks, Mobile Communications, Satellite Communications including VSAT based networks, Optical Communications, Troposcatter Communication, Data Transmission, Maritime Communications, International Telephony, Analog and Digital Microwave Systems, Analog and Digital Co-axial Systems and Video Transmission – Analog / Digital. 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 & Managing Director
Bharati Hexacom Limited	Director
TCIL Saudi Company Limited	Director
United Telecom Limited	Director
TBL International Limited	Director

02. Shri. M.S. Shanmugam, aged 46 years has been in the Board of the Company since September 2011. He is an Indian Administrative Service Officer. He holds NIL shares in TTL. The details of Directorships / Committee Membership in other companies

Name of the Companies	Nature of Interest
Southern Structural Limited	Chairman & Managing Director i/c
Tamil Nadu Salt Corporation Limited	Director
Tamil Nadu Cements Corporation Limited	Director
Tamil Nadu Industrial Explosives Limited	Director
Tamil Nadu Industrial Investment Corporation Limited	Director
TICEL Biopark Limited	Director
Southern Petrochemical Industries Corporation Limited	Director
Tanfac Industries Limited	Director
Madras Export Processing Zone – SEZ	Member (Unit Approval Committee)

TAMILNADU TELECOMMUNICATIONS LIMITED

REPORT OF DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

To

The Members

Your Directors present the Twenty Fourth Annual Report, together with the Audited Accounts of the Company for the year ended 31st March 2012.

Financial Results

	(Rs. in Lakhs)	
	2011-12	2010-11
Revenue from operations	1098.72	1364.04
Other Income (Net)	16.27	16.21
Total Revenue	1114.99	1380.25
Total Expenditure	1762.41	1481.88
Finance Charges	586.18	294.97
Extraordinary / Exceptional items	(138.59)	9.08
Gross Profit / (Loss) after interest before Depreciation & Tax	(1095.01)	(405.68)
Depreciation and Amortization Expense	237.81	242.17
Provision for Taxation / Deferred Tax	—	—
Net Profit / (Loss)	(1332.82)	(647.85)

The net loss after Tax is Rs.1332.82 lakhs against net loss of Rs.647.85 lakhs made during the previous year.

Review of Operations

During the year under review, the company's sales and other income was 1114.99 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 the new design 24F-Double Sheathed Cable (HDPE) using impregnated glass roving as Strength member as per BSNL new specification. In addition, your Company has designed and developed 12F self supporting metal free aerial optical fibre cable (for hilly and rural areas), 24F self supporting metal free aerial optical fibre cable (for urban area) and 6F and 12F unitube for cable TV operators.

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 during 2010-11. However during the year the desired results as projected in the Scheme couldn't be achieved due to OFC market conditions. The OFC market during the year was not as projected and the order booking status was not encouraging. One big order received from BSNL also could not be executed in full due to non availability of one of the raw materials viz., Nylon 12 to that extent, in the International Market. Due to this BSNL has to change the specification of the OFC without Nylon 12 Jacketing. Hence, there were no major orders at all during the year under review which again resulted in accumulation of losses and thereby the Networth has again eroded during the year.

Market Scenario and Outlook

Though the OFC market condition in India was not encouraging during 2010-11 and 2011-12, 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 surpass the current manufacturing facility 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.

The Company is also exploring the possibilities for diversification in the related areas like manufacturing and supply of FTTH components, tablet PCs. etc. For implementation of any of this successful venture after feasibility study, the vacant land available with the Company will be utilized for this project by having tie up arrangement

with suitable Joint Venture partner. As an initiative under the feasibility study, presently the Company is in the process of procuring, assembling and supply of 200 numbers of tablet PCs to TCIL under their CSR project. On success of this venture, further full fledged action for executing in big volume will be considered after taking all relevant approvals.

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 as the cost of major raw materials are increasing because 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 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 Vimal Wakhlu and Shri. M.S.Shanmugam, 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. M. Sengupta, Managing Director has been replaced by Shri. V.S. Parameswaran with effect from 15.06.2011, which has been approved in the 23rd AGM.

Shri. R.K. Upadhyay has been replaced by Shri.V.K. Sharma, Shri. K.B. Batra has been replaced by Shri. A.K.Gupta and Smt. (Dr.) S.Revathi has been replaced by Shri. M.S.Shanmugam. All these replacements were effective from 02.09.2011.

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 2012, 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 considering the expected orders and future prospects of the Company.

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. M.Kuppuswamy PSG & Co., Chartered Accountants as the Auditors of the company for the year 2011-12 at a remuneration of Rs. 1,00,000/- besides reimbursement of traveling and out-of-pocket expenses at actuals, subject to the other items and conditions as specified by the CAG.

TAMILNADU TELECOMMUNICATIONS LIMITED

Auditors' Report

Clarification on Auditors observations is given below:

Para No. 4 of the Auditors' Report: *Without qualifying our conclusion, we draw attention to Note No: 3 in the Notes to accounts. As at March 31, 2012, the Company's accumulated losses of Rs.55,81,13,192/- has eroded the net worth of the Company, indicating the existence of a material uncertainty that may cast a doubt about the Company's ability to continue as a Going Concern. The Company has incurred a loss of Rs.13,32,81,519/- for the year under audit. Based on the mitigating factors discussed in the said Note, the Management believes that the Going Concern assumption is appropriate.*

As mentioned in the Note no.3, the Company is confident of getting orders from Reliance InfoTel and from NOFN project of the Government of India in the near future. Considering the scope during the immediate future and TCIL's continuous financial support, the accounts have been prepared on the Going concern basis.

Para No. 5 of the Auditors' Report: *The Company has not provided for any deferred tax liability in the books, in respect of the timing difference on the depreciation of fixed assets, by charge to the Statement of Profit and Loss. The deferred tax liability not provided works out to Rs.1,40,69,076/- as on March 31, 2012. This is contrary to the requirements of AS 22 – Accounting for Taxes on Income and has resulted in an understatement of loss for the year by Rs.1,40,69,076/-. As a result, the accumulated debit balance in Surplus and liabilities have been understated to the same extent. Consequently the Earnings per Share would increase to Rs.(3.23).*

Para No.6 (d) of the Auditors' Report: In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement, dealt with by this report are in compliance with the Accounting Standards referred to in Sub-section (3C) of section 211 of the Companies Act, 1956 **except for the non-compliance of AS22 – Accounting for Taxes on Income, reported in paragraph 5 above.**

Para No. 6 (f) of the Auditors' Report: In our opinion and to the best of our information and accounting to the explanations given to us, **EXCEPT for the matter specified in paragraph 5 above**, the said Accounts read with the Significant Accounting Policies and notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

The Company has disclosed the facts of non-provisioning for deferred tax assets / liabilities vide Note no.6 (b) under "II. Notes to Accounts" of Note 24.

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

As explained to us, as per Notification of the Ministry of Corporate Affairs dated June 03, 2011, the Company is required to maintain Cost Records for the Financial Year

under Audit. ***The prescribed Cost Records are yet to be maintained by the Company.***

For the year 2011-12, only the Compliance report as per the notified Cost Accounting record rules, 2011 is applicable. The Cost Audit is applicable only from the year 2012-13. Regarding the compliance report of 2011-12, already the Company has appointed a Practicing Cost Accountant and the relevant compliance report shall be filed within the prescribed period i.e. 31.12.2012.

Item No.9 (a) of the Annexure to the Auditors' Report

The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales tax, Service tax, Customs duty, Excise duty, Cess and Municipal Profession Tax with the appropriate authorities. ***We however noticed delay in remittance in some of the months.***

The Company is generally remitting the dues in time and in few cases remittances were delayed by few days. The reason is the cash crunch being faced by the Company and remittances are made based on the funds availability. The Company is expecting the status to improve in future.

Item No.10 of the Annexure to the Auditors' Report

The accumulated losses of the Company at the end of the financial year, has exceeded the Net Worth of the Company. The Company has also incurred Cash losses during the Financial Year and in the immediately preceding Financial Year.

During the Financial years 2010-11 and 2011-12, the condition of the OFC market was not as projected due to various reasons beyond the control of the OFC manufacturers. Lack of orders is the major reason for such performance, which was experienced by all the OFC manufacturers. However, the situation is improving and the market is expected to grow from next financial year onwards and the Company is confident of avoiding cash loss.

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 2012 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 and the Promoters. 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 : 29.08.2012

B. Elangovan
Director

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 6F, 12F, 24F, 48F and 96F Duct Optical Fibre Cables to Kuwait and 24F (A) Optical Fibre Cables to Nepal.

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)

	2011-12	2010-11
Used	1.19	2.29
Earned	198.97	78.80

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 24F Self Supporting Metal Free Aerial Optical Fiber Cable (for Urban Areas)
- Designed and developed 12F Self Supporting Metal Free Aerial Optical Fiber cable (for Hilly and Rural Areas)
- Designed and developed new design 24F Metal Free Optical Fiber Cable with double

HDPE Sheath (G652D) for BSNL, using impregnated glass roving as strength member. The main features are use of

- (i) use of helically lapped impregnated glass roving
- (ii) use of Anti-Termite, Anti-Rodent HDPE as Jacket.

All validation and testing including the long term lab testing of Anti-Termite features of HDPE was done.

The Kevlar Server in the jacketing line was modified and customized for helical lapping application of Impregnated glass roving

- Designed and developed 6F and 12F Unitube for cable TV operators.

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

- Order received and supplied 447 Kms of 24F Self Supporting Metal Free Aerial Optical Fiber Cable to APTRANSCO
- Order received and supplied 89 Kms of 12F Self Supporting Metal Free Aerial Optical Fiber Cable to CGMTS, BSNL, Kolkata.
- Supplied 104 Kms of 6F Unitube and 89 Kms of 12F Unitube to Local Cable TV Operator.
- Received order from BSNL for supply of 3206 KMs of 24F Metal Free Optical Fiber Cable with double HDPE Sheath (G652D).

3. Future Plan

- Getting Type Approval for Micro Duct Cables from BSNL.
- To get extended Type Approval of 24F Armoured Optical Fibre cable for Indian Railways.
- To install facilities for production of OPGW cables for power sectors
- To install facilities for assembly and supply of FTTH components
- To install facilities for assembly and supply of Tablet PCs.

4. Expenditure on R&D

Expenditure towards the R&D is Rs. 315,631/-

B. Technology absorption, adaptation and innovation.

- Obtained Type Approval for 24F Self Supporting Metal Free Aerial Optical Fiber Cable (for Urban Areas)
- Obtained Type Approval for 12F Self Supporting Metal Free Aerial Optical Fiber cable (for Hilly and Rural Areas)
- Obtained Type Approval for 24F Metal Free Optical Fiber Cable G652D (Multi tube Construction)
- Obtained Type Approval for 24F Metal Free Optical Fiber Cable with double HDPE Sheath (G652D), using impregnated glass roving as strength member.
- Obtained Type Approval from RDSO for 24F Armoured Optical Fiber Cables.

TAMILNADU TELECOMMUNICATIONS LIMITED

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 31.03.2012 is as under :

Category	Name of Directors	Designation	No. of Shares in the Company
Promoter Executive	M. Sengupta	Managing Director (01.04.2011 to 15.06.2011)	Nil
Promoter Group General Manager	V.S. Parameswaran	Managing Director (with effect from 15.06.2011 onwards)	Nil
Promoter Non-Executive Directors	Vimal Waklu V.K. Sharma A.K. Gupta M.S. Shanmugam	Director Director Director Director	Nil Nil Nil Nil
Non-Executive Independent Directors	B. Elangovan B. Ramakrishnan M.K. Jain (Nominee of Dept. of Telecom) N.P. Gupta (Special Director of BIFR)	Director Director Director Director	Nil Nil Nil Nil

Board Meetings

The Board of Directors met 4 (Four) times during the period 01st April 2011 to 31st March 2012 on the following dates i.e., 28th May 2011, 02nd September 2011, 29th December 2011 and 31st March 2012.

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	1	-	-	1	-
V.S. Parameswaran	3	Yes	-	1	-
R.K. Upadhyay (i)	1	-	6*	-	-
K.B. Batra (ii)	1	-	6**	1	1
Vimal Waklu	4	No	5**	-	-
V.K. Sharma	1	Yes	3***	-	-
A.K. Gupta	3	No	6**	-	-
S. Revathi (iii)	Nil	-	1	-	-
M.S. Shanmugam	1	No	9#	-	-
B. Elangovan	4	Yes	7##	2	-
B. Ramakrishnan	Nil	No	9###	1	-
M. K. Jain	Nil	No	-	-	-
N.P. Gupta	4	No	2	1	1

(i) Shri. R.K. Upadhyay replaced by Shri. V.K. Sharma with effect from 02.09.2011

(ii) Shri. K.B. Batra replaced by Shri. A.K. Gupta with effect from 02.09.2011

(iii) Smt. (Dr.) S. Revathi replaced by Shri. M.S. Shanmugam with effect from 02.09.2011

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 had 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, 2012 have been made by the Directors.

* - Includes nomination in three overseas companies.

** - Includes nomination in two overseas companies.

*** - Includes nomination in one overseas company

- Includes one Membership in SEZ

- Includes one Private Company

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

Shri. K.B.Batra, Member *

Shri. B.Elangovan, Member

Shri. B.Ramakrishnan, Member **

Shri. N.P.Gupta, Chairman cum Member

Shri. A.K.Gupta, Member

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

* Shri. A.K. Gupta replaced Shri K.B. Batra with effect from 02.09.2011

** Shri. N.P.Gupta replaced Shri. B.Ramakrishnan with effect from 02.09.2011

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:-

- Management discussion and analysis of financial conditions and results of operations
- Statement of significant related party transactions
- Management letters / letters of Internal Control weakness issued by the Statutory Auditors
- Internal Audit Reports relating to Internal Control weakness, and
- 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 2011 to 31st March 2012 on the following dates 28th May 2011, 02nd September 2011, 29th December 2011 and 31st March 2012

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

Name of Members	No. of Meetings		
	Category	Held	Attended
Shri. K.B. Batra	Non-Independent Non-Executive	1	1
Shri. B.Elangovan	Independent, Non-Executive	4	4
Shri. B.Ramakrishnan	Independent, Non-Executive	2	Nil
Shri. A.K.Gupta	Non-Independent Non-Executive	3	3
Shri. N.P.Gupta	Independent, Non-Executive	2	2

Particulars of Managerial Remuneration of Managing Director (Rs. in Lakhs)

Particulars of Remuneration	2011-12	2010-11
i) Salary and Allowance Shri M. Sengupta	4.31	15.89
ii) Medical Reimbursement Shri M. Sengupta	-	0.57
iii) Salary and Allowance Shri V.S. Parameswaran	13.79	-

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.

TAMILNADU TELECOMMUNICATIONS LIMITED

Shareholders'/Investors' Grievance Committee

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

Shri. B.Elangovan, Chairman cum Member

Shri. M. Sengupta, Member *

Shri. B.Ramakrishnan, Member

Shri. V.S. Parameswaran, Member

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

* Shri. M.Sengupta replaced by Shri. V.S. Parameswaran with effect from 15.06.2011

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 One (1) complaint was received and replied to the satisfaction of shareholders. Outstanding complaints as on 31.03.2012 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 2012.

General Body Meetings

Location and time of the last three Annual General Meetings

Year	Venue	Held On	Time
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
2010-11	Shri Venkata Auditorium at Bharatiya Vidya Bhavan, No. 18-22, East Mada Street (Near Kapaleeswarar temple), Mylapore, Chennai -600004	21.09.2011	3.30 P.M.

Special Resolution

Year	AGM/EGM	Passed Under Section(s)
2009-2010	AGM on 30.09.2009	81(1A), 293(1)(d) and 31
2010-2011	—	Nil
2011-2012	—	Nil

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 Note 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, violations 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 2011-12, 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.