

Tamilnadu Telecommunications Limited

25th Annual Report
2012-13

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Board of Directors	Shri. Vimal Wakhlu	-	Chairman and Director
	Shri. V.S.Parameswaran	-	Managing Director
	Shri. A.K.Gupta	-	Director
	Shri. Rajesh Kapoor	-	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, Maraimalainagar – 603 209, Tamilnadu Website : www.ttlofc.in
Auditors	:	Ramesh and Ramachandran., Chartered Accountants, New No. 39, Old No. 29/3, Viswanathapuram Main Road, Kodambakkam, Chennai – 600 024
Promoters	:	Telecommunications Consultants India Limited, 'TCIL BHAWAN', Greater Kailash – I, New Delhi – 110 048 Tamilnadu Industrial Development Corporation Limited, 19-A, Rukmini Lakshmipathy 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 Fifth Annual General Meeting of the Members of Tamilnadu Telecommunications Limited is scheduled to be held at 02.45 PM on Tuesday, 24th September 2013 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 2013, the Statement of Profit and Loss Account for the financial year ended on that date and the Directors' Report and Auditors' Report.
02. To appoint Director in place of Shri. Ajai Kumar Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
03. To appoint Director in place of Shri. B.Elangovan, who retires by rotation and being eligible, offers himself for re-appointment.

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

Place : Chennai
Date : 02.09.2013

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 19.09.2013 to 24.09.2013 (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. Ajai Kumar Gupta, aged 56 years has been in the Board of the Company since September 2011. He is a fellow member of the Institute of Chartered Accountants of India. He is LLB (Proff.) and have post graduate diploma in International Law for trade & business. He has over 34 years experience in reputed Manufacturing, Consultancy, Engineering, Contracting and Telecom service providing companies. He has experience in both Central and State PSUs. He has vast experience in Finance and Accounts, Budget and Budgetary Controls, Risk Management, Management of Foreign Exchange, Taxation, Investment Appraisal, Formulation of System and procedure for Management Accounting and Reporting, Financial Evaluation of the Projects. He has also wide experience in effectively dealing with Multilateral Agencies, Exchange Control Authorities and Financial Institutions. 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	Director (Finance)
Intelligent Communication Systems India Limited	Director
TBL International Limited	Director
TCIL Saudi Company Limited	Director
TCIL Oman LLC	Director
Bharati Hexacom Limited	Director

02. Shri. B. Elangovan, aged 49 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 and Forgings Limited	Director
Sakthi Sugars Limited	Director
Southern Petrochemical Industries Corporation Limited	Director
Jayamkondam Lignite Power Corporation Limited	Director
Narmathaa Textiles Limited	Director
Asian Bearing Limited	Director
Tamilnadu Trade Promotion Organisation (Section 25 Company)	Director

TAMILNADU TELECOMMUNICATIONS LIMITED

REPORT OF DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

To

The Members

Your Directors present the Twenty Fifth Annual Report, together with the Audited Accounts of the Company for the year ended 31st March 2013.

Financial Results	(Rs. in Lakhs)	
	2012-13	2011-12
Revenue from operations	1614.76	1098.72
Other Income (Net)	18.76	16.27
Total Revenue	1633.52	1114.99
Total Expenditure	1668.97	1762.41
Finance Charges	671.71	586.18
Extraordinary / Exceptional items	6.35	(138.59)
Gross Profit / (Loss) after interest before Depreciation & Tax	(713.51)	(1095.01)
Depreciation and Amortization Expense	134.98	237.81
Provision for Taxation / Deferred Tax	—	—
Net Profit / (Loss)	(848.49)	(1332.82)

The net loss after Tax is Rs.848.49 lakhs against net loss of Rs.1332.82 lakhs made during the previous year.

Review of Operations

During the year under review, the company's sales and other income was 1633.52 Lakhs. This includes Rs. 20.64 lakhs towards execution of TCIL's CSR Project for supply of 150 numbers Tablet PCs to ten Government Schools in Vellore district of Tamilnadu. The balance Rs. 1612.88 lakhs 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. The major order received and executed during the year was 3206 kms. order from BSNL with the new design of HDPE double sheathing. 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 obtained TSEC approval for the new design cable of 24F Metal Free Optical Fiber Cable with double HDPE Sheath for BSNL. In the diversification front, as a feasibility study, your Company has successfully executed assembly, validation and supply of Tablet PCs in small quantum of 150 numbers to Government Schools. Your Company has also applied and registered with BSNL, QA for obtaining TSEC approval for the cable design of 24F Metal Free Optic Fiber Cable with double HDPE Sheath for the newly formed SPV of the Government M/s. Bharat Broadband Network Limited (BBNL).

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 became positive during 2010-11. However from 2010-11 onwards, the desired results as projected in the Scheme couldn't be achieved due to OFC market conditions. The OFC market from 2010-11 was not as projected and the order booking status was not encouraging. The big order from BSNL during 2010-11 also could not materialize due to non availability of one of the critical Raw Material Nylon 12. Due to this, the Network has again eroded during 2011-12 and became negative. The year under review was slightly better as the Company has received an order from BSNL for 3,206 kms for manufacturing 24F Optical Fiber Cable with HDPE double Sheath and the same was successfully completed during November 2012. Other than the above BSNL's order, there were no major orders during the year under review which again resulted in accumulation of losses and thereby the Network has further eroded. On the diversification front, as a feasibility study, the Company during the year has executed the CSR Project of TCIL by assembling and supplying 150 numbers of Tablet PCs to ten Government Schools in Vellore district along with training for three months. Your Company is looking forward for getting better improvements in the diversification front in future.

The long awaited National Optic Fiber Network (NOFN) tender has been floated by BBNL during March 2013 under six packages for connecting broadband in 2.50 lakhs villages in India. The Company has participated in package E covering Southern India. The Company is in L3 status and is anticipating order equivalent to its six months production capacity out of the overflow quantities, since the volume of tender is huge. Since the OFC market is picking up and the Company is also exploring successful diversification project, a revised Draft Rehabilitation Scheme shall be prepared at appropriate time for submission to BIFR through the Monitoring Agency.

Market Scenario and Outlook

Though the OFC market condition in India was not encouraging from 2010-11 onwards, considering the present NOFN tender of BBNL and the improving OFC market conditions, 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, OFC accessories, 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, the Company has successfully assembled and supplied 150 numbers of tablet PCs under TCIL's CSR project to ten Government Schools. Efforts are being taken to study the market and to identify a suitable JV partner to proceed further. On finalizing a successful project, action for executing in big volume will be considered after taking all relevant approvals including from BIFR.

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 increasing exchange rate fluctuation is also a threat towards cost of production. 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. However, the market price of cables is also comparatively increasing which is a good sign for the Company.

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 Ajai Kumar Gupta and Shri. B.Elangovan, 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. V.K. Sharma has been replaced by Shri. Rajesh Kapoor with effect from 18.03.2013.

Directors' Responsibility Statement

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

- In the preparation of the annual accounts the applicable accounting standards had been followed.
- 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 2013, and the loss of the Company for the year ended on that date.
- 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.
- 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 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.

TAMILNADU TELECOMMUNICATIONS LIMITED

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. Ramesh and Ramachandran, Chartered Accountants as the Auditors of the company for the year 2012-13 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.

Independent Auditors' Report

Clarification on Auditors observations is given below:

'Emphasis of Matter' of the Independent Auditors' Report: *Without qualifying our conclusion, we draw attention to Note No: 3 in the Notes to Accounts. As at March 31, 2013, the Company's accumulated losses of Rs.75,07,73,425 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.8,48,49,176 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 Note no. 3, the company is confident of getting orders from NOFN project and RailTel in addition to the already received add-on order of 1,602 kms from BSNL, during the year 2013-14 itself. The OFC market is picking up after a dull phase during the last three years. As mentioned, the Company is hoping to get continuous orders from 2013-14 onwards regularly since the OFC market is picking up. The order booking position is expected to be continuously good. Considering the scope during the immediate future and TCIL's continuous financial support, the accounts have been prepared on going concern basis.

'Other Matter' of the Independent Auditors' Report: *The deferred tax asset amounts to Rs. 9,20,23,736 as on 31st March 2013 considering all eligible carried forward losses as per AS-22-Accounting for Taxes on Income. The same has not been provided for in the books of account, considering the absence of virtual certainty of earning profits and Prudence concept.*

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.9 (a) of the Annexure to the Independent Auditors' Report

According to the records of the company, undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales tax, Service tax, Customs duty, Excise duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, outstanding statutory due as on 31st of March, 2013 for a period of more

than six months from the date they became payable is as follows:

S.No	Nature of due	Amount (₹)
1	Property tax payable	31,37,750

With reference to clause 11.5.3 of the Sanctioned Scheme issued to the company by BIFR, the company has requested and continuously insisting the concerned authority for waiver of the Property Tax of the past and during the rehabilitation period. No positive reply from the authority is received. However provision has been made in the books of accounts. Continuously pursuing for waiver. On waiver, the liability will be reversed accordingly.

Item No.10 of the Annexure to the Independent 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 immediately preceding financial year.

The OFC market condition from the year 2010-11 onwards 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 OFC market is improving and is expected to grow from the year 2013-14 onwards and the Company is confident of avoiding cash loss. On identification of successful diversification project and based on the expected OFC orders, a revised DRS shall be prepared and submitted at appropriate time to BIFR through the Monitoring Agency.

Cost Auditors:

M/s. SBK & Associates, Cost Accountants of Chennai were appointed as Cost Auditors for the year 2012-13 and Cost Audit Report will be filed before the due date (27th September 2013). In the year 2011-12, Cost Audit was not applicable. The form of Compliance Report with annexures for the year 2011-12 has been filed on 26th December 2012, within the due date.

Comments of the Comptroller and Auditor General

The Comptroller and Auditor General of India have decided not to review the report of the Statutory Auditor on the Accounts of the year under review. The Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 for the year ended 31st March 2013 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 : 26.08.2013

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 24F Duct OFC to Sierra Leone through TCIL.

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. However, during the year under review, the export market was not encouraging as expected.

b) Total Foreign Exchange Used and Earned :

(Rs. in Lakhs)

	2012-13	2011-12
Used	-	1.19
Earned	11.57	198.97

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.**

- Tablet PC Assembly and Validation
- TCIL's Corporate Social Responsibility (CSR) Project implementation
- BBNL Tender – Enlisting and interacting with vendors of Cable Accessories for QF – 103 registration and designing the Cable to meet the prescribed specification requirements of BBNL Tender.
- TSEC approval for new cable design of 24F Metal Free Optical Fiber Cable with Double HDPE Sheath (G652D) for BSNL.

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

- Successfully assembled 100 nos. each of Tablet PCs of sizes 7" & 10", which were validated and tested for their operational / functional parameters, applications and supplied to schools, as part of CSR Project of TCIL.
- Commercialization of Tablet PC for educational purposes
- Successfully participated in the BBNL tender for supply of 24F MF OFC with Double HDPE Sheath and accessories
- Received order BSNL for supply of 3206 kms. of 24F MF OFC with double HDPE Sheath (G652D) and successfully completed the order on schedule

3. Future Plan

- Getting TSEC for LSZH Cable for use in Patch Cords and other FTTH applications
- To set up facilities for Patch Cord assembly
- 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. 891,265 .

B. Technology absorption, adaptation and innovation.

- Commencement of Tablet PC assembly and supply in a commercial way
- Training imparted to School children to enhance their computer awareness using Tablet PC as an educational tool

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 31.03.2013 is as under:

Category	Name of Directors	Designation	No. of Shares in the Company
Promoter Group General Manager	V.S. Parameswaran	Managing Director	Nil
Promoter Non-Executive Directors	Vimal Wakhlu Rajesh Kapoor 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 2012 to 31st March 2013 on the following dates i.e., 30th May 2012, 17th September 2012, 20th December 2012 and 18th March 2013

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
V.S. Parameswaran	4	Yes	-	1	-
Vimal Wakhlu	3	Yes	6*	-	-
V.K. Sharma (i)	4	No	3**	-	-
A.K. Gupta	4	No	6*	1	-
Rajesh Kapoor	1	No	1	-	-
M.S. Shanmugam	Nil	No	9#	-	-
B. Elangovan	4	Yes	7##	1	1
B. Ramakrishnan	Nil	No	8###	1	-
M .K. Jain	Nil	No	-	-	-
N.P. Gupta	3	No	2	1	1

(i) Shri. V.K. Sharma replaced by Shri. Rajesh Kapoor with effect from 18.03.2013

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, 2013 have been made by the Directors.

- * - 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 constituted with the following members:

Shri. N.P.Gupta, Chairman cum Member
Shri. A.K.Gupta, Member
Shri. B.Elangovan, Member

V. Mohan, GGM (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 / Cost 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 2012 to 31st March 2013 on the following dates 30th May 2012, 17th September 2012, 20th December 2012 and 18th March 2013

Attendance particulars of each Director at the Audit Committee Meetings as follows:

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

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

Particulars of Remuneration	2012-13	2011-12
i) Salary and Allowance Shri M. Sengupta	-	4.31
ii) Salary and Allowance Shri V.S. Parameswaran	18.21	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.

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. B.Ramakrishnan, Member
Shri. V.S. Parameswaran, Member

V.Mohan, GGM (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

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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 31.03.2013 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 2013.

General Body Meetings

Location and time of the last three Annual General Meetings

Year	Venue	Held On	Time
2009-10	Russian Cultural Centre, No.74,Kasturi Ranga Road, Alwarpet, Chennai - 600018	14.09.2010	3.00 P.M
2010-11	Sri 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.
2011-12	Sri Venkata Auditorium at Bharatiya Vidya Bhavan, No. 18-22, East Mada Street, (Near Kapaleeswarar temple), Mylapore, Chennai -600004	20.09.2012	3.00 P.M.

Special Resolution

Year	AGM/EGM	Passed Under Section(s)
2010-2011	—	Nil
2011-2012	—	Nil
2012-2013	—	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. However, dematerialization of the shares held by M/s.Telecommunications Consultants India Limited, one of the Promoters, is pending due to the pending listing approval of the additional shares allotted as per the BIFR Sanctioned Scheme, by NSE.

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 2012-13, 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