

# **Tamilnadu Telecommunications Limited**

28th Annual Report  
2015-16

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Board of Directors	Shri. Rajesh Kapoor (DIN:06370394)	- Director
	Shri.V.S.Parameswaran (DIN:03559930)	- Managing Director
	Shri. A.V.V.Krishnan (DIN: 06404202)	- Director
	Shri.B.Elangovan (DIN:00133452)	- Director
	Shri.B.Ramakrishnan (DIN:00182214)	- Director
	Smt. M.S.Shanmugam (DIN: 02475286)	- Director
	Shri. Christy Fernandez (DIN:00090752)	- Special Director appointed by BIFR

Company Secretary	:	Shri Ajay Shukla
Chief Financial Officer	:	Shri.T. S. Sivaramakrishnan
Registered Office	:	No.16, 1 <sup>st</sup> Floor, Aziz Mulk 3 <sup>rd</sup> Street, Thousand Lights, Chennai – 600 006 CIN : L32201TN1988PLC015705 Telefax : 044 28292653 Website : <a href="http://www.ttlofc.in">www.ttlofc.in</a>
Factory	:	E 18B – E24, CMDA Industrial Complex, Maraimalainagar – 603 209, Tamilnadu
Auditors	:	M/s. S Venkatram & Co., Chartered Accountants, 218, T.T.K. Road, Alwarpet, Chennai – 600018
Secretarial Auditors	:	M/s. M. Damodaran & Associates, Practicing Company Secretaries New No.6, Old No.12, Appavoo Gramani 1st Street, Mandaveli, Chennai-600028
Promoters	:	Telecommunications Consultants India Limited, 'TCIL BHAWAN', Greater Kailash – I, New Delhi – 110 048  Tamilnadu Industrial Development Corporation Limited, 19-A, Rukmini 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 Eighth Annual General Meeting of the Members of Tamilnadu Telecommunications Limited is scheduled to be held at 02.30 PM on Tuesday, 27<sup>th</sup> September 2016 in the Shri Venkata Auditorium at Bharatiya Vidya Bhawan No.18-22 East Mada Street, (Near Kapaleeswarar temple), Mylapore, Chennai – 600004, to transact the following business.

**Ordinary Business**

01. To receive, consider and adopt the Financial Statements of the Company for the financial year ended 31<sup>st</sup> March 2016 including the Audited Balance Sheet as at 31<sup>st</sup> March 2016, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors' Report thereon.
02. To appoint a Director in place of Shri. Rajesh Kapoor (DIN 06370394), who retires by rotation and being eligible, offers himself for re-appointment.
03. To appoint a Director in place of Shri. B. Ramakrishnan (DIN 00182214), who retires by rotation and being eligible, offers himself for re-appointment.

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

Place: Chennai  
Date: 29.08.2016

V.S.Parameswaran  
Managing Director  
(DIN 03559930)

**Important 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/herself and such proxy need not be a member of the company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other member. The proxy, in order to be effective, must be deposited / lodged at the Registered Office of the Company duly completed and signed not less than 48 hours before the meeting. A form of proxy is given at the end of the Annual Report. Proxies submitted on behalf of Companies, Societies etc., must be supported by an appropriate resolution / authority, as applicable.
02. The Register of Members and the Share Transfer Books of the Company will remain closed from 21.09.2016 to 27.09.2016 (both days inclusive) in connection with the Annual General Meeting.
03. Members/ proxy holders 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 three 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 31<sup>st</sup> March 2001 which remained 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 erstwhile Companies Act, 1956.
06. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
07. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/RTA.
08. Details under regulation 36(3) of the SEBI Listing Regulations, 2015 with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
09. Electronic copy of the Annual Report for 2015-16 will be sent to all the members whose email address are registered with the Company/DP/RTA for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2015-16 is being sent in the permitted mode and the members are requested to provide their e-mail address to Company/DP/RTA. Members are requested to kindly bring their copy of the Annual Report to the Meeting.
10. Pursuant to regulation 44 of the SEBI Listing Regulations, 2015, read with Section 108 of the Companies Act, 2013, and the relevant Rules, the Company has entered into an arrangement with CDSL to facilitate the members to exercise their right to vote at the AGM by electronic means. **Instructions for exercise of voting rights by electronic means are furnished separately in the Annual Report.**
11. A member who has participated in remote e-voting shall attend the meeting physically though he shall not be able to vote in the meeting again and his vote cast electronically shall be treated as final. In terms of

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provisions of Section 107 of the Companies Act, 2013 there will be no voting by show of hands at the meeting, since e-voting is in place.

- 12 Shri. M. Damodaran (Membership No. 5081) of M. Damodaran & Associates, Practicing Company Secretaries, Chennai has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

### Particulars of the Directors seeking re-appointment in the forthcoming AGM Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

01. Shri. Rajesh Kapoor, aged 58 years has been in the Board of the Company since March 2013 in place of Shri. Vinod Kumar Sharma. He is a B.Sc. Engineering (Electronics & Electrical Communication) in First Division with Honours from Punjab University. He has got more than 34 years experience in various capacities in the field of Information Technology and Telecommunications covering Project Management and execution, Consultancy, Business Development Operations Management, Strategic Planning, System Analysis, Design Software Development and Training. 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 (Technical)

02. Shri. B. Ramakrishnan, aged 52 years has been in the Board of the Company since December 2009. He is a Bachelor of Technology and MBA. He has 17 years of technical experience in projects evaluation and management. 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) Limited	Director
Saptarishi Agro Industries Limited	Director
Nilgiris Flower Company Limited	Director
Intgen Agro Products Limited	Director
Vishnu Fabrics Private Limited	Director
Occimum Pharma Private Limited	Director
Sattva Agro Expo Private Limited	Director
Devaraj Agro Industries Private Limited	Director

### INSTRUCTIONS FOR EXERCISE OF VOTING RIGHTS BY ELECTRONIC MEANS

In case of members receiving e-mail:

- The voting period begins on 23<sup>rd</sup> September 2016 at 11.00 am and ends on 26<sup>th</sup> September 2016 at 5.00 pm. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 20<sup>th</sup> September 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- Click on Shareholders.
- Now Enter your User ID
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

#### For Members holding shares in Demat Form and Physical Form

PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.

	<ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>
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(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

## TAMILNADU TELECOMMUNICATIONS LIMITED

### REPORT OF DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

To

The Members

Your Directors present the Twenty Eighth Annual Report, together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2016.

Financial Results (Rs. in Lakhs)

	2015-16	2014-15
Revenue from operations	418.57	1414.79
Other Income (Net)	0.89	632.88
Total Revenue	419.46	2047.67
Total Expenditure	1166.18	2095.88
Finance Charges	815.86	778.54
Extraordinary / Exceptional items	1.21	(0.16)
Gross Profit / (Loss) after interest before Depreciation & Tax	(1563.79)	(826.59)
Depreciation and Amortization Expense	31.64	30.90
Provision for Taxation / Deferred Tax	—	—
Net Profit / (Loss)	(1595.43)	(857.49)

The net loss after Tax is Rs. (1595.43) lakhs against net loss of Rs.(857.49) lakhs made during the previous year.

#### Review of Operations

During the year under review, the company's sales and other income was Rs.419.46 lakhs. The entire revenue is achieved from the Optical Fibre Unit. Overall the market condition of OFC was not encouraging during this year also and the order booking status was not as expected. The Company operated at a capacity utilization of less than 10%. As reported during the previous year, though BBNL has issued APO for supply of 5800 KMs of 24F OFC with accessories worth Rs.31.90 Cr. during February 2014, PO was issued for only 50% equivalent to 2900 KMs in April 2014. Out of this BBNL has issued consignee details for around 1788 KMs. only and the Company has executed 1789.616 KMs. During the FY 2015-16 there were no major orders.

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 had 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 during 2010-11. 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 had availed Rs.11.66 crores during 2010-11 towards OTS to consortium bankers and towards payment of 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. You are aware that 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 Net worth has again eroded during 2011-12 and became negative. The year under review was also not encouraging due to lack of required level of executable orders. Hence this has again resulted in accumulation of losses and thereby the Net worth has further eroded.

There are huge requirement of OFC in the country. Hence the company is hopeful of improvement in the order booking for OFC. However hectic competition is prevailing in this field. Since the OFC market is picking up and the Company is also exploring successful diversification project, a Modified Draft Rehabilitation Scheme shall be prepared at appropriate time for submission to BIFR through the Monitoring Agency, once the decision of lead promoter TCIL/DOT is conveyed.

#### Market Scenario and Outlook

Though the OFC market condition in India was not encouraging from 2010-11 onwards, considering the NOFN project and the improving OFC market conditions, the OFC market is expected to pick up again and will grow further in future. Since the execution of NOFN project all over the country is delaying, now the execution seems to be decentralized for execution by the states. Already Andhra Pradesh & Tamilnadu have initiated action on this front. In view of this, it is expected that the NOFN project of the government will move fast 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 increased 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.

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. 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. Though the Company has successfully executed assembling, validation and supply of Tablet PCs during 2012-13 under TCIL's CSR project, could not get further orders. 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. Efforts are being taken to study the market and to identify a suitable JV partner to proceed further. Efforts are being taken through TIDCO also. 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 varying because the market is volatile. The variations in exchange rate fluctuation are 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. The market price of cables is also varying due to competition.

### Directors

In accordance with Sec.152 (6) and (7) of the Companies Act, 2013, read with Articles 79 & 80 of the Articles of Association of the company, Shri. Rajesh Kapoor and Shri B.Ramakrishnan, will retire from the Directorship of the company by rotation and being eligible, offers themselves for re-appointment.

### Directors' Responsibility Statement

As required under Section 134(5) of the Companies Act, 2013, 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 31<sup>st</sup> March 2016, 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 comparative growth in OFC market, future prospects of the Company with the support of TCIL.
- They have laid down internal financial control to be followed by the company and that such internal financial control are adequate and were operating effectively.
- They have devised proper system to ensure compliance with all provision of all applicable laws and that systems were adequate and operating effectively.

### Extracts of The Annual Return

Pursuant section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management And Administration) Rules, 2014, the extract of the Annual Return in Form MGT-9 has been attached to form part of the Board's Report.

### 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.

Clarification on Practicing Company Secretaries observations is given below:

**(i) The Company has not complied with Clause 49 (II) (A) (2) of the Listing Agreement and corresponding Regulation 17(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in terms of minimum number of Independent Directors in the Board.**

The Company is Joint sector Govt. Company with 49% of its shares held by TCIL, a Govt. of India Enterprise and 14.63% held by TIDCO, a Govt of Tamilnadu Enterprise. The Board as well as management control of the Company lies with TCIL. Being a Govt. Company, action already taken for induction of Independent Directors in the Board of the Company through TCIL with the Dept. of Telecommunications, Ministry of Telecommunications & IT. The same is being followed up through TCIL for early appointment.

**(ii) The Company has not constituted Nomination and Remuneration Committee as per Clause 49 (IV) (A) of the Listing Agreement and corresponding Regulation 19(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Due to Company's sickness, only the BIFR Nominee Director is being paid sitting fees for attending the meetings. Managing Director, being on deputation from TCIL, A Govt. of India Enterprise, his salary is fixed as per TCIL's norms applicable to his cadre. The Directors of TCIL and TIDCO, A Govt. of Tamilnadu Enterprise are also paid salary by their own Organization, applicable as per their cadre in their Organization. Only the travelling expenses and local conveyance for attending the meetings are incurred by the Company. In view

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of above, no separate Committee was constituted. After appointment of Independent Directors by the Govt., necessary action will be taken for constituting the Committee.

**(iii) The Company has not conducted a separate meeting of Independent Directors as per Clause 49 (II) (B) (6) (a) of the Listing Agreement and corresponding Regulation 25(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

As replied in observation (i) above, since sufficient number of independent Directors were not available, separate meeting could not be held. Case being followed up with the Ministry through TCIL for early appointment of independent Directors in the Board. Meetings shall be conducted after induction of required number of Independent Directors.

### Energy, Technology and Foreign Exchange

Particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Sec.134(3)(m) of the Companies Act, 2013 are enclosed as part of the Report.

### Details of Director or Key Managerial Personnel who were appointed or have resigned during the year

- (i) Shri A.V.V. Krishnan GGM(F&A) ,TCIL, has been appointed as Director with effect from 22.03.2016, representing TCIL on the Board of Tamilnadu Telecommunications Limited and Shri A.K. Gupta and Shri Vimal Wakhlu existing Directors, in the Board, have resigned to be the Director on TTL Board.
- (ii) Shri M.S. Shanmugam IAS, Additional Secretary to Govt. Of Tamilnadu, Industries Department has been appointed as Director with effect from 22.12.2015, representing TIDCO on the Board of Tamilnadu Telecommunications Limited in place of Smt. G. Latha IAS, ceased to be Director with effect from 22.12.2015.
- (iii) Shri Christy Fernandez IAS (RETD), Special Nominee Director, has been appointed as Director with effect from 22.12.2015, representing BIFR on the Board of Tamilnadu Telecommunications Limited in place of Shri. N.P. Gupta IAS (RETD), ceased to be Director with effect from 22.12.2015.
- (iv) Shri V. Mohan GGM (Finance) has resigned from CFO and Shri T.S. Sivaramakrishnan, General Manager deputed by promoter company TCIL is appointed as CFO from 06.08.2015.
- (v) Shri Ajay Shukla has been appointed as Company Secretary, TTL on contractual basis w.e.f. 26.05.2015.

### Personnel

The Managing Director and the Key Managerial Personnel (CFO ) were on deputation from the Promoter Company TCIL which is a Govt. of India Enterprise, holding 49% stake in the Company and controlling the composition of the Board of Directors. Hence their remuneration were as per the scales applicable to their cadre in the promoter company. The existing Managing Director's salary applicable as above has been approved by the members in the 23<sup>rd</sup> AGM. Hence, being on

deputation from a Govt. of India Enterprise, the ratio as well as percentage increase not determined.

The number of permanent employees as on 31.03.2016 was 69 excluding two officials on deputation from the promoter company.

None of the employees drew remuneration of Rs.60, 00,000/- or more per annum / Rs.5,00,000/- or more per month during the year. This information is furnished as required under Rule 5(2)(i) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules,2014.

### 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 already has IS/ISO 9001:2008 quality management systems certification from Bureau of Indian Standards. During the year license renewal has been obtained and is valid from 23.02.2015 to 22.02.2018.

### 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 ongoing 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.

### Corporate Social Responsibility

Since the Company is continuously incurring losses, no CSR policy has been devised.

### Auditors

In terms of Section 139 of the Companies Act, 2013, the Comptroller and Auditor General of India (CAG) had appointed M/s. S.VENKATRAM & CO, Chartered Accountants as the Auditors of the company for the year 2015-16 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 Auditor's Report

Clarification on Auditors observations is given below:

**'Emphasis of Matter' of the Independent Auditor's Report: Without qualifying our conclusion, we draw attention to Sl. No. 3-Note -25- Notes to Accounts. As at 31<sup>st</sup> March 2016, the Company's accumulated losses of Rs.10996.11 Lakhs has eroded the Net Worth of the**



**Company, indicating the existence of 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.1595.42 Lakhs 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 requirement of OFC in the country is huge; however, the delay in procurement is due to various procedural matters/issues in execution of big projects by the Government Clients. The Company is hoping to get continuous orders from 2016-17 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 Auditor's Report: The Deferred Tax Asset has not been provided for, in the books of accounts, considering the absence of virtual certainty of earning profit and prudence concept.**

The Company has disclosed the facts of non-provisioning for deferred tax assets / liabilities vide Note no. 6(b) under "25 .Notes to Accounts".

**Item no (vii)(a) of the Annexure to the Independent Auditor's Report**

**The Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Service Tax, Duty of Excise, Duty of Customs, Value added Tax, Cess and other statutory dues with the appropriate authorities during the year as applicable to it except the Property Tax amounting to Rs.40,34,250/- .We are informed by the Company that efforts are made to get exemption being a sick Company. We are also informed that there are no employees who are eligible to be covered under Employees State Insurance scheme.**

With reference to clause 11.5.3 of the Sanctioned Scheme issued to the company by BIFR, the company had 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 every year and part amount remitted during the year 2014-15. Continuously pursuing for waiver of the balance dues. On waiver, the liability will be reversed accordingly.

#### **Cost Auditors:**

As per the provisions of the Companies (Cost Records and Audit) Rules, 2014, the operation of the company is not falling within the scope of cost audit. Hence cost auditor was not appointed from the financial year 2014-15 onwards.

#### **Secretarial Audit Report**

Clarification on Secretarial audit observations is given below:

**(i) Independent Directors in the Company is below the minimum numbers prescribed under section 149(4) of the Companies Act, 2013.**

The Company is Joint sector Govt. Company with 49% of its shares held by TCIL, a Govt. of India Enterprise and 14.63% held by TIDCO, a Govt of Tamilnadu Enterprise. The Board as well as management control of the Company lies with TCIL. Being a Govt. Company, action already taken for induction of Independent Directors in the Board of the Company through TCIL with the Dept. of Telecommunications, Ministry of Telecommunications & IT. The same is being followed up through TCIL for early appointment of Independent Director.

**(ii) The Company has not constituted The Nomination and Remuneration Committee as per section 178(1) of the Companies Act, 2013.**

Due to Company's sickness, only the BIFR Nominee Director is being paid sitting fees for attending the meetings. Managing Director, being on deputation from TCIL, A Govt. of India Enterprise, his salary is fixed as per TCIL's norms applicable to his cadre. The Directors of TCIL and TIDCO, A Govt. of Tamilnadu Enterprise are also paid salary by their own Organization, applicable as per their cadre in their Organization. Only the travelling expenses and local conveyance for attending the meetings are incurred by the Company. In view of above, no separate Committee was constituted. After appointment of Independent Directors by the Govt., necessary action will be taken for constituting the Committee.

**(iii) The Company has not conducted a separate meeting of Independent Directors as per Schedule IV (CODE FOR INDEPENDENT DIRECTORS) of the Companies Act, 2013.**

As replied in observation (i) above, since sufficient number of independent Directors were not available, separate meeting could not be held. Case being followed up with the Ministry through TCIL for early appointment of independent Directors in the Board. Meetings shall be conducted after induction of required number of Independent Directors.

#### **Comments of the Comptroller and Auditor General**

The Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 for the year ended 31<sup>st</sup> March 2016 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

Place : Chennai	V.S.Parameswaran Managing Director	B.Elangovan Director
Date : 29.08.2016	(DIN: 03559930)	(DIN: 00133452)

## TAMILNADU TELECOMMUNICATIONS LIMITED

### ANNEXURE TO THE DIRECTORS' REPORT

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

#### A. CONSERVATION OF ENERGY

##### a) 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.,

#### 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 and there were no exports.

- b) Total Foreign Exchange Used and Earned :

(Rs. in Lakhs )

	2015-16	2014-15
Used	24.68	8.79
Earned	2.25	7.61

#### 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

- Completion of the enhanced Quality Control and Production traceability features for compliance to RDSO standards for up-gradation to Part-I Category vendor. RDSO-Lucknow, Ministry of Railways upgraded TTL to Part-I Category for supply of 24F Armoured Cable during November 2015.

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

- Became eligible to receive 75% order of the Zonal Railway Tender Quantity being a Part-I Vendor.

##### 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 (Product Type Approval)

- Expenditure towards the R&D is Rs.13,600/-

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

- Commencement of Tablet PC assembly and supply in a commercial way.
- Maintaining the process rejection standards as specified by the Technology partner.
- To retain the zero feed-back status and maintain the good manufacturing standards prevailing.