

# **Tamilnadu Telecommunications Limited**

30<sup>th</sup> Annual Report  
2017-18

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|                                   |   |  |  |
|-----------------------------------|---|--|--|
| Board of Directors                | Shri.Rajiv Gupta<br>Shri.Sanjeev Kumar Kesari<br>Shri. A.V.V Krishnan<br>Shri.B.Elangovan<br>Shri.B.Ramakrishnan<br>Shri M.S.Shanmugam  | (DIN: 06993918)<br>(DIN: 08082217)<br>(DIN: 06404202)<br>(DIN:00133452)<br>(DIN:00182214)<br>(DIN: 02475286) | - Chairman and Director<br>- Managing Director<br>- Director<br>- Director<br>- Director<br>- Director |
| Chief Financial Officer           | : Shri. J Ramesh Kannan   |  |  |
| Registered Office                 | : No.16, 1st Floor, Aziz Mulk 3rd Street,<br>Thousand Lights, Chennai – 600 006<br>CIN :L32201TN1988PLC015705<br>Telefax:044-28292653, Website : www.tllofc.in  |  |  |
| Factory                           | : E 18B – E24, CMDA Industrial Complex,<br>Maraimalainagar – 603 209, Tamilnadu   |  |  |
| Auditors                          | : M/s. S Venkatram & Co., Chartered Accountants,<br>218, T.T.K. Road, Alwarpet, Chennai – 600018  |  |  |
| Secretarial Auditors              | : Shri. Jeevan Jyoti Nayak,<br>M/s. Jeevan Jyoti Nayak, & Associates,<br>Practicing Company Secretaries,<br>office No 16/25 B (First floor ) Second street<br>Venkataratnam Nagar Extension,<br>Chennai - 600 020                           |  |  |
| Promoters                         | : Telecommunications Consultants India Limited,<br>'TCIL BHAWAN', Greater Kailash – I,<br>New Delhi – 110 048<br><br>Tamilnadu Industrial Development Corporation Limited,<br>19-A, Rukmani Lakshmipathy Road,<br>Egmore, Chennai – 600 008 |  |  |
| Registrar & Share Transfer Agents | : Cameo Corporate Services Limited,<br>"Subramanian Building"<br>No.1, Club House Road, Chennai – 600 002.<br>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

# TAMILNADU TELECOMMUNICATIONS LIMITED

## NOTICE

Notice is hereby given that the 30th Annual General Meeting of the Members of Tamilnadu Telecommunications Limited is scheduled to be held at 9.30 AM on Friday, 28th September 2018 in the Mylapore Fine Arts Club, 45 Musiri Subramaniam Road, 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 31st March 2018 including the Audited Balance Sheet as at 31st March 2018, 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. 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: 14.08.2018

Sanjeev Kumar Kesari  
Managing Director  
(DIN 08082217)

### NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or Member. Proxies in order to be effective should be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued on behalf of the nominating organization.
2. Members/Proxies and Authorised representatives are requested to bring to the Meeting, the attendance slips enclosed herewith duly completed and signed mentioning therein details of their DP ID and Client ID/Folio No. Corporate Members intending to send their authorised representatives to attend the Meeting pursuant to Section 113 of the Act, are requested to send to the Company, a certified copy of the Board

Resolution authorising the representative to attend and vote on their behalf at the Meeting.

3. In case of Joint Holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
4. The Company's Registrar and Share Transfer Agents for its Share Registry Work (Physical and Electronic) are M/s. Cameo Corporate services Limited, having their office premises at "Subramanian Building" 5th Floor, No.1, Club House Road, Chennai – 600 002, Email : cameo@cameoindia.com Phone : 044-28460390 Fax : 044-28460129. The Register of Members and Transfer Books of the Company will be closed from 22nd September 2018 to 28th September 2018 (both days inclusive).
5. Pursuant to the provisions of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, transfer and Refund) Rules, 2016 as amended, dividends that are unclaimed for a period of seven years are required to be transferred to the Investors Education and Protection Fund (IEPF) administered by the Central Government. As on date, there are no unclaimed dividends.
6. 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 their PAN to their Depository Participants with whom they are maintaining their dematerialized accounts. Members holding shares in physical form can submit their PAN details to the Company along with the proof thereof.
7. Members holding shares in physical form are requested to advise any change of address and are also to submit their specimen signatures duly attested by their Bank immediately to the Company. Members holding shares electronically in dematerialized form must advise any change of address to their respective Depository Participant.
8. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013 and Rules thereon. Members desiring to avail this facility may send their nomination in the prescribed Form No. SH - 13 duly filled in to M/s. Cameo Corporate Services Ltd, at the above mentioned address. Members holding shares in electronic form may contact their respective Depository Participant for availing this facility.
9. Members holding shares in physical form requested to intimate any change of bank mandate to M/s. Cameo Corporate Services Ltd / to the Company immediately.
10. Pursuant to regulation 44 of the SEBI Listing

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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.

|   |          |
|---|----------|
| Intgen Agro Products Limited            | Director |
| SPL POLYMERS LIMITED                    | Director |
| Sattva Agro Expo Private Limited        | Director |
| Devaraj Agro Industries Private Limited | Director |

11. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents, M/s. Cameo Corporate Services Ltd, cannot act on any request received directly from the members holding shares in electronic form for any change in the bank particular or bank mandates. Such changes are to be advised only to the Depository Participant of the members.

12. Members are requested to:

- intimate to the Company's Registrar and Transfer Agents, M/s. Cameo Corporate Services Ltd, at the above mentioned address, changes, if any, in their registered addresses at an early date, in case of shares held in physical form;
- intimate to the respective Depository Participant, changes, if any, in their registered addresses at an early date, in case of shares held in dematerialized form;
- quote their folio numbers/Client ID/DP ID in all correspondence;
- Consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names.

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

Shri.B.Ramakrishnan, aged 54 years has been in the Board of the Company since December 2009. He is a Bachelor of Technology and MBA. He has 19 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           |

14. In terms of Regulations 26(4) and Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and the secretarial standard -2 on "General Meeting, the particulars of Directors seeking to be re-appointed / appointed in this AGM, nature of their expertise in specific functional areas, their other directorships and committee memberships, their shareholding and relationship with other directors of the Company are given below. Members are requested to kindly refer the Chapter on Corporate Governance in the Annual Report.

15. The Notice of the 30th AGM along with the Annual Report of 2017-18 is being sent by electronic mode to those Members whose email addresses are registered with the Company / Depository Participants, unless any Member has requested for a physical copy of the same. For Members who have not registered their email addresses, a physical copy is being sent by permitted mode. To support the 'Green Initiative' Members who have not registered their email addresses are required to register the same with the Company / Depository. Members may note that this Notice and the Annual Report 2017-18 will also be available on the Company's website viz. [www.ttlofc.in](http://www.ttlofc.in).

16. Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the management to reply at the meeting. For any communication, the Members may also send requests to the Company's investor email id: [mdpa2018@ttlofc.in](mailto:mdpa2018@ttlofc.in)

17. Voting through electronic means

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Regulation 44 of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 Regulations, the Company is pleased to offer e-voting facility to its members to exercise their right to vote at the 30th Annual General Meeting (AGM) by electronic means in respect of the businesses to be transacted at the AGM, through the remote e-voting platform provided by M/s. Cameo Corporate services Ltd (CAMEO).

The Members may cast their votes using an electronic voting system from a place other than the venue of the

Meeting ('remote e-voting'). Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their rights at the meeting. Facility of voting through ballot shall also be made available at the meeting.

## The Procedure and instructions for remote e-voting are as under:

Voting through electronic means will commence on 24th September 2018 at 11:00 AM and will end on 27th September 2018 at 5:00 PM. The members will not be able to cast their vote electronically beyond the date and time mentioned above.

- i. The voting rights of the Members holding shares in physical form or in dematerialized form, in respect of remote e-voting shall be reckoned in proportion to their shares of the paid up equity share as on the cut – off date being 21st September 2018.
- ii. Any person who acquires Shares of the Company and become Member of the Company after the dispatch of the AGM Notice and holds shares as on the cut-off date i.e. 21st September 2018, may obtain the User Id and password in the manner as mentioned below:
  - (i) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (ii) Click on "SHAREHOLDERS" Tab
  - (iii) Select "TAMILNADU TELECOMMUNICATIONS LIMITED" from the drop down box and click "SUBMIT"
  - (iv) Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (v) Next enter the Image Verification as displayed and Click on Login.
  - (vi) 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.
  - (vii) 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(SI. No. mentioned in your address label can be used as Sequence No. for this purpose).</li> </ul> |
| DOB#                   | Enter the date of birth as recorded in your demat account or in the company records for the said demat account or folio in DD/MM/YYYY format.   |
| Dividend bank details# | Enter the dividend bank details as recorded in your demat account or in company records for the said demat account or Folio   |

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will reach directly the Company selection screen. However, Members holding shares in demat form will now reach 'Set Password' 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.
- (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 Tamilnadu Telecommunications Limited.
- (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.

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- (xiii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- (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 out print of the voting done by you by clicking on "CLICK HERE TO PRINT" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then enter the User ID and Captcha Code 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) Institutional shareholders (i.e. other than Individuals, HUF, NRI, etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account (s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- iii. 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.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- iv. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- v. The Scrutinizer shall within a period not exceeding two working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.
- vi. Mr. Jeevan JyotiNayak, Proprietor of Jeevan JyotiNayak and associates Practicing Company Secretary has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- vii. The Results shall be declared after remote E voting and physical ballot after the AGM of the Company and the resolutions will be deemed to be passed on the date by the Company subject to the receipt of requisite number of votes in favor of the resolution. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website and on the website of CDSL and communicated to the Stock Exchanges.
- viii. Details of Scrutinizer: Mr. Jeevan JyotiNayak, Practicing Company Secretary
  - a) The Scrutinizer's decision on the validity of the vote shall be final.
  - b) Once the vote on a resolution stated in this notice is cast by shareholder through remote e-voting, the shareholder shall not be allowed to change it subsequently and such e-vote shall be treated as final. The Members who have cast their vote by remote e-voting may also attend the Meeting; however such member shall not be allowed to vote again.
  - c) The Scrutinizer after scrutinizing the votes cast at the Meeting by Poll and through remote e-voting, will not later than two (2) days of conclusion of the Meeting, make a consolidated Scrutinizer's Report and submit the same forthwith to the Chairman of the Company or a person authorized by him in writing, who shall countersign the same.
  - d) The Results declared along with the consolidated Scrutinizer's Report shall be hosted on the website of the Company ([www.ttlofc.in](http://www.ttlofc.in)). The Results shall simultaneously be communicated to Bombay Stock Exchange Limited and National Stock Exchanges.
  - e) The Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 28.09.2018 subject to receipt of the requisite number of votes in favor of the Resolutions.



## REPORT OF DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

To  
The Members  
Your Directors present the Thirtieth Annual Report together with Audited Accounts of the Company for the year ended 31st March 2018.

### Financial Results

(Rs. in Lakhs)

|  | 2017-18   | 2016-17   |
|--|-----------|-----------|
| Revenue from operations  | 160.69    | 267.01    |
| Other Income (Net)   | 3.85      | 0.79      |
| Total Revenue  | 164.54    | 267.80    |
| Total Expenditure  | 728.46    | 1022.20   |
| Finance Charges  | 844.20    | 776.72    |
| Extraordinary / Exceptional items  | 2.15      | 47.41     |
| Gross Profit / (Loss) after interest before Depreciation & Tax                           | (1410.27) | (1578.53) |
| Depreciation and Amortization Expense  | 30.26     | 31.41     |
| Provision for Taxation / Deferred Tax  | -         | -         |
| Net Profit / (Loss)  | (1440.53) | (1609.94) |
| Other Comprehensive Income /(Loss):Item that will not be reclassified to Profit and Loss | 20.55     | (16.93)   |
| Total Comprehensive Income/(Loss) for the Period   | (1419.98) | (1626.87) |

The net loss after Tax is Rs. (1419.98) lakhs against net loss of Rs. (1626.87) lakhs made during the previous year.

### Review of Operations

During the year under review, the company's sales and other income was Rs. 164.54 lakhs. Due to non-availability of raw fiber the order booking status was not as expected.

You are aware that BIFR 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 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 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. Your Company is looking forward to achieve better results in future through the steps being taken.

### Market Scenario and Outlook

The demand for optical fiber is growing at a rapid scale due to development of infrastructure under smart city project and digital India promoted by Govt. of India.

The Smart City Mission (SCM) of the Govt. of India plans to accommodate the massive urbanization that is expected in the future by modernising the existing mid-sized cities. According to former president of India Shri.APJ. Abdul Kalam, 400 million fiber KM infrastructures is required in order to realize the dream of digital India.

As per Government initiative for smart cities, development of trunk and internal infrastructure for 100 smart cities is planned which would require a large amount of requirement of optical fiber for seamless secure connectivity. The fiber optic network will run as a metro loop around the city and wireless access through the underlying fiber network will be provided by WiFi / RF Mesh/ Cellular/ Mobile technologies.

Electricity Companies also extensively use optical fiber cables for monitoring and control purposes. Some of the companies like Sterlite Technologies and ZTT have invested in setting up production of OPGW & ADSS cable which has bigger potential and demand in Indian market.

With the huge requirement, the demand for OFC is expected to surpass the current manufacturing facility. This favorable 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 present demand is mostly for Ribbon Type cable (5 lakh kms appox) for implementing Digital India Bharat Net Projects for which TTL does not have the requisite manufacturing machinery. Considering the huge requirement of Ribbon Type Optical Fiber cable, TTL promoters approved in principle to appoint a consultant for setting up a Greenfield project of manufacturing Ribbon Optical Fiber Cable (OFC) in the existing Optical Fiber cable Factory at Maraimalai Nagar,

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Chennai, at a manufacturing capacity of 50,000 kilometre cable per annum with a investment of approx. Rs.125.45 cr (Rs.80.30 crs for CAPEX and Rs.45.45 Crs for OPEX). M/s.Fujikura, Japan, TTL's technology partner, is being negotiated to consider setting up a new plant on deferred payment basis, for production of Ribbon Optical Fibre Cable (OFC).

Efforts are being taken through TIDCO to get Tamilnadu Government support for getting sovereign guarantee and preferential orders to TTL.

## 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 going up due to shortage & increase in oil prices. 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 fiber 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. B. Ramakrishnan (DIN 00182214), 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 –

- 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 2018, 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 comparative growth in OFC market, future prospects of the Company with the support of TCIL.
- e) They have laid down internal financial control to be followed by the company and that such internal financial control is adequate and was operating effectively.
- f) 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 Rule12(1)of the Companies (Management And Administration) Rules,2014, the extract of the Annual Return in Form MGT-9 has been attached as to form part of the 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 as to form part of the Report.

Clarification on Practicing Company Secretaries observations is given below:

- i) **Due to non appointment of Independent Directors, the Company has not complied with Regulations 17(1) (b), 18 (1), 19(1) and 25 (3) 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, Constitution of Audit Committee and conducting a separate meeting of Independent Directors respectively.**

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 Tamil nadu Enterprise. Being a Govt. Company, action has already been taken for induction of Independent Directors in the Board of the Company with the Dept. of Telecommunications, Ministry of Telecommunications and the same are being followed up for early appointment to comply regulation 17(1) (b). Constitution of Audit Committee as per 18 (1) and Constitution of **Nomination and Remuneration** Committee as per regulation **19(1)** of SEBI LODR and separate Independent Directors Meeting as per 25 (3) of SEBI LODR shall be conducted after appointment of required number of Independent Directors by the Ministry of Telecommunications.

- ii. **The Company has not complied with Regulation 17(1) (a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in terms of having woman director in the Board.**



The Company is Joint sector Govt. Company as mentioned as replied at (i) above, action already taken for induction of Woman Directors in the Board of the Company with the Dept. of Telecommunications, Ministry of Telecommunications. The same is being followed up for early appointment of woman Director.

## 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.R.Deva Kumar has resigned from MD, TTL on 22.03.2018.
- (ii) Shri.Rajesh Kapoor, Director, TCIL appointed as Nominee Director has resigned from TTL Board on 12.02.2018.
- (iii) Shri.Sanjeev Kumar Kesari, was appointed as Nominee Director on 12.02.2018 representing TCIL on the Board of Tamilnadu Telecommunications Limited and the designation of Shri Sanjeev kumar Kesari changed as Managing Director, TTL with effect from 23.03.2018 in place of Shri.R.Deva Kumar.
- (iv) Shri Rajiv Gupta, Director, TCIL, was appointed as Nominee Director on 18.04.2017 representing TCIL on the Board of Tamilnadu Telecommunications Limited.

## 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. Hence their remuneration were as per the scales applicable to their cadre in the promoter company.

The number of permanent employees as on 31.03.2018 was 68 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. During the year, employees were given training on laying of Optical cable, OFC splicing, OFC Construction work etc. 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 9001:2015 quality management systems certification from Bureau of Indian Standards. The license is valid up to 22.02.2021.

## 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 2017-18 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:

### Basis for Qualified Opinion

9. a) The Company has not recognised the following financial liability/asset at Fair Value in terms of IndAS 109 (including comparative figures as of 31st March 2017 and 1st April 2016):
  - i) Amounts due to: Fujikura Limited amounting to Rs. 1,89,65,590; and
  - ii) Trade Receivables (considered good) amounting to Rs.7,43,53,067.

### Qualified Opinion:

10. In our opinion and to the best of our information and according to the explanations given to us, except for the effects of matter described in the Basis for Qualified Opinion paragraph above, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and

# TAMILNADU TELECOMMUNICATIONS LIMITED

give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2018, and its Loss (financial performance including other comprehensive income), Cash flows and the changes in equity for the year ended on that date.

## Emphasis of Matter

11. Without qualifying our conclusion in respect of this matter, we draw attention to:

- a) S. No-4–Note–28–Notes to Accounts. As at 31st March 2018, the Company's accumulated losses of Rs.142,74,51,007 (including a loss of Rs. 14,19,98,432 for the year under audit) 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. Based on the mitigating factors and events occurring after the reporting period as detailed in the said note, the Management believes that the Going Concern assumption is appropriate.
- b) S.No 22–Note - 28 Notes to Accounts . The Company has not restated the amounts due to its holding company viz.,Telecommunications Consultants India Limited amounting to Rs. 97,17,45,550 at Fair value, but retained the same at its book value.

## Company's Reply to para 11 a) regarding preparation of accounts based on going concern concept.

The requirement of OFC in the country is huge. The company is hoping to get continuous orders from 2018-19 regularly since the OFC market has picked up. Orders are expected from ITI Limited (PSU) since MOU was signed with ITI Limited (PSU) in the presence of Hon'ble Minister of Communication on 22nd February 2018 at New Delhi for contract manufacturing. Efforts are being made to obtain Preferential orders from Tamilnadu Arasu Cable TV Corporation, State PSU, for supplying Optical Fiber Cable in Tamilnadu. Therefore, the order booking position is expected to be good in the near future. Presently the company has Rupees Seven crores value of orders in hand to be executed in 2018-19. Considering the likely orders in the immediate future and with the promoters financial support, the accounts have been prepared on Going Concern Basis.

## Company's Reply to para 9 a) (i) (ii), 10 and 11 (b) regarding retaining certain financial liability/asset at book value, instead of at fair value.

In the para 9 (i) and (ii), 11 (b) of independent auditor's report, it is qualified/emphasised that the specified financial assets and financial liabilities are not complied in terms of Ind As 109 by not measuring at its fair value plus or minus transaction cost that are directly attributable to the said assets / liability.

As mentioned in our financials, TTL is regularly borrowing from the holding company TCIL for its raw material support and working capital support for running day to day operations. The balances of current liabilities and trade payable pertaining to related party / the holding company TCIL as on 31/03/2018 are given below:

- (i) Current liabilities – short term borrowing
  - (a) Bridge Loan : Rs. 11,65,73,000
  - (b) Working capital support loan : Rs. 12,42,76,617
- (ii) Trade payable – Sundry creditors for raw material support : Rs. 68,90,15,932
- (iii) Other current liabilities – interest accrued : Rs. 4,18,80,000

**Amounts due to Fujikura Limited amounting to Rs. 1,89,65,590;**

**Trade Receivables (considered good) amounting to Rs. 7,43,53,067.**

This is to state that the above items are reviewed and monitored on day to day basis in both TTL and TCIL. The balances are periodically reconciled with TCIL and also approved by board of directors of TTL.

It may not be out of place to mention that all the realizations from TTL clients are routed through Escrow account which is auto credited to TCIL's Account for which standing instructions have been given to bank. Moreover, charge has been created in favour of TCIL against fixed assets and current assets of TTL for all the TCIL loans, advances and liabilities towards raw material supply. The loans are repayable on demand basis.

Ind AS 109 requires all financial assets/liabilities to be recognised initially at fair value and subsequently at amortised cost it satisfies the criteria with reference to Ind As 32 Para 11 and para 4.2.1 of Ind As 109. Since these financial assets/liabilities are current in nature, there is immaterial finance cost/income involved, therefore, as a general practice, demand deposits are carried at cost and not at fair value/amortised cost.

In view of the commitment to pay to TCIL, the holding company / related party on demand basis, and the company is taking a conservative approach, management assume book value of current liabilities at a amortised cost i.e instead to book profit by discounting liabilities the company prefers to go and disclose liabilities with full amount under law of prudence.

## 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 for the financial year 2017-18.