

**Tamilnadu
Telecommunications
Limited**

26th Annual Report
2013-14

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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. 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 CIN : L32201TN1988PLC015705 Website : www.ttlofc.in
Factory	:	E 18B – E24, CMDA Industrial Complex, Maraimalainagar – 603 209, Tamilnadu
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 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 Sixth Annual General Meeting of the Members of Tamilnadu Telecommunications Limited is scheduled to be held at 02.30 PM on Tuesday, 23rd September 2014 in the Russian Centre of Science and Culture, No.74, Kasturi Ranga Road, Alwarpet, Chennai – 600 018, 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 2014 including the Audited Balance Sheet as at 31st March 2014, 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 : 26.08.2014

V.S.Parameswaran
Managing Director

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 18.09.2014 to 23.09.2014 (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 31st 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 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 Clause 49 of the Listing Agreement 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 2014 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 2014 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 Clause 35B of the Listing Agreement 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 e-voting shall attend the meeting physically though he shall not be able to vote in the meeting again and his vote cast

TAMILNADU TELECOMMUNICATIONS LIMITED

electronically shall be treated as final. In terms of 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 clause 49 of the Listing Agreement

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

01. Shri. Rajesh Kapoor, aged 56 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 32 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 50 years has been in the Board of the Company since December 2009. He is a Bachelor of Technology and MBA. He has 15 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:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) 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 and then enter the Captcha Code as displayed and Click on Login.
- (v) If you are holding shares in Demat form and had logged on to 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.
- (vi) Now, fill up the following details in the appropriate boxes:

**For Members holding shares in Demat Form /
For Members holding shares in Physical Form**

PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
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 the company records for the said demat account or folio.

*Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of your name and the sequence number in the PAN field. Eg. If your name is Suresh Kumar with sequence number 1 then enter SU00000001 in the PAN field. (Sl. No. mentioned in your address label can be used as Sequence No. for this purpose)

Please enter any one of the details in order to login. In case either of the details are not recorded with the depository please enter the <Default Value> in the Dividend Bank details field.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly 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.

- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
 - (x) Click on <Company Name> on which you choose to vote.
 - (xi) 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.
 - (xii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
 - (xiii) 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.
 - (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
 - (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
 - (xvi) 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.
 - (xvii) 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 favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- In case of members receiving the physical copy:**
- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
 - (B) The voting period begins on 17th September 2014 at 09.00 a.m. and ends on 19th September 2014 at 06.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 22nd August 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (C) Voting through electronic means would be on the basis of proportion of shares held by the member viz., on "one-share one-vote" basis.
 - (D) 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 under help section or write an email to helpdesk.evoting@cdslindia.com.

TAMILNADU TELECOMMUNICATIONS LIMITED

REPORT OF DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

To

The Members

Your Directors present the Twenty Sixth Annual Report, together with the Audited Accounts of the Company for the year ended 31st March 2014

	(Rs. in Lakhs)	
	2013-14	2012-13
Revenue from operations	1365.37	1614.76
Other Income (Net)	11.84	18.76
Total Revenue	1377.21	1633.52
Total Expenditure	1677.94	1668.97
Finance Charges	663.91	671.71
Extraordinary / Exceptional items	5.64	6.35
Gross Profit / (Loss) after interest before Depreciation & Tax	(970.28)	(713.51)
Depreciation and Amortization Expense	52.95	134.98
Provision for Taxation / Deferred Tax	—	—
Net Profit / (Loss)	(1023.23)	(848.49)

The net loss after Tax is Rs.1023.23 lakhs against net loss of Rs.848.49 lakhs made during the previous year.

Review of Operations

During the year under review, the company's sales and other income was Rs.1377.21 lakhs. This includes Rs. 2.15 lakhs towards part of the execution of TCIL's CSR Project for supply of 200 numbers of Tablet PCs executed during 2012-13. The balance Rs. 1375.06 lakhs is achieved from the Optical Fibre Unit. Overall the market condition of OFC was not encouraging during the year also and the order booking status was not as expected. The major order executed during the year was the 50% add-on order of 1602 kms from BSNL with the new design of HDPE double sheathing subsequent to execution of 3206 kms during the previous year. The Company has received initial orders for 517 kms and subsequent variation order for 155 kms from RailTel. Out of which 279.36 kms dispatched during the year under review and the balance during the next year. Your company is continuously 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 M/s. Bharat Broadband Network Limited (BBNL). Against this, Bulk Production Clearance has been obtained from BBNL. Your Company has also obtained TSEC approval for 4F Optical Fiber Drop Cable (G657A) for extending last mile connectivity to FTTH customers. In the diversification front, though your Company has successfully executed assembly, validation and supply of Tablet PCs in small quantum during the previous year, could not get further orders during the year under review.

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 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 Networth has again eroded during 2011-12 and became negative. The year under review was also not encouraging due to lack of required level of orders. Hence this has again resulted in accumulation of losses and thereby the Networth has further eroded. Your Company is looking forward for getting better improvements in the diversification front in future, in the field of Tablet PC and FTTH components manufacturing.

You are aware that the long awaited National Optic Fiber Network (NOFN) project tender was floated by BBNL during March 2013 under six packages for connecting broadband in 2.50 lakhs villages in India. You are also aware that the Company has participated in package E covering Southern India. Though the company was in L3 position in that package, due to huge volume, the Company received APO from BBNL during Feb, 2014 for 5800 kms valuing around Rs. 31.9 crores including accessories. Your Company anticipated receipt and execution of BBNL order during the year under review, since the tender was floated by BBNL during March, 2013. Unfortunately due to some internal reasons the process at BBNL got delayed and the process took nearly a year for getting the APO. Otherwise the year under review would have been better. 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 BBNL APO towards NOFN project and the improving OFC market conditions, the OFC market is expected to pick up again 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 backdrop 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.

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. 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. However, the market of Tablet PC is fast growing and the Company is expecting good market in future. 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 increasing because the market is volatile due to frequent changes in crude oil price. 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. However, the market price of cables is also comparatively increasing which is a good sign for the Company.

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.

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

Shri. M.S. Shanmugam ceased to be Director from the Board with effect from 21.03.2014, due to his transfer from his official position in Govt. of Tamilnadu.

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 2014, 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 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.

Clarification on Practicing Company Secretaries observations is given below:

The Company has not complied with Clause 49 (I) (A) (ii) in terms on minimum number of Independent Directors in the Board

The Company is sick under the monitoring of BIFR with continuous losses for the past so many years and has huge accumulated losses. The Company is struggling hard with cash crunch and is finding it difficult to meet its statutory commitments including employee related payments. The Company is unable to spend on other expenditures. Only TCIL, one of the Promoters is financially supporting and their exposure has tremendously increased which restricts them also from further funding. Due to this the Company could not able to identify suitable person for induction. The same is regularly discussed in the Board Meeting and action is being initiated through TCIL for inducting minimum number of Independent Directors. The fact is also disclosed in the quarterly Corporate Governance Report submitted to the Stock exchanges.

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. The initial ISO 14001:2004 Certificate from Guardian Independent Certification Ltd (Registered in England and accredited by Member of the IAF MLA) expired during the year under review, which has been further renewed with a new Certificate of Registration for next three years, after assessment by the certifying authority.

Internal Control System

TTL has adequate internal control procedures in respect of all its operations. It has laid down internal control procedures

TAMILNADU TELECOMMUNICATIONS LIMITED

to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and transactions are authorized, recorded and reported correctly. Internal Audit is being carried out by Independent Audit Firm of Chartered Accountants on an on going basis and it recommends appropriate improvements apart from ensuring adherence in company policies as well as regulatory compliance. The Audit Committee periodically reviews the audit findings.

Auditors

In terms of Section 619(2) of the Companies Act, 1956, the Comptroller and Auditor General of India (CAG) had appointed M/s. Ramesh and Ramachandran, Chartered Accountants as the Auditors of the company for the year 2013-14 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, 2014, the Company's accumulated losses of Rs.85,30,96,915 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.10,23,23,490 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 has already received APO form BBNL and has given acceptance for supply of 5800 KMs of OFC including accessories worth Rs. 31,90,44,437 during February, 2014. BBNL has issued initial PO for 2900 KMs (50% of APO quantity) during April, 2014. The value of this APO alone is more than the total turnover of last four years including the year under review. The OFC market is picking up after a dull phase during the past few years and as mentioned, the Company is hoping to get continuous orders from 2014-15 onwards regularly. 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.14,46,08,827 as on 31st March 2014 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, 2014 for a period of more than six months from the date they became payable is as follows:

S. No	Nature of due	Amount (Rs)
1	Property tax payable	31,75,650

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 under review. Continuously pursuing for waiver of the balance dues. 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 with the BBNL's NOFN project and is expected to grow from the year 2014-15 onwards and the Company is confident of avoiding cash loss. On identification of successful diversification project and based on the expected OFC orders, a modified 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 2013-14 and Cost Audit Report will be filed before the due date (27th September 2014). During the previous year 2012-13, the same firm had conducted the Cost Audit and the relevant reports have been filed with MCA on 26.09.2013, 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 2014 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 : 25.08.2014

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.,

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)

	2013-14	2012-13
Used	4.44	-
Earned	9.92	11.57

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.**

- TSEC approval for new cable design of 24F Metal Free Optical Fiber Cable with Double HDPE Sheath (G652D) for M/s. Bharat Broadband Network Limited (BBNL).
- TSEC approval for 4F Optical Fiber Drop Cable (G657A) for extending last mile connectivity to FTTH customers.

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

- Received Advance Purchase Order from BBNL for supply of 5800 KMs of 24F Metal Free Optical Fiber Cable with Double HDPE Sheath (G652D) and accessories worth Rs. 31.90 Crores.
- Received add-on order from BSNL for supply of 1602 KMs. of 24F Metal Free Optical Fiber Cable with Double HDPE Sheath (G652D) worth around Rs.8 Crores, and successfully executed the order.
- Received Purchase Orders for total 133.5 KMs of 2F and 119 KMs of 4F Optical Fiber Drop Cable from UP(West) and Gujarat Circles of BSNL worth around Rs. 47 lakhs.

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.766,845/- .

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. Action is being taken for induction of Independent Directors. The composition of the Board of Directors as on 31.03.2014 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	Director	Nil
	Rajesh Kapoor	Director	Nil
	A.K. Gupta	Director	Nil
	B.Ramakrishnan	Director	Nil
Non-Executive Independent Directors	B.Elangovan	Director	Nil
	M.K. Jain (Nominee of Dept. of Telecom)	Director	Nil
	N.P.Gupta(Special Director of BIFR]	Director	Nil

Board Meetings

The Board of Directors met 4 (Four) times during the period 01st April 2013 to 31st March 2014 on the following dates i.e., 30th May 2013, 17th September 2013, 26th December 2013 and 25th March 2014.

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

(i) Shri. M.S. Shanmugam ceased to be Director from the Board with effect from 21.03.2014, due to his transfer from his official position in Govt. of Tamilnadu.

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, 2014 have been made by the Directors.

- * - Includes nomination in two overseas companies
- ** - Includes nomination in two overseas companies
- # - 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. Only boarding, lodging, travelling and conveyance expenses for attending the meetings are paid to few of the Directors. To the BIFR nominee Director only sitting fee as approved by the Board and reimbursement of travelling and 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
 - Reviewing the Cost Audit Report
 - 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 2013 to 31st March 2014 on the following dates 30th May 2013, 17th September 2013, 26th December 2013 and 25th March 2014.

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

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

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

Particulars of Remuneration	2013-14	2012-13
i) Salary and Allowance Shri V.S. Parameswaran	20.57	18.21

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

TAMILNADU TELECOMMUNICATIONS LIMITED

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 no complaints were received from the shareholders. Outstanding complaints as on 31.03.2014 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 2014.

General Body Meetings

Location and time of the last three Annual General Meetings

Year	Venue	Held On	Time
2010-11	Shri Venkata Auditorium at Bharatiya Vidya Bhavan, No. 18-22, East Mada Street, (Near Kapaleeswarar temple), Mylapore, Chennai -600004	21.09.2011	3.30 P.M.
2011-12	Shri 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.
2012-13	Shri Venkata Auditorium at Bharatiya Vidya Bhavan, No. 18-22, East Mada Street, (Near Kapaleeswarar temple), Mylapore, Chennai -600004	24.09.2013	2.45 P.M.

Special Resolution

Year	AGM/EGM	Passed Under Section(s)
2011-2012	---	Nil
2012-2013	---	Nil
2013-2014	---	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, 2013 as and when situation may arise in future. 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. TCIL, one of the promoters is financially supporting the Company for raw materials procurement and working capital requirement for the past more than six years. 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. Action is being taken for induction of Independent Directors in the Board as per requirement. 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 2013-14, no employee has been denied access to the Audit Committee.

Risk Assessment and Minimization Procedures

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

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

Internal Control System

TTL has adequate internal control procedures in respect of all its operations. It has laid down internal control procedures to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and transactions are authorized, recorded and reported correctly to the Board as per Clause 49V.

Means of Communication

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

Financial Year Calendar (tentative and subject to change)
01.04.2014 to 31.03.2015

First Quarter Ending 30.06.2014	13 th August 2014
Second Quarter Ending 30.09.2014	Between 01 st and 14 th November 2014
Third Quarter Ending 31.12.2014	Between 01 st and 14 th February 2015
Audited Yearly Results	Between 15 th May and 30 th May 2015
AGM for 2014-15	During Sep. 2015

No presentation was made to any institutional investors or to any analysts. Quarterly results and official news releases are not displayed in any official website of the company.

Shareholders' Information**A. Annual General Meeting**

Date	: 23.09.2014
Time	: 02.30 P.M
Venue	: Russian Centre of Science and Culture, No.74,Kasturi Ranga Road, Alwarpet, Chennai - 600018

B. Book Closure Date : From 18.09.2014 to 23.09.2014

C. Financial Calendar : April 1st to March 31st

D. Dividend : Nil

E. Listing of Shares :

The shares of the company are listed at The Bombay Stock Exchange Limited, Mumbai and the National Stock Exchange of India Limited, Mumbai. For the additional shares allotted to TCIL, SBI, Andhra Bank and PNB as per the Sanctioned Scheme of BIFR during September 2010, BSE has given 'in principle' approval of listing whereas NSE approval is pending, and is in process.

Listing fees upto date have been paid to the Stock Exchanges mentioned above since the stock exchanges have not considered our request for exemption as per the sanctioned scheme approved by BIFR.

F. Compliance Certificate of the Practicing Company Secretaries

The Company has annexed to this report, a certificate obtained from the Practicing Company Secretaries regarding compliance of conditions of corporate governance as stipulated in Clause 49 of the listing agreement.

G. Stock Code

Trading symbol on the National Stock Exchange	: TNELE
Trading symbol on the Bombay Stock Exchange	: 523419
ISIN Code at NSDL / CDSL	: INE141D01018

Stock Market Data:

The monthly high and low share prices of equity shares of the company traded at The Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai from April 1, 2013 to March 31, 2014 are given below:

(Prices in Rupees)

Month	Bombay Stock Exchange			National Stock Exchange		
	High	Low	Volume	High	Low	Volume
April 2013	3.62	3.25	6256	3.65	3.10	2252
May 2013	3.62	3.62	2	2.95	2.85	500
June 2013	4.34	3.75	20816	3.15	3.00	5310
July 2013	3.89	2.93	17073	3.15	2.85	2101
Aug 2013	4.08	3.45	208	-	-	-
Sep 2013	3.59	2.82	4341	2.95	2.95	100
Oct 2013	4.52	2.99	6136	3.15	2.90	1925
Nov 2013	5.28	4.35	7054	3.35	2.75	8064
Dec 2013	5.50	4.46	7684	4.20	3.20	3161
Jan 2014	5.70	2.84	10371	3.95	2.90	7348
Feb 2014	3.69	2.87	8126	3.15	2.70	5226
Mar 2014	3.84	2.67	19715	2.95	2.35	9388

Distribution of Shareholding as at 31st March 2014

No. of shares held	No. of Shareholders	% of Share holding	Share Amount (Rs.)	% of Share holding
Upto 500	18512	92.51	25596560	5.60
501-1000	835	4.17	7130820	1.56
1001-2000	341	1.71	5364890	1.18
2001-3000	114	0.57	2949700	0.65
3001-4000	57	0.29	2035100	0.45
4001-5000	52	0.25	2426820	0.53
5001-10000	55	0.28	3891320	0.85
10001 & above	45	0.22	407414790	89.18
Total	20011	100.00	456810000	100.00

TAMILNADU TELECOMMUNICATIONS LIMITED

Shareholding Pattern as at 31st March 2014

Category	No. of Shares Held	% of Shareholding
1. Promoters		
i) Telecommunications Consultants India Limited	22383700	49.00
ii) Tamilnadu Industrial Development Corpn. Ltd.,	6684000	14.63
2. Foreign Collaborator –		
Fujikura Ltd., Japan	3280000	7.18
3. Banks, Fls	7689300	16.83
4. Mutual Funds	2300	0.01
5. Clearing Member	714	0.01
6. Private Corporate Bodies/ Trusts/Partnerships	281029	0.61
7. Indian Public	5331475	11.67
8. NRIs	28482	0.06
Grand Total	45681000	100.00

Shareholders holding more than 1% of the Equity Share Capital

S. No	Name of the Shareholder	No. of Shares	% of Shareholding
1	Telecommunications Consultants India Limited	22383700	49.00
2	Tamilnadu Industrial Development Corporation Limited	6684000	14.63
3	Fujikura Limited	3280000	7.18
4	State Bank of India	4247500	9.30
5	Andhra Bank	2070600	4.53
6	Punjab National Bank	1265200	2.77

Registrar & Share Transfer Agents :

Cameo Corporate Services Limited
UNIT : TTL "Subramanian Building" 5th Floor,
No.1, Club House Road, Chennai – 600 002.
Email : cameo@cameoindia.com
Phone : 044-28460390 Fax : 044-28460129

Share Transfer System :

The company has appointed common Registrar for physical share transfer and dematerialization of shares. The shares lodged for physical transfer / transmission / transposition are registered within a period of 15 days, if the documents are complete in all respects.

Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity.

- Not applicable -

Further Capital raised During the Year

- Nil-

Dematerialization of Shares :

The shares of the company are traded in physical / dematerialized form by all categories of investors. The company has arrangements with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) to establish electronic connectivity of its shares for scrip-less trading. As on 31st March 2014, 24.25 % of total equity capital is held in Electronic form with NSDL & CDSL. Request for dematerialization of shares are processed and confirmed within 21 days of receipt of NSDL and CDSL.

Address for communication :

The shareholders may address their communications / suggestions / grievances / queries to:

V. MOHAN

Group General Manager (Finance) cum Company
Secretary and Compliance Officer
Tamilnadu Telecommunications Limited, Corporate Office,
E18B-E24, CMDA Industrial Complex,
Maraimalai Nagar – 603 209
Phone: 044-27451095 / 27453881
E-mail ID : ttlcosec@rediffmail.com
Website : www.ttlcofc.in

Plant Location :

Division	Location
Optical Fibre Cable Plant	Maraimalai Nagar

Insider Trading:

The code of conduct for prevention of Insider Trading as suggested under the SEBI (Prohibition of Insider Trading) Regulations, 1992 introduced with effect from 25.11.2002 is in force. The Company Secretary has been designated as the Compliance Officer for this purpose. The Board monitors the adherence to the various requirements as set out in the code. No violation of the code has taken place during the year.

Compliance with mandatory requirements and adoption of non-mandatory requirements of Clause 49 of the Listing Agreement

The company has complied with the mandatory requirements of Clause 49, a certificate signed by CEO & CFO of the company was placed before the Board of Directors. Clause 49 also requires disclosures of adoption by the company of non-mandatory requirements specified in the said clause, the implementation of which is discretionary on the part of the Company. Accordingly, the adoption of non-mandatory requirements is given below:-

a. The Board

There is no policy at present to determine the tenure of Independent Directors.

b. Remuneration 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. Only boarding, lodging, travelling and conveyance expenses for attending the meetings are paid to few of the Directors. To the BIFR nominee Director, only sitting fee as approved by the Board and reimbursement of travelling and conveyance expenses are paid. As such, there has been no need to constitute a Remuneration Committee.

c. Shareholder's Rights

Half yearly financial results including summary of the significant events are presently not being sent to shareholders of the company.

d. Training of Board Members

As the members on the Board are eminent and experienced professional persons, there is no formal policy at present for their training.

e. Mechanism for evaluating non-executive Board members.

The non-executive Board Members are from TCIL / TIDCO / Dept. Of Telecom and their performance is evaluated by the respective Company / Dept. One non-executive Board Member is a Special Director appointed by BIFR.

Declaration by CEO / MD

CODE OF CONDUCT

PHILOSOPHY

The TAMILNADU TELECOMMUNICATIONS LIMITED code of conduct, as adopted by the Board of Directors, is applicable

to Directors, Senior Management and Employees of the Company. The Code is derived from three interlinked fundamental principles viz. good corporate governance, good corporate citizenship and exemplary personal conduct. The Code covers TAMILNADU TELECOMMUNICATIONS LIMITED's commitment to sustainable development, concern for occupational health, safety and environment, a gender friendly work place, transparency and audit ability, legal compliance and the philosophy of leading by personal example.

Declaration pursuant to Clause 49 of the listing agreement regarding adherence to the Code of Conduct.

To

The Shareholders of Tamilnadu Telecommunications Limited

We hereby declare that all members of the Board and senior management personnel have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company formulated by the Board of Directors for the financial year ended 31st March 2014.

For Tamilnadu Telecommunications Limited

Place : Chennai (V.S.Parameswaran)
Date : 25.08.2014 Managing Director

CEO / CFO CERTIFICATION UNDER CLAUSE 49(V) OF THE LISTING AGREEMENT

We, V.S.Parameswaran, Managing Director and V.Mohan, Group General Manager (Finance) cum Company Secretary, certify to the Board that:

- (a) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2014 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or

operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

- (d) We have indicated to the auditors and the Audit Committee, the status as "Nil" in respect of the following:
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For Tamilnadu Telecommunications Limited

V.S.Parameswaran V.Mohan
Managing Director GGM (Finance) cum Company Secretary

TAMILNADU TELECOMMUNICATIONS LIMITED

CERTIFICATE ON CORPORATE GOVERNANCE

I have examined the compliance of conditions of Corporate Governance by Tamilnadu Telecommunications Limited, Chennai for the year ended 31st March 2014, as stipulated in Clause 49 of the Listing Agreement entered into by the company with the stock exchanges.

The compliance of the conditions of corporate governance is the responsibility of the management. My examination was limited to a review of the procedure and implementation thereof, adopted by the company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement except the following:

1. The company has not complied with Clause 49 (I)(A)(ii) in terms of minimum number of Independent Directors in the Board.

As per the information and explanations given to me, the company is taking necessary steps to set right the above said non-compliance. The same is mentioned in the "Report on Corporate Governance" under the head 'Company Philosophy'.

I state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of effectiveness with which the management has conducted the affairs of the Company.

**for M.Damodaran & Associates
Practicing Company Secretaries**

Place : Chennai
Date : 25.08.2014

**M. Damodaran
C.P.No.5081**

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF TAMILNADU TELECOM LIMITED, CHENNAI FOR THE YEAR ENDED 31 MARCH 2014

The preparation of financial statements of Tamilnadu Telecom Limited for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards

prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29 May 2014.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditor on the accounts of Tamil Nadu Telecom Limited for the year ended 31 March 2014 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

**For and on behalf of the
Comptroller and Auditor General of India**

Place : Delhi.
Date : 17-07-2014

**(R.B.Sinha)
Director General of Audit (P & T)**

Independent Auditors' Report

**To the Members of
Tamilnadu Telecommunications Limited.**

Report on the Financial Statements

We have audited the accompanying financial statements of **M/s. Tamilnadu Telecommunications Limited**, which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by The Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter:

Without qualifying our conclusion, we draw attention to Note No: 3 in the Notes to Accounts. As at March 31, 2014, the Company's accumulated losses of Rs. 85,30,96,915 has eroded the networth 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. 10,23,23,490 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.

Other Matter:

The deferred tax asset amounts to Rs.14,46,08,827 as on 31st March 2014 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For Ramesh and Ramchandran
Chartered Accountants
FRN:002981S
G.Suresh**

**Place : New Delhi
Date : 29/05/2014**

**(Partner)
Membership No. :029366**

TAMILNADU TELECOMMUNICATIONS LIMITED

The Annexure referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our Report of even date.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
 - (c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year so as to affect the going concern assumption.
2. (a) As explained to us, the inventories have been physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories, followed by the Management are reasonable and adequate in relation to the size of the company and nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventories and no material discrepancies were noticed on physical verification as compared to the books.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
 - (b) The Company has taken loans from, from Companies, firms and other parties covered in the register maintained u/s 301 of the Act. The number of parties and the amount involved are given below:
No. of Parties: 1
Balance outstanding as at 31st March, 2014:
Bridge Loan: Rs. 11,65,73,000
Working Capital Loan: Rs. 57,10,523
Maximum amount outstanding at any time during the year:
Bridge Loan: Rs. 11,65,73,000
Working Capital Loan: Rs. 301,66,969
 - (c) The rate of interest and the terms and conditions of the loan are not prejudicial to the interest of the Company.
 - (d) In respect of the above loans, the Bridge Loan is payable as early as possible by arranging for alternative source of funds and Working Capital Loan is payable on receipt of trade realizations in the escrow account maintained for the purpose on revolving basis.
 - (e) As far as overdue amount is concerned, as per the agreement dated 14/10/2010, the Bridge Loan is repayable as early as possible by arranging alternative source of funds and therefore it is overdue.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control

procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories, purchase of fixed assets & with regard to sale of goods and services. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.

5. (a) In our opinion and according to the information and explanations given to us, contracts or agreements in respect of which the particulars need to be entered into the register maintained under section 301 of the Act have been so entered by the company .
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts/arrangements entered in the register maintained u/s 301 of the Companies Act, 1956 and exceeding the value of Rs. 5 lakhs in respect of each party during the year have been made at prices which appear reasonable as per information available with the company.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. (a) 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, 2014 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	31,75,650

- (b) According to the information and explanations given to us, the dues in respect of CST and Customs Duty, which have not been deposited on account of dispute and the forum where the dispute is pending is as under:

S. No.	Name of Statute	Nature of dues	Amount(₹)	Forum where pending
1.	CST	Additional sales tax	1,86,08,794/-	Honourable High Court of Madras.
2.	Customs Duty	Difference in classification of Telecommunication Grade Optic Fibre Cables	31,55,226/-	Commissioner of Customs, Chennai
3.	Sales Tax Department	Non-Submission of C-forms	22,95,000/-	Commercial Sales tax Officer, Chengalpatu

10. The accumulated losses of the Company at the end of the financial year, has exceeded the Net Worth of the Company.

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- The Company has also incurred cash losses during the financial year and immediately preceding financial year.
11. The Company has not borrowed any sums from Banks or financial institutions and hence question of default in repayment of dues to financial institution or bank does not arise.
 12. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. The Company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
 14. The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause (xiv) of Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
 15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
 16. In our opinion, the Company has not taken any term loans during the year.
 17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
 18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
 19. The Company has no outstanding debentures during the period under audit.
 20. The Company has not raised any money by public issue during the year.
 21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

**For Ramesh and Ramachandran
Chartered Accountants
FRN:002981S
G.Suresh**

**Place : New Delhi
Date : 29/05/2014**

**(Partner)
Membership No. :029366**

TAMILNADU TELECOMMUNICATIONS LIMITED

BALANCE SHEET AS AT 31.03.2014

Amount in Rupees

Particulars	Note No.	As at 31st March 2014		As at 31st March 2013	
I. Equity and Liabilities:					
(1) Shareholders' Funds					
(a) Share Capital	1	456,762,000		456,762,000	
(b) Reserves and Surplus	2	(745,285,858)	(288,523,858)	(642,962,368)	(186,200,368)
(2) Non-current liabilities					
(a) Long-term provisions	3	17,842,905	17,842,905	14,705,295	14,705,295
(3) Current liabilities					
(a) Short-term borrowings	4	122,283,523		120,460,360	
(b) Trade payables	5	484,253,936		411,965,094	
(c) Other current liabilities	6	24,632,325		23,511,872	
(d) Short-term provisions	7	17,777,786	648,947,570	16,306,775	572,244,101
Total			378,266,617		400,749,028
II. Assets:					
(1) Non-current assets					
(a) Fixed assets					
(i) Tangible assets	8	104,713,281		107,504,585	
(ii) Capital Work in progress		-	104,713,281	-	107,504,585
(b) Long-term loans and advances	9	1,339,718	1,339,718	1,257,846	1,257,846
(2) Current assets					
(a) Inventories	10	116,041,737		135,013,944	
(b) Trade receivables	11	132,083,020		128,514,142	
(c) Cash and cash equivalents	12	102,457		579,012	
(d) Short-term loans and advances	13	15,476,295		19,169,730	
(e) Other current assets	14	8,510,109	272,213,618	8,709,769	291,986,597
Total			378,266,617		400,749,028
Significant Accounting policies and Notes to Accounts	1 to 24				

As per our Report of even date

For Ramesh and Ramachandran
Chartered Accountants
Firm Regn No. 002981S

For Tamilnadu Telecommunications Limited

G. Suresh
Partner
M.No. 029366
Place : New Delhi
Date : 29.05.2014

V.Mohan
GGM(F) cum Co. Secretary

V.S.Parameswaran
Managing Director

B.Elangovan
Director

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2014

Amount in Rupees

Particulars	Note No.	For the year ended 31st March 2014	For the year ended 31st March 2013
I. Revenue from operations	15	153,260,416	180,867,202
Less : Excise Duty		16,723,610	19,390,852
		136,536,806	161,476,350
II. Other income	16	1,184,671	1,876,290
III. Total Revenue (I+II)		137,721,477	163,352,639
IV. Expenses:			
Cost of materials consumed	17	88,223,798	117,430,604
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	18	15,539,784	(20,461,156)
Employee benefits expense	19	40,865,732	35,477,905
Finance Costs	20	66,391,163	67,170,790
Depreciation and amortisation expense	21	5,294,729	13,498,345
Other expense	22	23,147,418	28,121,209
Provision for Doubtful Debts/Advances		17,575	6,328,871
Total expense		239,480,199	247,566,568
V. Profit before exceptional and extraordinary items and tax (III-IV)		(101,758,722)	(84,213,929)
VI. Exceptional items	23	564,768	635,247
VII. Profit before extraordinary items and tax (V-VI)		(102,323,490)	(84,849,176)
VIII. Extraordinary items		-	-
IX. Profit before tax (VII-VIII)		(102,323,490)	(84,849,176)
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
XI. Profit/(Loss) for the period from continuing operations (VII - VIII-X)		(102,323,490)	(84,849,176)
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(Loss) from discontinuing operations (after tax) (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		(102,323,490)	(84,849,176)
XVI. Earnings per equity share:			
(1) Basic		(2.24)	(1.86)
(2) Diluted		(2.24)	(1.86)
Significant Accounting policies and Notes to Accounts 1 to 24			

As per our Report of even date

For Ramesh and Ramachandran
Chartered Accountants
Firm Regn No. 002981S

G. Suresh
Partner
M.No. 029366
Place : New Delhi
Date : 29.05.2014

For Tamilnadu Telecommunications Limited

V.Mohan
GGM(F) cum Co. Secretary

V.S.Parameswaran
Managing Director

B.Elangovan
Director

TAMILNADU TELECOMMUNICATIONS LIMITED

Amount in Rupees

	2013-14	2012-13
I. Notes to Equity and Liabilities		
(1) Shareholders' Funds:		
Note 1		
Share Capital		
(a) Authorized: 50000000 Equity Shares of Rs.10 each (previous year 50000000 Equity Shares of Rs.10 each)	500,000,000	500,000,000
(b) Issued: 45681000 Equity Shares of Rs.10 each (previous year 45681000 Equity Shares of Rs.10 each)	456,810,000	456,810,000
(c) Subscribed & Fully paid up: 45671400 Equity Shares of Rs.10 each (previous year 45671400 Equity Shares of Rs.10 each)	456,714,000	456,714,000
(d) Subscribed & not fully paid up: 9600 Equity Shares of Rs.10 each(previous year 9600 Equity Shares of Rs.10 each) Less: Allotment money unpaid -others - 9600 Equity Shares of Rs. 5 each (previous year 9600 Equity Shares of Rs. 5 each)	96,000 (48,000)	96,000 (48,000)
	48,000	48,000
Subscribed & paid up	456,762,000	456,762,000
(e) Par value per share	10	10
(f) Calls unpaid:		
=> By Directors	-	-
=> By Officers	-	-
(g) Forfeited shares (amount originally paid-up)	-	-
(h) Reconciliation of the number of shares outstanding:		
Number of shares outstanding as on 01.04.2013	45,681,000	45,681,000
Number of shares outstanding as on 31.03.2014	45,681,000	45,681,000
(i) Shares held by Holding Company:(by virtue of Section 4(1)(a) of the Companies Act, 1956) 22383700 Equity Shares of Rs.10 each (previous year 22383700 Equity Shares of Rs.10 each) held by Telecommunications Consultants India Limited (One of the Promoters)	223,837,000	223,837,000
(j) Share holders holding more than 5% of shares: Equity Shares of Rs.10 each:		
1. Telecommunications Consultants India Ltd - 22383700 shares - 49% (previous year 22383700 shares - 49%)	223,837,000	223,837,000
2. Tamilnadu Industrial Development Corporation Ltd - 6684000 shares -14.63% (previous year 6684000 shares - 14.63%)	66,840,000	66,840,000
3. Fujikura Limited, Japan - 3280000 shares - 7.18% (previous year 3280000 shares - 7.18%)	32,800,000	32,800,000
4. State Bank of India - 4247500 shares -9.30% (previous year 4247500 shares - 9.30%)	42,475,000	42,475,000

Amount in Rupees

	2013-14	2012-13
Note 2		
Reserves and Surplus		
(a) Securities Premium Account :		
Balance at the beginning of the year	9,840,000	9,840,000
Add: Premium on shares issued during the year	-	-
	9,840,000	9,840,000
Less: Utilised during the year	-	-
	9,840,000	9,840,000
(b) Other Reserves:		
1. Capital Restructuring Reserve:		
Balance at the beginning of the year	97,971,057	97,971,057
Add: Additions / transfers during the year	-	-
	97,971,057	97,971,057
Less: Utilisations / transfers during the year	-	-
	97,971,057	97,971,057
(c) Surplus in Statement of Profit and Loss:		
Statement of Profit & Loss:		
Balance at the beginning of the year	(750,773,425)	(665,924,249)
Add: Profit /(Loss) during the year	(102,323,490)	(84,849,176)
	(853,096,915)	(750,773,425)
TOTAL	(745,285,858)	(642,962,368)
(2) Non-current liabilities		
Note 3		
Long Term Provisions		
(a) Provision for employee benefits	17,842,905	14,705,295
	17,842,905	14,705,295
(3) Current Liabilities		
Note 4		
Short term borrowings		
(a) Loans and Advances from Related Parties:		
(i) Secured: (secured against all the fixed assets as well as current assets of the Company as at present existing and to be acquired in future)		
=> Bridge loan from TCIL *	116,573,000	116,573,000
=> Working capital support from TCIL (Net) **	5,710,523	3,887,360
* Bridge loan is short term loan provided by TCIL as per the Sanctioned Scheme of BIFR which has to be repaid by arrangement through banks as early as possible. The rate of interest is SBI Base rate + 5% upto 31.07.2013. From 01.08.2013, SBI base rate + 3.5%		
** Working capital support provided by TCIL are being adjusted against the realisation on revolving basis. The rate of interest is SBI Base rate + 5% upto 31.07.2013. From 01.08.2013, SBI base rate + 3.5%		
	122,283,523	120,460,360

TAMILNADU TELECOMMUNICATIONS LIMITED

Amount in Rupees

	2013-14	2012-13
Note 5		
Trade Payables		
Unsecured:		
(i) Sundry creditors:		
=> Dues to Micro, Small & Medium Enterprises	-	-
=> Dues other than Micro, Small & Medium Enterprises	33,231,749	32,666,224
(Old dues spread over a period of time. As per the Sanctioned Scheme of BIFR these dues to be settled in a phased manner on improvement of funds status)		
(ii) Secured: (secured against all the fixed assets as well as current assets of the Company as at present existing and to be acquired in future)		
=> Raw materials support from TCIL (Net)	451,022,187	379,298,870
	484,253,936	411,965,094
Note 6		
Other Current Liabilities		
(a) Interest accrued and due on borrowings - To TCIL (Related Party)	-	478,588
(b) statutory dues payable	3,377,315	2,227,524
(c) other payable:		
Unsecured:		
(i) Fujikura Ltd, Japan (Related Party) :		
- Royalty & Technical Know how fee payable (Net of Recoverable)	18,450,590	17,907,340
(ii) Others: EMD, Security Deposits etc.,	2,804,420	2,898,420
	24,632,325	23,511,872
Note 7		
Short term provisions		
(a) Provision for employees' benefits	7,781,142	74,93,348
(b) Others :		
(i) Provision for warranty period expenses *		
Balance at the beginning of the year	2,680,507	274,680
Add : Addition during the year	3,315,114	2,680,507
	5,995,621	2,955,187
Less : Reversal during the year	2,680,507	274,680
Balance at the end of the year	3,315,114	2,680,507
(ii) Provision for other expenses	6,681,530	6,132,920
* The Company has recognised liability based on substantial degree of estimation and past.		
	17,777,786	16,306,775

Amount in Rupees

(1) Non-current Assets**Note 8**

	GROSS						DEPRECIATION			Net Carrying Value			
	Balance as on 01.04.2013	Additions	Acquisitions through Business Combination	other adjustments	sub-total	Disposals	Balance as on 31.03.2014	Opening Depreciation/ Amortization for the year	Depreciation/ Amortization for the year	Impairment loss/ Reversal of impairment loss for the year	Closing Depreciation	31.03.2014	31.03.2013
Fixed Assets													
Tangible Assets													
Land:													
CMDA Land	13,915,905				13,915,905		13,915,905					13,915,905	13,915,905
Government of Tamilnadu Land	28,097,686				28,097,686		28,097,686					28,097,686	28,097,686
Buildings	33,323,213				33,323,213		33,323,213	13,950,599	1,112,918		15,063,517	18,259,696	19,372,614
Plant & Equipments	319,869,310	1,704,246			321,573,556		321,573,556	274,401,530	4,024,312		278,425,842	43,147,714	45,467,780
Furniture & Fixtures	766,058				766,058		766,058	671,485	26,308		697,793	68,265	94,573
Vehicles	927,796	791,529		(445,202)	1,274,123		1,274,123	615,129	61,916	(422,942)	254,103	1,020,020	312,667
Office Equipments	423,929				423,929		423,929	272,330	12,710		285,040	138,889	151,599
Others - EDP Equipments	430,427	7,650			438,077		438,077	338,666	34,305		372,971	65,106	91,761
Total	397,754,324	2,503,425	0	(445,202)	399,812,547	0	399,812,547	290,249,739	5,272,469	(422,942)	295,099,266	104,713,281	107,504,585
Previous Year	397,551,901	473,522	0	0	398,025,423	271,099	397,754,324	276,759,572	13,498,345	(8,178)	290,249,739	107,504,585	120,792,329

TAMILNADU TELECOMMUNICATIONS LIMITED

Amount in Rupees

	2013-14	2012-13
Note 9		
Long Term Loans & Advances		
(a) Security Deposits - Unsecured, considered good	1,131,962	1,144,832
(b) Other Loans & Advances:		
(i) Prepaid expenses - Unsecured, considered good	207,756	113,014
	1,339,718	1,257,846
(2) Current assets		
Note 10		
Inventories		
(a) Raw-Materials (valued at weighted average cost)	31,345,110	34,451,152
(b) Work-in-Progress (at cost upto the stage of completion or realizable value whichever is lower)	82,896,337	98,436,121
(c) Stores and Spares (valued at cost)	1,755,234	1,956,857
(d) Others - Scrap	45,056	169,814
	116,041,737	135,013,944
Note 11		
Trade Receivables		
(a) Unsecured - Considered good:		
(i) Receivables outstanding for a period exceeding six months	158,327,254	153,486,479
Less: Allowances for bad and doubtful debts	(43,461,937)	(43,444,362)
	114,865,317	110,042,117
(ii) Receivables - Others	17,217,703	18,472,025
Less: Allowances for bad and doubtful debts	-	-
	17,217,703	18,472,025
	132,083,020	128,514,142
Note 12		
Cash and Cash Equivalents		
(a) Balances with Banks		
(i) Margin Money	-	-
	-	-
(b) Cheques, drafts on hand	-	-
(c) Cash-on-hand	13,249	9,515
(d) Others - Balance in Current Accounts with Banks	89,208	569,497
	102,457	579,012
Note 13		
Short-Term Loans & Advances		
(a) Others		
(i) Prepaid expenses - Unsecured, considered good	56,110	291,221
(ii) Balance with Central Excise Department - Unsecured, considered good	12,458,688	16,805,835
(iii) Tax Deducted at Source receivable	506,099	465,167
(iv) Others- Unsecured, considered good	2,455,398	1,607,507
	15,476,295	19,169,730
Note 14		
Other Current Assets		
(i) Interest accrued on Investments	3,150	3,150
(ii) Export Incentive Receivables	-	193,372
(iii) Claims recoverable - Customs	1,006,959	1,013,247
(iv) Deposit against Sales Tax case	7,500,000	7,500,000
	8,510,109	8,709,769

Amount in Rupees

	2013-14	2012-13
Notes to Statement of Profit & Loss		
Note 15		
Revenue from Operations		
(a) Sale of Products	152,816,416	179,813,984
(b) Other Operating Revenues	444,000	1,053,218
Less: Excise Duties	16,723,610	19,390,852
	136,536,806	161,476,350
Particulars of Sale of Products:		
Sale of Tablet PC	241,618	1,498,721
Sale of Cables - Exports	-	6,336,690
Sale of Cables - Domestic	152,574,798	171,978,573
Sale of Scrap	444,000	1,053,218
Gross Sales	153,260,416	180,867,202
Less: Excise Duty including Cess	16,723,610	19,390,852
Sales (Net)	136,536,806	161,476,350
Note 16		
Other Income		
(a) Interest income (other than a finance company)	503,300	97,515
(b) Other non-operating income (net of expenses directly attributable to the income)		
(i) Insurance Claims	-	-
(ii) Depreciation provision to the extent written back	-	-
(iii) Export incentives / Duty draw back	-	-
(iv) Miscellaneous income	-	6,967
(v) Training & other incidentals (Tablet PC)	-	730,000
(vi) Freight reimbursement claimed (Net of expenditure Rs. 2,438,748)	681,371	1,041,808
(vii) Sale of Tender Documents	-	-
	1,184,671	1,876,290
Expenses		
Note 17		
Cost of materials consumed	88,223,798	117,430,604
	2013-14	2012-13
(a) Fiber	21,893,312	33,991,340
(b) FRP	3,149,125	4,385,696
(c) Nylon 12	-	2,992,171
(d) HDPE	27,458,156	36,109,728
(e) Steel Tapes	4,821,775	627,178
(f) Others	30,901,430	39,324,491
Total	88,223,798	117,430,604

TAMILNADU TELECOMMUNICATIONS LIMITED

Amount in Rupees

	2013-14	2012-13
Note 18		
Changes in Inventories of finished goods, work-in-progress and stock-in-trade		
(a) Opening Stock:		
Work in progress	98,436,121	77,974,965
(b) Closing Stock:		
Work in progress	82,896,337	98,436,121
Decrease / (Increase) in inventories of finished goods, work-in-progress and stock-in-trade	15,539,784	(20,461,156)
Note 19		
Employee benefits expense		
(a) Salaries and Wages	33,142,659	28,495,328
(b) Contribution to Provident & Other Funds	4,972,662	4,733,414
(c) Staff Welfare expenses	2,750,411	2,249,163
	40,865,732	35,477,905
Note 20		
Finance Cost		
(a) Interest Expense		
(i) Interest on term loans - Bridge loan from TCIL	16,126,677	17,322,907
(b) Other borrowing Costs		
(i) On Raw materials / working capital support by TCIL	50,264,486	49,847,883
	66,391,163	67,170,790
Note 21		
Depreciation and Amortisation expense		
(a) Depreciation	5,294,729	13,498,345
(b) Amortisation - (VSS expenses)	-	-
	5,294,729	13,498,345
Note 22		
Other Expense		
(a) Consumption of Stores & Spares	212,335	263,123
(b) Power & Fuel	7,949,575	10,610,618
(c) Rent	83,850	117,166
(d) Repairs to Building	6,433	(550)
(e) Repairs to Machinery	587,669	407,804
(f) Insurance	154,660	131,467
(g) Rates & Taxes (excluding income tax)	835,436	3,181,141
(h) Miscellaneous Expenditure		
(i) Printing & Stationery	351,576	317,524
(ii) Postal & Telecommunications	322,645	273,269
(iii) Travelling & conveyance	770,991	907,569
(iv) Repairs & Maintenance - Others	319,628	276,601
(v) Machinery Hiring Charges	183,540	77,499

	Amount in Rupees	
	2013-14	2012-13
(vi) Advertisement other than publicity	-	-
(vii) Upkeep charges	686,145	758,577
(viii) Professional and Consultancy Charges	1,160,730	687,353
(ix) Security Charges	426,721	454,838
(x) Product Type Approval Charges	766,845	891,265
(xi) Entertainment, Business Promotion	554,787	471,621
(xii) AGM expenses - printing, postage, auditorium rent etc.,	579,156	472,022
(xiii) Staff Training Expenses	1,328,021	1,516,916
(xiv) Listing fee to Stock Exchanges	167,500	167,500
(xv) PF administration and inspection charges	256,895	234,187
(xvi) Freight & insurance charges (Net of reimbursement Rs.Nil)	-	-
(xvii) Selling Expenses	845,992	1,381,942
(xviii) Provision for warranty expenses	634,607	2,405,827
(xix) Board Meeting Expenses (Travelling)	293,809	239,077
(xx) Annual Custodial fee to Depositories	127,857	128,810
(xix) Other miscellaneous expenses	283,843	1,319,056
Sub-Total of Miscellaneous Expenditure	10,061,288	12,981,453
(i) Net loss on foreign currency transaction and translation (other than considered as finance cost)	3,145,672	318,487
(j) Payment to Auditors		
(i) As Auditor	100,000	100,000
(ii) For Other Services (Limited Review)	10,500	10,500
Sub-Total of Payment to Auditors	110,500	110,500
Total of Other expense (a to j)	23,147,418	28,121,209
Note 23		
Exceptional Items:		
(a) Prior period items (Net)		
Prior period income:		
(i) Sales		
(ii) Other Income	(193,372)	(57,962)
	(193,372)	(57,962)
Prior period expenses:		
(i) Materials consumed	351,857	-
(ii) Employee benefits expense	(68)	319,443
(iii) Finance Cost	(19,765)	-
(iv) Depreciation	-	77,411
(v) Other Expense	39,372	81,995
	371,396	478,849
Prior period (income) / expense (Net)	564,768	536,811
(b) Loss on sale of Fixed Assets	-	98,436
Total of Exceptional Items	564,768	635,247

TAMILNADU TELECOMMUNICATIONS LIMITED

Note 24

Significant Accounting Policies annexed to and forming part of the accounts for the year ended 31st March 2014.

I Significant Accounting Policies

1. Basis of Preparation of Financial Statements
Accounts are drawn up on the principle of going concern concept with revenues recognized and expenses accounted on accrual basis and in accordance with the generally accepted accounting principles and standards and in accordance with the provisions of Companies Act, 1956.
2. Fixed Assets and Depreciation
 - a. Fixed Assets are stated at historical cost (net of CENVAT) including applicable taxes, duties, adjustments arising from exchange rate variations and other identifiable direct expenses and interest upto the date of installation. The cost of assets not put to use, before the year end are disclosed under Capital Work-in-progress.
 - b. Depreciation on Fixed Assets is provided on straight line method at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.
 - c. Depreciation on fixed assets added or deleted during the year is provided from or till the date of such addition or deletion.
3. Foreign Currency Transactions
 - a. Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.
 - b. Monetary items denominated in foreign currencies at the year end are translated at the year end rates.
 - c. Any Income or Expenses on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss account.
 - d. The gain or loss on account of Foreign exchange rate fluctuation includes such gain /loss passed on by TCIL on imports procured by it on behalf of TTL as per extant MOUs.
4. Valuation of Inventory
 - a. Raw materials : at weighted average cost
 - b. Work-in-progress : at cost up to the stage of completion or realizable value whichever is lower.
 - c. Finished Goods : at cost or net realizable value whichever is lower
 - d. Scrap : at net realizable value
 - e. Stores, Tools & Spares : at cost
5. Revenue Recognition
 - a. Sales: Sale is recognized on despatch of goods to customers upon inspection and clearance by the clients. Export sales on FOB basis are recognized upon despatch and that of CIF basis upon acceptance of goods by clients. Sales shown in the Profit and Loss Account exclude Excise Duty and Sales Tax.
 - b. Other Income and Expenses: On Accrual Basis.
6. Excise Duty
Excise Duty payment is accounted on the basis of payment made in respect of goods cleared and necessary provision is made for the excise duty on finished goods, if any at the factory at the year end.
7. Deferred Revenue Expenditure
 - a. As per the policy of the company, the preliminary and share issue expenses are being amortized over a period of ten years.
 - b. Expenses incurred towards Employees' Voluntary Separation Scheme (VSS) are being amortized over a period of five years.
8. Employees' Retirement Benefits:
 - i) Short-term employee benefits:
The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period when the employee renders the service.
 - ii) Post –Employment benefit Plans:
Upto the year 2008-09 the Company has set up separate Trust for Provident Fund and has been contributing towards the same. Contribution towards pension fund is made to PF authorities on monthly basis. From 01.04.2009 onwards based on the order of the Provident Fund Commissioner-I, withdrawing the relaxation under Para 79 of the Employees' Provident Fund Scheme 1952, the Provident Fund contributions are remitted to the PF authorities.
Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.
For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in the Profit and Loss account for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on straight-line basis over the average period until the benefits become vested.
The retirement benefit obligation recognized in the balance sheet represents the present value of the defined obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme. For the employees who had already left like VSS optees etc., the gratuity and leave encashment is provided on actual basis.
9. Provision for Warranty Period Expenses:
Provision is made for warranty period expenses at a percentage on net turnover of the year, arrived at based on actual warranty period expenses incurred compared with the average net turnover of the previous three financial years.
10.
 - a) Taxation comprises of Current Tax and Deferred Tax charge or credit
 - b) Provision for Current Taxes is as per the provisions of Tax Laws prevailing in India
 - c) Deferred Tax charge or credit for the deferred tax assets / liabilities are accounted considering reasonable / virtual certainty of the company making taxable income in the near future.
11. Contingent Liabilities
Contingent Liabilities are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.
12. Borrowing Costs
Borrowing costs are being recognized as an expense in the period in which they are incurred.
13. Accounting for Leases
The lease agreement entered with the lessors are for monthly rental hiring basis of Office accommodation for a period of 11 months and with subsequent renewal clause on mutual agreement. The lease agreement also can be cancelled by either party on giving notice at any time with in a prescribed time limit. The lease doesn't transfer all the risks and rewards incident to ownership. There is no provision to acquire title to the asset upon fulfilment of the agreed conditions. The monthly lease rents are being recognized as an expense in the period in which they are incurred.
14. Impairment of Assets:
An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

II Notes to Accounts :

1. The Company is having a system of sending letters to the Debtors for confirming the balance as on the year end 31st March. However the balances of debtors, creditors, loans and advances (other than TCIL) are subject to confirmation.
2.
 - a. No provision is made for certain long pending debtors Rs. 33,950,521 (previous year Rs. 35,283,109) in view of the arbitration proceeding completed against the Purchaser for which the Award is received in favour of the Company but has since been challenged by the Purchaser in the court. Further the court remitted back the case to the Arbitrator in one case for speaking orders. Final arguments completed and speaking order expected. In another case the court has given order in favour of the Company and the Company has realized Rs.1,332,588 along with interest through the Court of District Judge, Thiruvananthapuram, Kerala.
 - b. No provision is made for Rs. 1,339,656 (previous year Rs. 1,339,656) due from RailTel which was under arbitration. In the Arbitration award, six claims were in favour of the Company and one against the Company. Company has appealed against the award in Delhi High Court and the proceedings in progress.
3. After restructuring as per the Sanctioned Scheme of BIFR during 2010-11, the net worth of the Company was more than the accumulated losses. However during the year 2011-12 the net worth has again eroded. The Company is already under rehabilitation period as per the BIFR Sanctioned Scheme. Lack of executable orders and dull phase of OFC market from the year 2010-11 onwards is the reason for the poor performance. During the year 2012-13 the Company had received order from BSNL for supply of 3206 KMs of OFC valuing Rs.159,701,104 and successfully executed the order in time and got 50% add-on order of 1602 KMs during 2013-14 valuing Rs.79,800,740. During the year this add-on order has been executed. All other orders executed during the said period were only of small quantum. M/s.Bharat Broadband Network Limited (BBNL), the Special Purpose Vehicle of the Government, has floated the tender towards the National Optic Fiber Network (NOFN) project to connect all the villages by broad band. The date of tender opening was 08.05.2013. Though the initial projection was 600000 KMs, the tender called for is to cover 404995 KMs under six packages based on geographical location. For this huge quantum, BBNL has fixed the delivery time frame of eight months only including initial two months for preliminary arrangements. The Company has participated in one package considering its production capacity to cover the quantum in the given short delivery period. The Company has received APO and given acceptance during February, 2014 for 5800 KMs including accessories. The Value of the APO is Rs. 319,044,437. BBNL has proposed to issue PO in two phases of 50% each. This order would be executed during the year 2014-15. The project is going to be funded by USOF. The Company has participated in RailTel tenders and has received initial orders for 517 KMs and subsequently variation order for 155 KMs. Out of this 279.36 KMs valuing Rs. 17,197,717 despatched during 2013-14 and balance 392.64 KMs valuing Rs. 24,192,279 will be supplied during 2014-15. The Company has participated in another tender floated by PGCIL covering 2124 KMs of various designs, and is a single bidder. PGCIL's Assessment Committee is evaluating the tender for further decisions. The Company is hopeful of getting order from PGCIL. The Company is hoping to get continuous orders from 2014-15 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.
4. Land: The Company is in possession of free hold land from CMDA and the Tamilnadu State Govt. measuring around 9.82 acres. In case of sale of CMDA land by the company it has to be first offered to CMDA at the same purchase price. The land can be sold to other third parties only after getting NOC from CMDA. In the case of Tamilnadu State Govt. land it is to be utilized for the purpose for which it is allotted and surplus land if any, has to be surrendered.
5. As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:

A) Defined contribution Plan

Contribution to Defined Contribution Plan, recognized as expense for the year are as under:

	Amount in Rs.	
	2013-14	2012-13
Employer's Contribution to Provident Fund	2,047,981	1,775,929
Employer's Contribution to Pension Scheme	452,186	466,781

Upto the year 2008-09 the Company has set up separate Trust for Provident Fund and has been contributing towards the same. In view of the fact that the Company is industrially sick as declared by BIFR and its net worth has fully eroded, the Provident Fund Commissioner-I has withdrawn with effect from 01.04.2009 the relaxation order issued under Para 79 of the Employees' Provident Fund Scheme 1952, with a direction to remit the whole cash balance to EPF Account No.1 and the balance available in Special Deposit Account to Central Board of Trustees, Employees' Provident Fund. During the year the Company has followed the directions of the Provident Fund Commissioner-I and remitted the monthly contributions to the concerned Regional Provident Fund Commissioner.

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B) Defined Benefit Plan

Gratuity (Un Funded) :

The Company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as of the balance sheet date. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method.

The following table set out the status of the gratuity plan as required under AS 15

a) Change in benefit obligations:

Amount in Rs.

Particulars	Gratuity Plan 2013-14	Gratuity Plan 2012-13
Projected benefit obligation, beginning of the year	10,190,036	8,216,000
Service Cost	635,482	556,577
Interest cost	789,728	636,745
Actuarial (gain)/loss	1,043,053	1,187,824
Benefits paid	307,803	407,110
Projected benefit obligation, end of the year	12,350,496	10,190,036

b) Change in plan assets – Unfunded

c) Reconciliation of present value of the obligation :

Amount in Rs.

	2013-14	2012-13
Fair value of plan assets at the end of the year	Unfunded	Unfunded
Present value of the defined benefit obligations at the end of the period	12,350,496	10,190,036
Liability recognized in the balance sheet	12,350,496	10,190,036

d) Gratuity cost for the year ended March 31, 2014

Amount in Rs.

Particulars	Gratuity Plan 2013-14	Gratuity Plan 2012-13
Service cost	635,482	556,577
Interest cost	789,728	636,745
Expected return on plan assets	789,728	636,745
Actuarial (gain)/loss	(1,832,781)	(1,824,569)
Net cost	2,468,263	2,381,146
Actual return on plan assets	Nil	Nil

Particulars	2013-14	2012-13
Discount rate	8.00%	7.75%
Salary escalation rate	4.00%	4.00%
Estimated rate of return on plan assets	Nil	7.75%

Note: The estimates of rate of escalation in salary considered in actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is based on the valuation certified by the actuary.

C) Leave encashment

The employees of the Company are entitled to compensated absence. The employees can carry forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence for a maximum of 240

days. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date based on actuarial valuations.

- 6 a) Current Tax: No provision for income tax is made in view of the current year loss and the accumulated losses of previous years available for set off.
- b) Deferred tax: During the year the Company has not accounted/taken the credit/charge for the deferred tax assets/liabilities. The excess of timing difference over the deferred tax liability has been ignored for want of reasonable certainty of the company making taxable income in the near future. Similarly, for the same reason, certain other provisions made in the earlier years have been ignored for creation of deferred tax asset. The accumulated losses and carried forward depreciation under the tax laws have been ignored for creating the deferred tax asset considering that there is no reasonable certainty of the company making taxable income in the future in terms of para 26 of AS-22.

The treatment noted above is in accordance with the Accounting Standard 22 " Taxes on Income" notified under Sub section 3(C) of Section 211 of the Companies Act, 1956.

- 7 Work-in-Progress under Inventories as on 31.03.2014 includes realizable scrap comprising short length cables, quality defects cables, excess production cables for operational reasons, type approval cables and disputed returned cables valuing Rs.13,867,175 (previous year Rs. 13,503,182). The above items are saleable with further processing and re-testing to the same or other customers.
- 8 As stipulated in AS – 28, the company is of the view that assets employed in continuing business are capable of generating adequate returns over their useful life in the usual course of business. There is no indication to the company of impairment of any asset and accordingly the Management is of the view that no impairment provision is called for during the year.
- 9 The Company had undertaken on test basis during 2012-13, a new venture of assembling and supply of Tablet PCs to one of the promoters, M/s. Telecommunications Consultants India Limited (TCIL), towards TCIL's CSR Project of supplying 150 nos. of Tablet PCs to 10 State Government Schools in Vellore district of Tamilnadu. The project was successfully executed during 2012-13. No further business in this front and during the year small quantum supplied to TCIL.

10 CONTINGENT LIABILITIES

- (a) Claims against the company not acknowledged as debt:
- (i) Commercial Tax Department had demanded a sum of Rs.18,608,794 as Additional Sales Tax in respect of Financial Year 2000-2001 and 2001-2002 (up to November 2001). The company has obtained a Stay from Madras High Court against the collection of above demand by depositing a sum of Rs.7,500,000 with Commercial Tax Department as directed by the High Court while granting the stay. As the demand is disputed, the same is not provided for in the accounts. The case came up for hearing during Nov, 2011 and directions were issued to post the case along with the writ appeal before the Bench in another similar case where the judgement is in favour of the assessee.
 - (ii) The Sales Tax department has demanded a sum of Rs. 2,295,000 during the financial year 2006-07 for non submission of "C" Forms from BSNL / MTNL pertaining to AY 2001-02, 2002-03 and 2003-04. The Govt. has exempted "C" forms in respect of inter-state sales to BSNL / MTNL. The company has represented to the Department and also referred the matter to BSNL / MTNL.
 - (iii) The Customs Authority has demanded an amount of Rs. 3,155,226 towards difference in classification of Optical Fibre during the year 2006-07. However the order of the Commissioner of Customs has come in favour of the Company during the year 2009-10 dropping the proceedings. Department has gone for appeal against the order.
 - (iv) One of the clients M/s. Team Engineers, Hyderabad demanded for replacement of around 110 kms of cables for quality issues. All the cables are tested at manufacturing stage and at the final stage for manufacturing defects before leaving the factory. The company has noticed some technical defaults in the installation procedures followed by the said client. Hence the claim has not been acknowledged as debt. The equivalent value for 110 kms would be around Rs. 8,000,000.
- (b) Guarantees: Guarantees arranged by TCIL in favour of the Company and issued by Banks outstanding as at March 31, 2014 is Rs.142,139,028 including expired Bank Guarantees to the extent of Rs.108,74,154 (previous year Rs.72,847,358 including expired Bank Guarantees to the extent of Rs. 110,03,977)

11. Commitments

- (a) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for during the year is Rs. 'Nil' (previous year Rs. 'Nil')

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- (b) Uncalled liability on shares and other investments which are partly paid up during the year is Rs.'Nil' (previous year Rs.'Nil')
12. The Company has no long term operating lease. No financial lease has been availed during the year.
13. A demand was raised by Income Tax Department towards tax to be deducted at source on Royalty amounting to Rs.2,542,165 (for the years 2000-01 & 2001-02). The company, has however, paid the entire amount of demand, out of which Rs. 2,193,733 is kept as recoverable. Appeal filed by the company for the above is pending in the Tribunal.
14. A writ petition has been filed by the Company in Madras High Court during the year 2008 against BSNL for reducing the awarded rate during the scheduled delivery period, in one of their orders without giving effect to BSNL's amendment to the 'Fall clause' applicable from 01.08.2005. BSNL has rejected and returned the differential claim invoice of the company for Rs.13,991,251. The case is pending in Madras High Court.
15. Figures of previous year have been regrouped / rearranged, wherever necessary, to conform to the current year's classification.
16. Earnings per share:

	2013-14	2012-13
Net Profit / (Loss) after tax as per the Statement of Profit & Loss (Rs.)	(102,323,490)	(84,849,176)
Weighted average number of equity shares used as denominator for calculating EPS	45,681,000	45,681,000
Basic and diluted earnings per share (Rs.)	(2.24)	(1.86)
Face value per equity share (Rs.)	10	10

17. Applicability of Companies Act, 2013:
Since it is notified as per General Circular No. 8/2014 dated 04.04.2014 issued by Ministry of Corporate Affairs that the financial statements as per Companies Act, 2013 is applicable with effect from Financial Year commencing from 01.04.2014, reference is made for Companies Act, 1956 wherever applicable.
- III A civil suit has been filed by the company in Delhi High court on 31.03.2011 to stay the Advance Purchase Order issued by BSNL, HQ for supply of 42000 KMs of OFC. This is in addition to the purchase order issued during Jan, 2011 for supply of 18000 KMs. The order for OFC supply is with Nylon 12 jacketing and subsequently BSNL has changed the specification with HDPE Double sheathing. During the year 2011-12 BSNL has floated tender for 42000 KMs with the new specification. The case in Delhi High Court against the APO is in progress. The Company has also taken up with BSNL for short closure of the PO for supply of 18000 KMs or to invoke the Arbitration clause.
- IV The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosure relating to amounts unpaid as at the year end together with interest paid / payable under this Act could not be ascertained
- V Related Party Disclosures : Disclosures as required by the Accounting Standard 18 "Related Party Disclosures" are given below:

List of Related Parties:

Associate Companies

1. M/s. Fujikura Ltd., Japan
Technical Collaborator & Equity Partner
2. Telecommunications Consultants India Ltd.,
New Delhi – Equity Partner

Key Managerial Personnel

Shri.V.S.Pameswaran, Managing Director

a. Transaction with Related Parties :

Amount in Rs.

Name of the Transaction	Associate Companies				Key Management Personnel	
	M/s. Fujikura Ltd. Japan		M/s. TCIL, New Delhi		2013-14	2012-13
	2013-14	2012-13	2013-14	2012-13		
01. Sale of Cable/ Tablet PC and training	-	-	23,642,869	9,591,053	-	-
02. Purchase of Raw Material / Capital Goods	-	-	88,630,193	84,142,781	-	-
03. Managerial Remuneration	-	-	-	-	2,057,168	1,820,859
04. Outstanding Balances including supply credits As on 31 st March	18,450,590*	17,907,340*	456,861,579	383,430,536	-	-
05. Secured Loans as on 31 st March	-	-	116,612,488	117,136,383	-	-

* Movement in balance includes exchange rate fluctuation

VI Segment Reporting:

Amount in Rs.

Sl.No	PARTICULARS	2013-14	2012-13
1	Segment Revenue (Net Revenue)		
	(a) OFC	136,321,766	160,142,495
	(b) Revenue from Tablet PC	215,040	2,063,855
	Total	136,536,806	162,206,350
	Less: Inter Segment Revenue	-	-
	Net Revenue	136,536,806	162,206,350
2	Segment Results : Unallocated	(102,323,490)	(84,849,176)
3	Capital Employed:		
	(Segment Assets – Segment Liabilities)		
	(a) OFC	(272,588,485)	(175,402,987)
	(b) Tablet PC	567,814	2,650,068
	Total	(272,020,671)	(172,752,919)

VII Particulars of Imports, Consumption etc.,

a) Value of imports during the year - CIF Basis

Amount in Rs.

Item	Value	
	2013-14	2012-13
I. Raw Materials	447,466	-
II. Components and spare parts	-	-
TOTAL	447,466	-

b) Expenditure in foreign currency during the year (on payment basis)

Amount in Rs.

Item	Value	
	2013-14	2012-13
I. Others - Raw materials and spares	443,990	-

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c) Consumption of imported and indigenous raw materials, spare parts and components

Amount in Rs.

Item	2013-14		2012-13	
	Value	% to total consumption	Value	% to total consumption
I. Direct Imports:				
a) Raw materials	408,839	0.47	-	-
b) spare parts and components	-	-	-	-
II. Imports through TCIL:				
a) Raw materials	37,094,085	41.94	45,539,970	38.69
b) spare parts and components	-	-	-	-
III. Indigenous:				
a) Raw materials	50,720,874	57.35	71,890,634	61.08
b) spare parts and components	212,335	0.24	263,123	0.22
TOTAL	88,436,133	100	117,693,727	100

d) Amount remitted in foreign currency during the year

Amount in Rs.

Item	Value	
	2013-14	2012-13
I. Dividends:		
(a) Amount of dividend remitted	-	-
(b) No. of Non-resident share holders	-	-
(c) Total number of shares held by the NRIs on which dividend is due	-	-
(d) Year to which the dividend is related	-	-

e) Earnings in Foreign exchange (on realisation basis)

Amount in Rs.

Item	Value	
	2013-14	2012-13
I. Export of goods - FOB Basis	991,530	1,157,191

f) Dividends proposed to be distributed

Amount in Rs.

Item	Value	
	2013-14	2012-13
I. Equity Shares:		
(a) Proposed amount per share	-	-
(b) Period to which the dividend is related	-	-

g) Raw Materials Consumed Amount in Rs.

Item	UOM	2013-14		2012-13	
		Quantity	Value	Quantity	Value
Fiber	KM	60671	21,893,312	101727	33,991,340
FRP	KM	2854	3,149,125	4302	4,385,696
Nylon 12	Kgs	-	-	3674	2,992,171
HDPE	Kgs	274725	27,458,156	379775	36,109,728
Steel Tapes	Kgs	32125	4,821,775	4771	627,178
Others			30,901,430		39,324,491
TOTAL			88,223,798		117,430,604

h) Amount payable / receivable in Foreign Currency (unhedged) on account of the following : Amount in Rs.

Particulars	As on 31.03.2014		As on 31.03.2013	
	Amount in Rs.	Foreign Currency	Amount in Rs.	Foreign Currency
Import creditors / Technology transfer fee	11,486,065	USD 191,690.00	10,444,709	USD 191,690.00
Import creditors through TCIL	10,960,920	USD 182,925.90	2,014,209	USD 36,966.45
Export Debtors	2,279,870	USD 38,048.56	3,028,597	USD 55,583.33

As per our Report of even date

For Ramesh and Ramachandran
Chartered Accountants
Firm Regn No. 002981S

G. Suresh
Partner
M.No. 029366
Place : New Delhi
Date : 29.05.2014

For Tamilnadu Telecommunications Limited

V.Mohan
GGM(F) cum Co. Secretary

V.S.Parameswaran
Managing Director

B.Elangovan
Director

TAMILNADU TELECOMMUNICATIONS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March 2014 PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

(Amounts in Rupees)

Sl. No.	DESCRIPTION	for the year ended 31st March 2014	for the year ended 31st March 2013
A.	Cash Flow from Operating Activities:		
	Net Profit / (Loss) before tax	(102,323,490)	(84,849,176)
	Adjustments for		
	Add:		
	- Depreciation	5,272,469	13,498,345
	- Depreciation of previous years / adjustments	-	(8,178)
	- Interest & Finance Charges	66,391,163	67,170,790
	- Extraordinary items	564,768	557,836
	- Exchange Rate Fluctuations - Loss / (Gain)	3,145,672	318,487
	- Loss / (profit) on sale / Write off fixed assets	22,260	-
	- Loss on Slow moving spares	-	-
	- Provision for diminution in value of investments	-	-
	- Provision for leave encashment	-	-
		(26,927,158)	(3,311,896)
	Less:		
	- Depreciation writtenback	-	-
	- Interest / Dividend Received	503,300	97,515
	- Profit on sale of Investments	-	-
	Operating Profit before Working Capital changes	(27,430,458)	(3,409,411)
	Adjustments for - Trade & Other Receivables	242,345	29,540,122
	- Inventories	18,972,207	17,516,226
	- Trade Payables and other liabilities	76,703,469	19,203,164
	Cash generated from Operations	68,487,563	62,850,101
	Income Tax	-	-
	Cash Flow after tax before extraordinary items	68,487,563	62,850,101
	Extraordinary items	(564,768)	(557,836)
	Exchange Rate Fluctuations - (Loss) / Gain	(3,145,672)	(318,487)
	Deferred Expense - VSS	-	-
	Net Cash from Operating Activities	64,777,123	61,973,778
B.	Cash Flow from Investing Activities:		
	Purchase of Non-Current Assets	(2,503,425)	(473,522)
	Capital Work in progress	-	-
	Sale of Non-Current Assets	-	271,099
	Purchase of Investments (net of sale)	-	-
	Interest / Dividend Received	503,300	97,515
	Net Cash from / (used) in Investment Activities	(2,000,125)	(104,908)
C.	Cash Flow from Financing Activities:		
	Increase in Share Capital	-	-
	Increase in Capital Reserve	-	-
	Increase / (Repayment) of Long Term Borrowings	3,137,610	3,212,387
	Interest Paid (66,391,163)	(65,772,889)	-
	Net Cash used in Financing Activities	(63,253,553)	(62,560,502)
D.	Net (decrease) / Increase in Cash Equivalents (A+B+C)	(476,555)	(691,632)
E.	Cash & Cash Equivalents as at 1st April, 2013 (Opening Balance)	579,012	1,270,644
F.	Cash & Cash Equivalents as at 31st March 2014 (Closing Balance)	102,457	579,012
	Notes : Cash & Cash Equivalents represent bank balance		

V. Mohan
GGM (F) cum Co. Secretary

V. S. Parameswaran
Managing Director

B. Elangovan
Director

Auditor's Certificate

We have verified the attached cash flow statement of Tamilnadu Telecommunications Limited which has been compiled from and is based on the audited financial statements for the year ended March 31, 2014 and for the previous year ended March 31, 2013.

For Ramesh and Ramachandran
Chartered Accountants
Firm Regn No. 002981S

Place: New Delhi
Date : 29.05.2014

G. Suresh
Partner
M. No. 029366

TAMILNADU TELECOMMUNICATIONS LIMITED

Registered Office: No. 16, 1st Floor, Aziz Mulk 3rd Street, Thousand Lights, Chennai - 600 006

ATTENDANCE SLIP

Name of the Member :

Name of the Proxy if attending on behalf of the member.....

I hereby record my presence at the 26th Annual General Meeting of the Company to be held on Tuesday, the 23rd day of September 2014 at 2.30 p.m. at Russian Centre of Science and Culture, No.74, Kasturi Ranga Road, Alwarpet, Chennai – 600 018.

Ledger Folio No.	
DP ID*	
Client ID*	
No. of Shares	

* Applicable for members holding shares in dematerialised form.

.....
Member's / Proxy Signature
(To be signed at the time of handing over the slip)

TAMILNADU TELECOMMUNICATIONS LIMITED

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L32201TN1988PLC015705

Name of the company: TAMILNADU TELECOMMUNICATIONS LIMITED

Registered Office: No.16, 1st Floor, Aziz Mulk 3rd Street, Thousand Lights, Chennai - 600 006

Name of the members (s):
Registered address:
E-mail Id:
Folio No/ Client Id:
DP ID:

I/We, being member(s) of.....shares of the above named company, hereby appoint

1. Name:..... Address:..... E-mail Id: Signature:, or failing him	2. Name:..... Address:..... E-mail Id: Signature:, or failing him	3. Name:..... Address:..... E-mail Id: Signature:,
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as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 26th Annual General Meeting of the company, to be held on Tuesday, the 23rd day of September 2014 at 2.30 p.m. at Russian Centre of Science and Culture, No.74, Kasturi Ranga Road, Alwarpet, Chennai – 600 018 and at any adjournment thereof in respect of such resolutions as are indicated below:

No.	Resolution	For	Against
1.	Adoption of Accounts for the Financial Year ended 31 st March, 2014, Directors' and Auditors' Report		
2.	Re-appointment of Director, Shri. Rajesh Kapoor retiring by rotation		
3.	Re-appointment of Director, Shri. B. Ramakrishnan retiring by rotation		

Signed this.....day of.....2014.

Signature of Shareholder

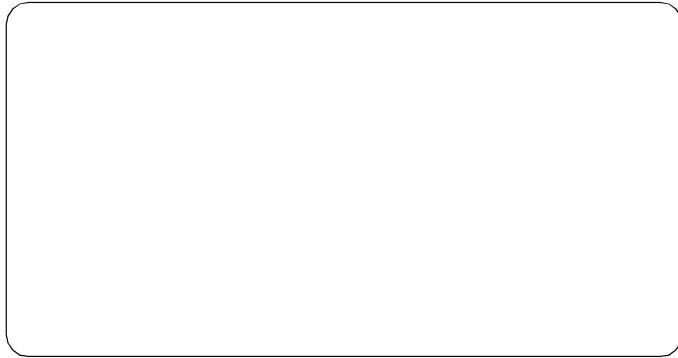
Signature of Proxy holder(s)



Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hrs before the commencement of the Meeting.

Registered Book Post / Courier

To



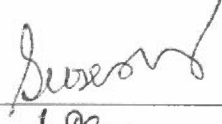
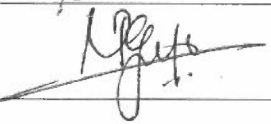


If undelivered please return to :
TAMILNADU TELECOMMUNICATIONS LTD.,
No.16, 1st Floor, Aziz Mulk 3rd Street,
Thousand Lights, Chennai - 600 006.

FORM A

1	<i>Name of the Company:</i>	Tamilnadu Telecommunications Limited
2	<i>Annual financial statements for the year ended</i>	31 st March 2014
3	<i>Type of Audit observation</i>	<p>Emphasis of Matter: Without qualifying our conclusion, we draw attention to Note no: 3 in the Notes to Accounts. As at March 31, 2014, the Company's accumulated losses of Rs. 85,30,96,915 has eroded the networth 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.10,23,23,490 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.</p>
4	<i>Frequency of observation</i>	<p>From the Financial Year 2003-04 to 2009-10 and from 2011-12 onwards. The Company's Networth eroded with the results of 2003-04. BIFR has issued a Sanctioned Scheme during July 2010 and after restructuring, the Networth was positive during 2010-11. However, the Networth has again eroded during 2011-12. Reference: Note No. 3 under Note 24(II) 'Notes to Accounts' in page no. 29 of the Annual Report and the reply in Report of Directors and Management Discussion & Analysis – Page 6 of Annual Report</p>

Signature:

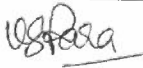
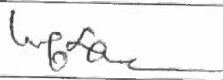
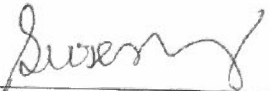
V.S.Parameswaran, Managing Director	
V.Mohan, Chief Finance Officer [GGM (Finance) cum Co. Secretary]	
G.Suresh, Partner, M/s. Ramesh and Ramachandran, Chartered Accountants, Statutory Auditors	
N.P.Gupta, Audit Committee Chairman	



FORM B

1	<i>Name of the Company:</i>	Tamilnadu Telecommunications Limited
2	<i>Annual financial statements for the year ended</i>	31 st March 2014
3	<i>Type of Audit qualification</i>	Other Matter: The deferred tax asset amounts to Rs. 14,46,08,827 as on 31 st March 2014 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.
4	<i>Frequency of qualification</i>	The qualification of provision for deferred tax assets is from the Financial Year 2012-13 onwards. The provision for deferred tax liability was observed during Financial Year 2011-12. No provision made towards deferred tax assets for want of reasonable certainty of the Company making taxable income in the near future.
5	<i>Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors' report</i>	Reference Note No. 6(b), page no. 31 of the Annual Report. The response disclosed in the Report of Directors and Management Discussion & Analysis page no. 6 of the Annual Report.
6	<i>Additional comments from the board / audit committee chair:</i>	The above Notes and reply considered and approved by the Audit Committee and Board. No additional comments.

Signature

V.S.Parameswaran, Managing Director	
V.Mohan, Chief Finance Officer [GGM (Finance) cum Co. Secretary]	
G. Suresh, Partner, M/s. Ramesh and Ramachandran, Chartered Accountants, Statutory Auditors	
N.P.Gupta, Audit Committee Chairman	