



**16th
Annual Report
2001-2002**

INTEGRATED TECHNOLOGIES LIMITED

Boar d of Directors

Rajeev Bali
K.R.Shivakumar
Kamala Chibber
Lt. Gen H.C. Dutta (Retd.)
Devendra Manchanda

Managing Director
Director
Director
Director
Director

Nominees

Rudolf R. Schuelein
Sandeep Kapoor

FUBA Printed Circuits Gmbh, Germany
Haryana State Electronics Development Corporation Limited

Asstt. Company Secretary

Shalini Joshi

Bankers

Punjab & Sind Bank
ABN AMRO
State Bank of India

Auditors

M/s G.S.Johar & Co.
Chartered Accountants
74, Hemkunt Colony, New Delhi- 110 048

Regd. Office & Works

Narsingpur, Sector-35
Gurgaon-122 001, Haryana (India)

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Important

Members/ Proxy holders attending the Annual General Meeting of the Company on Monday, September 30th, 2002 are requested to note that the Management of the Company has decided that no Gifts/Coupons shall be distributed.



NOTICE

NOTICE is hereby given that **SIXTEENTH ANNUAL GENERAL MEETING** of the Members of the Company will be held on Monday, 30th September, 2002 at 9.00 a.m. at Narsingpur, Sector 35, Gurgaon -122 201, Haryana, India to transact the following businesses: -

I ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2002 together with the reports of the Auditors and Directors thereon.
2. To appoint a director in place of Mr. K. R. Shivakumar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mr. Rajeev Bali, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors for the financial year 2002-2003 till the conclusion of next Annual General Meeting and to fix their Remuneration, M/s G. S. Johar & Co, the retiring Auditors, being eligible, offer themselves for reappointment.

II. SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution: -
"RESOLVED THAT Mrs. Kamala Chhibber, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956, upto the conclusion of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received notice in writing proposing her candidature for the office of director from a member of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
6. To consider and if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution: -
"RESOLVED THAT Mr. Devendra Manchanda, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956, upto the conclusion of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received notice in writing proposing his candidature for the office of director from a member of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
7. To consider and if thought fit, to pass with or without modification (s), the following resolution as a Special Resolution: -
"RESOLVED THAT pursuant to the provisions of Section 81 (1A)(a) of the Companies Act, 1956, the Directors of the Company be and are hereby authorized to issue 70 lac fully paid equity in the Company at a rate of Rs. 10 per share at par, ranking pari passu with the existing equity shares in all respects through private placement without offering the same to the persons who at the date of the offer are holders of the equity shares of the Company."
8. To consider and if thought fit, to pass with or without modification (s), the following resolution as a Special Resolution: -
"RESOLVED THAT pursuant to the provisions of Section 15 of The Sick Industrial Companies (Special Provisions) Act, 1985, the Directors of the Company be and are hereby authorized to make a reference to the Board of Industrial and Financial Reconstruction as the net worth of the Company has eroded by more than 100 per cent.
RESOLVED FURTHER THAT Mr. Rajeev Bali be and is hereby authorized to file such Form, documents, declarations as may be necessary in this regard."

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.
2. Proxies in order to be valid and effective should be duly stamped, completed and signed and must be lodged with the Company at its Registered Office not less than 48 hours before the commencement of this Annual General Meeting.
3. The Register of Members & the Transfer Books of the Company shall remain closed from 20th September, 2002 to 30th September, 2002.
4. Members are requested to notify change in their registered address/status, if any, to the Company immediately.
5. Members are requested to bring their copies of Annual Report and Accounts at the Meeting.
6. Members/ proxies are requested to produce the attached attendance/admission slip in original duly completed and signed, for admission to the meeting hall. No photocopies will be accepted.
7. Members may inspect any documents referred to in the proposed resolutions at the Registered Office of the Company between 12.00 Noon and 2.00 p.m. on any day except holiday (s) and the day of AGM.
8. Members desiring any information as regards the accounts of the Company are requested to write to the Company at least 10 days in advance so as to enable the management, to keep as far as possible, the information ready at the meeting.

INTEGRATED TECHNOLOGIES LIMITED





ANNEXURE TO THE NOTICE

Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956

Item No 5

The Board of Directors of the company appointed Mrs. Kamala Chhibber as an Additional Director. In terms of section 260 of the Companies Act, 1956 (the "Act") Mrs. Kamala Chhibber shall hold office only upto the date of the Annual General Meeting of the Company. The Company has received valid notice and requisite deposit from a member of the Company under section 257 of the Act, proposing the candidature of Mrs. Kamala Chhibber for the office of Director.

The Directors recommend the Resolution for the approval of the Members.

Mrs. Kamala Chhibber is interested in the resolution as it relates to her appointment. None of the other Directors are in any way, concerned or interested in the resolution.

Item No 6

The Board of Directors of the company appointed Mr. Devendra Manchanda as an Additional Director. In terms of Section 260 of the Companies Act, 1956 (the "Act") Mr. Devendra Manchanda shall hold office only upto the date of the Annual General Meeting of the Company. The Company has received valid notice and requisite deposit from a member of the Company under section 257 of the Act, proposing the candidature of Mr. Devendra Manchanda for the office of Director. Mr. Manchanda is a Chartered Accountant by profession and is presently appointed as Chairman of the Audit Committee of the Company.

The Directors recommend the Resolution for the approval of the Members

Mr. Devendra Manchanda is interested in the resolution as it relates to his appointment. None of the other Directors are in any way, concerned or interested in the resolution.

Item No. 7

The Board of Directors in their Meeting held for adoption of Audited Accounts discussed the various means of raising finance to fund the One Time Settlement offer received from the Financial Institutions, and it was agreed that apart from raising loan from private lenders, issue of equity shares can also be considered. The current authorized capital of the Company is Rs. 18 crores of which Rs. 11 crores is the issued capital; further issue of Rs. 7 crores is also possible to private parties. The proposal is under discussion and likely to be accepted, but your Directors require your approval to proceed with preferential allotment in terms of section 81 (1A) of the Companies Act, 1956. Hence, this resolution is proposed for your approval as a special resolution.

None of the Directors of the Company are in any way, concerned or interested in the resolution.

Item No. 8

In terms of Section 15 of The Sick Industrial Companies (Special Provisions) Act, 1985, when an industrial company has become a sick industrial Company i.e., at the end of a financial year its accumulated losses equal to or exceed its entire net worth, the Board of Directors of the Company shall within sixty days from the date of finalization of the duly audited accounts of the Company for the financial year as at the end of which the Company has become a sick industrial Company, make a reference to the Board of Industrial and Financial Reconstruction for determination of the measures which shall be adopted with respect to the Company. Hence, this resolution is proposed for your approval as a Special Resolution.

None of the Directors of the Company are in any way, concerned or interested in the resolution.

By Order of the Board of Directors

Asstt. Company Secretary

Place : New Delhi
Dated : 30.07.2002



DIRECTORS' REPORT

Your Directors have pleasure in presenting the **Sixteenth Annual Report** together with Audited Accounts of the Company for the year ended 31st March, 2002.

Financial Results

(Rs. In Lacs)

	2001-2002	2000- 2001
Sales of Products and other income	187.42	358.64
Manufacturing and other expenses	282.94	424.79
Depreciation	304.98	357.18
Interest	314.92	198.24
Profit/(Loss) before tax	(715.42)	(621.57)

Dividend

In view of the foregoing, the Directors do not recommend any dividend for the year.

Directors

The Board of Directors appointed Mrs. Kamala Chhibber and Mr. Devendra Manchanda as an Additional Director during the year. Mrs. Kamala Chhibber and Mr. Devendra Manchanda will hold office upto the date of the ensuing Annual General Meeting, however the Company has received notice u/s 257 of the Companies Act, 1956 for appointment of Mrs. Kamala Chhibber and Mr. Devendra Manchanda as Directors liable to retire by rotation. Further, Mr. V. K. Dhawan resigned from the Board. Mr. Rajeev Bali, Mr. K. R. Shivakumar retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) as inserted by the Companies (Amendment) Act, 2000 with respect to Directors' Responsibilities Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31 st March, 2002, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the accounts for the financial year ended 31 st March, 2002 on a 'growing concern' basis.

Corporate Governance

As required under Clause 49 of the Listing Agreement a Report on Corporate Governance alongwith Management Discussion and Analysis Statement forms part of the Annual Report envisaging the Company's philosophy on Corporate Governance and steps taken towards its implementation in the day-to-day working of the Company and make more information relating to the working of the Company freely available to investors, shareholders and other statutory bodies and Company's prospects of growth and development vis-a-vis the industry.

Audit Committees

As required under section 292A of the Companies Act, 1956 the Company has appointed an Audit Committee comprising of Mr. Rajeev Bali, Lt. Gen H. C. Dutta and Mr. V. K. Dhawan. Mr. Dhawan served as the Chairman of the Committee upto the financial year 2001-02, he resigned in March 2002 and Mr. Devendra Manchanda was appointed as the Chairman of the Committee. The primary functions of the Committee comprises of reporting on accounting policies and procedures, periodical review of financial results and pointing out major discrepancies, if any, in the results, examining the internal control systems and adequacy thereof. The Committee meets as and when required and at least twice in a year.

Auditors & Their Report

Auditors of the Company, M/s G.S. Johar & Co., Chartered Accountants, New Delhi are retiring at this Annual General Meeting and are proposed to be re-appointed at the ensuing Annual General Meeting.

Notes to the accounts annexed to the Auditors' Report are self-explanatory and need no explanation, as there is no qualifying remark of the Auditors.



Fixed Deposits

The Company did not invite/accept any fixed deposits during the year under review.

Provisions Of Sick Industrial Companies (Special Provisions) Act, 1985

Since the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 have become applicable to the Company, the Directors of your Company have placed before you a resolution for your approval for making a reference to the Board of Industrial and Financial Reconstruction. The reference has to be made within sixty days from the adoption of the duly audited financial accounts for the relevant financial year.

Future Outlook

The international PCB market is a US\$ 31 billion industry as of 2001 end, growing at CAGR of over 9 % per annum, and is expected to grow as such up to 2005 to over US\$ 42 Billion. Since Quarter II 2001, the international melt-down of IT sector companies and the consequent recession that has set in into the global economy, had affected business adversely. This was further aggravated very substantially by the Sept. 11, 2001 terrorist attacks in the USA. However, the world business scenario has since improved in Q1 2002, and the Company is receiving substantial orders now. This is expected to rise further, as most developed countries i.e., North America, and Europe are turning into net importers of PCBs due to prohibitively high wage-costs there. Similarly, Far Eastern companies are shifting production bases to countries with low cost technically skilled labor, typically China, and now India.

Statutory Statements Under Sections 217 (1)(E) And 217 (2a) Of The Companies Act, 1956

(a) Foreign Exchange Earnings and Outgo:

The information under this head is as follows:

	(Rs. In Lacs)
Foreign Currency Earnings	164.78
Foreign Currency Outgo	
(1) Travelling (foreign)	0.96
(2) Import of Machinery	23.24
(3) Import of raw materials	61.15
(4) Consumption of raw materials	117.40
(5) Fees and subscription	0.57

The value of machinery has been recorded as per the currency rates prevailing at the year-end.

(b) Conservation of Energy and Technology Absorption:

The Company is pursuing an active policy of identifying and using eco-friendly materials and processes in its production processes, as also in every other sphere of activity. The Company estimated 28% savings in its power/energy consumption due to this policy emphasis in its operations. The Company continues in its endeavors to identify new means of for such energy conservation and savings on an ongoing basis as a matter of policy.

(c) Employees:

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 (as amended), the names and other particulars of the employees drawing remuneration more than Rs. 2,00,000/- per month or Rs. 24,00,000/- per annum are required to be given forming part of the Directors' Report. None of the employees of the company are in receipt of remuneration in excess of the prescribed limit.

Acknowledgements

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institutions, Banks, Government Authorities, our valued shareholders during the year under review. Your Directors wish to place on record their deep sense of appreciation for the devoted services of Executives, Staff and Workers of the Company towards the growth and development of the Company.

for and on behalf of the Board of Directors

(Rajeev Bali)
Managing Director

Place: New Delhi
Dated: 30-07-2002

INTEGRATED TECHNOLOGIES LIMITED



REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company endeavors to make the directors of the company accountable to the shareholders for their actions, to ensure that the Directors are subject to their duties, obligations and responsibilities, to act in the best interest of the Company. The employees of the Company are guided by code of conduct aiming at achieving the Company's goals and objectives.

2. COMPOSITION OF BOARD OF DIRECTORS

Composition and category of directors

Name of the Director	Category	Designation	No. of outside Directorships held	No. of Mtgs held during the year	No. of Mtgs. attended
Mr. Rajeev Bali	Promoter-Executive	Managing Director	1	8	8
Mr. K. R. Shivakumar	Promoter-Non-Executive	Director	-	8	-
Mr. V. K. Dhawan*	Independent-Non-Executive	Director	4	8	4
H. C. Dutta	Independent-Non-Executive	Director	2	8	3
Lt. Gen.(Retd.) (Vice Chief of Army Staff.)					
Mr. W. D. Schmejkal	-Non-Executive	Nominee Director	-	8	-
Mr. Sandeep Kapoor	-Non-Executive	Nominee Director	8	8	-
Mrs. Kamala Chhibber	Independent-Non-Executive	Additional Director	-	8	1
Mr. D. Manchanda**	Independent-Non-Executive	Additional Director	1	8	-
Mrs. Krishna Bali+	Independent-Non-Executive	Director	-	8	2

* Resigned from the BOD in March, 2002

** Appointed to the BOD in May 2002

+ Resigned from the BOD on 15-5-2001

Meetings of the Board of Directors were held on

- | | |
|--------------------|-----------------------|
| 1. 16th April 2001 | 5. 31st October 2001 |
| 2. 15th May 2001 | 6. 29th November 2001 |
| 3. 29th June 2001 | 7. 31st January 2002 |
| 4. 31st July 2001 | 8. 27th March 2002 |

The following directors were present at the Fifteenth Annual General Meeting held on 28th September 2002:

- Mr. Rajeev Bali
- Mr. V. K. Dhawan

3. COMMITTEES OF BOARD OF DIRECTORS

I. Audit Committee

Terms of reference of the Audit Committee include the following-

- To report on any oversight in Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- To recommend the appointment and removal of external auditor, fixation of audit fee and also approval of payment for any other services.
- To review with management the annual financial statements before submission to the Board, focusing primarily on changes in accounting policies and practices, qualifications in draft audit report, compliance with accounting standards, stock exchange and legal requirements concerning financial statements, significant adjustments arising out of audit, reporting on related party transactions, etc.
- To review the Company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payments to creditors.
- To discuss with external auditors before the audit commences nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
- To perform such other functions as it shall have as contained in the Listing agreement and as may be assigned to it from time to time.



The constitution of the Committee and the attendance of each member of the Committee is given below-

Name	Designation	Category	Meetings Attended	Profession
Mr. V.K. Dhawan*	Chairman	Independent Director	3	Chartered Accountant
Mr. Rajeev Bali	Member	Executive Director	4	Business
Lt. Gen H.C. Dutta	Member	Independent Director	4	Lt. Gen.(Retd.) Vice Chief of Army Staff

* Mr. V.K.Dhawan resigned from the Board in March 2002.

II. Shareholders Grievances Committee

The Company has formed Shareholder's Grievance Committee in January 2002. It consists of **Mr. Rajeev Bali, Managing Director and Mrs. Kamala Chhibber, Director**. The Committee meet at frequent intervals to consider, inter alia, shares transfers, shareholder's complaints, replacement of lost/stolen/ mutilated share certificates, issue of duplicate certificates, etc.

In terms of Clause 47 of the Listing Agreement, the Company Secretary of the Company has been appointed as the Compliance Officer to deal with the shareholders and the Stock Exchanges etc. with respect to the investor services and complaints related matter.

The shareholder grievances are attended promptly generally within 5 days from the receipt of the complaint. Since the Share Transfer Meetings are held on 1st and 15th of every month, the transfers are not kept pending for more than 10-12 days.

S.No.	Nature	Number	
		Received	Attended
1.	Transfer of shares	7	7
2.	Dematerialization of shares	13	13
3.	Loss of shares/Duplicate shares	2	1
4.	Others	10	10
	Total	32	31

III. Remuneration to Directors

The Company does not have a Committee on Remuneration, as the Directors are not paid any sum over and above the sitting fees for attending Board Meetings. The Managing Director of the Company is paid remuneration of Rs. 15,00,000 per annum in accordance with the approval granted by shareholders and provisions of the Schedule XIII of the Companies Act, 1956.

4. GENERAL BODY MEETINGS

Location and time, where last 3 Annual General Meetings held

Year	Date	Time	Venue	Agenda
Fifteenth	28 th Sept. 2001	9.00 A.M.	Narsingpur, Sector-35, Gurgaon, Haryana	No. Special Resolution formed part of the business of the Meeting.
Fourteenth	29 th Sept. 2000	9.00 A.M.	Narsingpur, Sector-35, Gurgaon, Haryana	1. Amendment of Articles of Association (Provision for dematerialization of shares was inserted). 2. Variation of terms of Appointment of the Managing Director (Increase in the remuneration of the Managing Director).
Thirteenth	30 th Sept. 1999	9.00 A.M.	Narsingpur, Sector-35, Gurgaon, Haryana	No special resolution formed part of the business of the Meeting.

Postal Ballot : No resolution has ever been passed through postal ballot.

5. DISCLOSURES

- No materially significant related party transactions i.e., transactions of the company of material nature, with its promoters, directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of company at large have been entered.