





Dear Shareholder,

No company can turnaround by merely generating profits. The essence of such a transformation is the way it has attuned to changes and set its course.

The significance of ITI's turnaround lies not in its material effects but in its character. It symbolises a massive effort in rediscovering one's strengths and reorienting one's mindset to the demands of the environment. It is in this context that I compliment every employee of ITI who has responded remarkably with resilience to the new mission before the Company.

Your Company's record performance this year represents an all-time high both in physical and financial terms. An achievement that augurs well for entering the new millennium with verve and confidence. It is a crusade that goes by the movement "Operation Nav Shatabdi". The 'mantra' for the entire ITI collective is Productivity,

Profitability and 'Parivartan' (to develop the vision for the next millennium).

On the anvil is your Company's total restructuring exercise, the primary objective of which is to transform ITI into a world class company with leading edge technology--completely market driven, highly competitive and fully geared to the needs of the customer -- thoroughly equipped to meet the challenges of the new millennium that the convergence of technologies will throw up.

A leader that ITI is, your Company's vision for the future goes beyond the shores of the country, into a vibrant global enterprise that can hold its own in voice, data and image communications. In all our endeavours, dear shareholder, you remain the inspiring force.

Air Cmde (Retd) S S Motial
Chairman & Managing Director



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BOARD OF DIRECTORS	:	Air Cmde. S.S.Motial (Retd.) <i>Chairman & Managing Director</i>
		Shri U.D.Paradkar <i>Director-Bangalore Plant</i>
		Shri A.V.Varadarajan <i>Director-Finance</i>
		Shri S.K.Manocha <i>Director (R&D)</i>
		Shri Gautam Soni
		Lt.Gen. Prakash Gokarn
		Shri Prakash Narain
		Shri B.B. Singh
COMPANY SECRETARY	:	Shri C.R.Prakash
LEGAL ADVISERS	:	M/s. Raj & Reddy, Advocates, Bangalore
		M/s. Holla & Holla, Advocates, Bangalore
		M/s. N.Jayaraman, Advocates, Bangalore
AUDITORS	:	M/s.K.V.Narasimhan & Co., Bangalore.
		M/s.Vinay Kumar & Co., Allahabad
		M/s. Chandru & Company, Palakkad
		M/s. Gupta & Gupta, New Delhi
		M/s. Habibullah & Co., Gorakhpur
		M/s. Garg Goyal & Co.,Rae Bareli
BANKERS	:	State Bank of India
		State Bank of Patiala
		State Bank of Bikaner & Jaipur
		State Bank of Mysore
		State Bank of Hyderabad
		State Bank of Travancore
		Bank of Baroda
		Central Bank of India
		Punjab National Bank

**MANAGEMENT:****CORPORATE OFFICE**

Air Cmde. S. S. Motial (Retd.)
Chairman & Managing Director

Shri A.V.Varadarajan
Director-Finance

Shri S.K.Manocha
Director (R&D)

Shri A.L.Motwani
Executive Director (OPS)

Dr. P.S.B.Murthy
Executive Director-MC

Shri Audi Seshu
Executive Director-IS,HRD&CVO

Brig. D.N.Sabarwal
Executive Director-Marketing

Shri V.K.Chaturvedi
Executive Director-Quality

Shri U.S.Agarwal
Additional Director-F&CS

Shri A. Butchaiah
Additional Director-F

Shri P. Vasudevan
Additional Director-P&A

Shri S. Badrinarayana
General Manager (PP)

Shri D. Saha
General Manager (BTG)

Shri A.K. Ray
General Manager (IA)

PLANTS**BANGALORE PLANT**

Shri U.D.Paradkar
Director

ELECTRONIC CITY PLANT

Shri K.K.Sundaram
General Manager

NETWORK SYSTEMS

Shri A.K.Bhan
Executive Director

RAE BARELI PLANT

Shri M.C.Malik
Executive Director

NAINI PLANT

Major Gen. K.K.Ohri
Executive Director

MANKAPUR PLANT

Shri J. Devgan
General Manager

PALAKKAD PLANT

Shri J.K.Verma
General Manager

SRINAGAR (J&K) PLANT

Shri M.M.Sheikh
Deputy General Manager

**LIAISON & COORDINATION
OFFICE, NEW DELHI**

Shri Mahesh Chandra
Executive Director (BC)

ANNUAL REPORT 1998 - 99**NOTICE**

NOTICE is hereby given that the FORTYNINTH Annual General Meeting of ITI LIMITED will be held on TUESDAY, the 28TH SEPTEMBER, 1999 at 2.00 P.M. at Gurunanak Bhavan, Jasma Bhavan Road, Vasanth Nagar, Bangalore-560 052 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, the Balance Sheet as at 31st March, 1999, the Profit and Loss Account for the year ended on that date and the Auditors' Report thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri B.B.Singh who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri A.V.Varadarajan who retires by rotation and being eligible, offers himself for re-appointment.

Regd. & Corporate Office
45/1, Magrath Road
Bangalore-560 025

By Order of the Board
for ITI LIMITED

Place: Bangalore
Date: 19th August, 1999.

(C.R.PRAKASH)
COMPANY SECRETARY

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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 the Proxy need not be a Member of the Company. Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the commencement of the Meeting.
2. The Register of Members and the Share Transfer Books will remain closed from 21st September, 1999 to 28th September, 1999 (both days inclusive).
3. Members are requested to advise the Share Transfer Agents, M/s. Alpha Systems Private Limited, 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore-560 003 immediately of any change in their address.
4. In accordance with the relevant provisions of the Companies Act, 1956, Shri B.B.Singh will retire by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
5. In accordance with the relevant provisions of the Companies Act, 1956, Shri A.V.Varadarajan will retire by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
6. If Dividend on the Equity Shares as recommended by the Directors is declared at the meeting the Dividend warrants will be sent only to those Members whose names appear in the Register of Members of the Company on the date of Annual General Meeting. In respect of Dematerialised Shares, the Dividend will be payable on the basis of beneficial ownership as per details to be furnished by the National Securities Depository Limited for this purpose.
7. Members requiring information on the Accounts are requested to write to the Company atleast 7 days before the date of the Meeting to enable the Company to furnish the information.
8. Members/their Proxies/Representatives are advised to bring the Attendance Slip duly filled in and the Annual Report for attending the Meeting.
9. Nomination facility : Consequent to the introduction of Section 109A of the Companies Act, 1956, individual Members are entitled to make a nomination in respect of the Shares held by them. Members desirous of making nomination are requested to send the enclosed Nomination Form 2B duly completed to the Share Transfer Agents of the Company.

Regd. & Corporate Office,
45/1, Magrath Road,
Bangalore-560 025.

Place: Bangalore
Date: 19th August, 1999.

By Order of the Board
For ITI LIMITED

(C.R.PRAKASH)
COMPANY SECRETARY

ANNUAL REPORT 1998 - 99**TEN YEAR DIGEST**

Rs. in Lakhs

OPERATING RESULTS	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90
Sales including services	153909	126305	102121	78262	103662	152725	148395	108470	97846	95875
Accretion/(Decretion) to Stock	14237	389	(275)	(8,389)	(5,106)	(693)	3778	2971	779	6940
Value of Production	168146	126694	101846	69873	98556	152032	152173	111441	98625	102815
Other Income	8706	15539	18276	5836	8334	4793	4491	3857	2250	1792
Direct Materials	95003	67758	59504	39782	53967	71775	75070	47748	45615	52357
Employees Cost	33123	32168	26791	26509	22517	22897	24023	18441	16475	16219
Depreciation	3557	2731	3039	4827	4824	5918	5269	5064	5130	4554
Interest	14799	15096	18669	15180	14171	14040	10820	9474	9392	10827
Other expenses	27129	22783	18576	16180	19943	21657	24017	24899	15909	16035
Profit for the year	3241	1697	(6457)	(26769)	(8532)	20538	17465	9672	8354	4615
Prior Period Adjustments	(531)	(571)	(2309)	(1,627)	341	(2,903)	1,524	(1,849)	(1,797)	(1,097)
Profit Before Tax	2710	1126	(8766)	(28396)	(8191)	17635	18989	7823	6557	3,518*
Provision for Tax	-	-	-	-	-	9200	10400	2100	2950	570
Add: Provision for tax of earlier years no longer required	-	400	3676	-	-	-	-	-	-	-
Profit after Tax	2710	1526	(5090)	(28396)	(8191)	8435	8589	5723	3607	2948
Dividend	542	-	-	-	-	1760	1408	1056	528	528

Figures in brackets indicate negative figures

FINANCIAL POSITION	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90
Equity	8800	8800	8800	8800	8800	8800	8800	8800	8800	8800
Reserves & Surplus	3834	2050	14303	14807	31505	39691	33005	25816	21129	18038
Miscellaneous expenditure not written off	105	117	1109	382	582	412	564	1510	2651	4218
Profit and Loss Account-(Debit)	2079	2415	16203	11659	-	-	-	-	-	-
Shareholders' Funds	10450	8318	5791	11566	39723	48079	41241	33106	27278	22620
Grant-in-aid	11822	13770	11290	9471	6432	4029	69	70	65	81
Bonds	27185	17785	14647	11868	11870	30297	30319	41903	41978	42008
Other borrowings and deferred credit	62285	72911	81116	84410	87544	67029	57880	25824	27035	34746
Gross Block	88443	73670	71654	69735	67038	62898	59159	52692	48795	43253
Depreciation	58681	55235	52680	50279	46090	41621	36104	30982	26139	20709
Net Block	29762	18435	18974	19456	20948	21277	23055	21710	22656	22544
Capital Work-in-Progress	1689	12261	11188	6243	2944	3340	2008	3371	3885	5442
Current Assets, Loans and Advances :										
Inventory	73364	51768	55153	53433	63630	66274	72994	64271	60295	71984
Debtors	86681	76035	61405	56481	75582	91520	87657	78212	65086	59991
Others	19502	22350	17754	29998	42719	34907	21259	25449	17274	15744
Total	179547	150153	134312	139912	181931	192701	181910	167932	142655	147719



TEN YEAR DIGEST Contd.

Rs. in Lakhs

FINANCIAL POSITION	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90
Current Liabilities and										
Provisions	102701	71560	62365	59041	73989	88332	98167	115725	89997	79307
Working Capital	76846	78593	71947	80871	107942	104369	83743	52207	52658	68412
Capital Employed - By Sources:										
Shareholders' Funds	10450	8318	5791	11566	39723	48079	41241	33106	27278	22620
Grant-in-aid	11822	13770	11290	9471	6432	4029	69	70	65	81
Borrowings	89470	90696	95763	96278	99414	97326	88199	67727	69013	76754
Total Funds	111742	112784	112844	117315	145569	149434	129509	100903	96356	99455
Capital Employed - By Applications										
Net Fixed Assets	29762	18435	18974	19456	20948	21277	23055	21710	22656	22544
Working Capital	76846	78593	71947	80871	107942	104369	83743	52207	52658	68412
Capital Work in progress	1689	12261	11188	6243	2944	3340	2008	3371	3885	5442
Investments	3445	3495	10735	10745	13735	20448	20703	23615	17157	3057
Total Assets	111742	112784	112844	117315	145569	149434	129509	100903	96356	99455
FINANCIAL RATIOS	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90
Profitability Ratios :										
Profit before interest and tax to capital employed [(Net Fixed Assets and Net Current Assets) (%)]	16.42	16.72	10.89	-13.17	4.64	25.21	27.91	23.40	21.18	15.77
Profit before tax to sales and Services (%)	1.76	0.89	-8.58	-36.28	-7.90	11.55	12.80	7.21	6.70	3.67
Profit after tax to Shareholders' Funds (%)	25.93	18.35	-87.90	-245.51	-20.62	17.54	20.83	17.29	13.22	13.03
Long term debt to Shareholders' Funds	3.07:1	2.93:1	5.54:1	3.02:1	0.85:1	1.24:1	1.36:1	1.80:1	2.09:1	2.70:1
Working Capital Ratios:										
Current Ratio	1.75:1	2.10:1	2.15:1	2.37:1	2.46:1	2.18:1	1.85:1	1.45:1	1.59:1	1.86:1
Working Capital in no. of months of Value of Production	5.48	7.44	8.48	13.89	13.14	8.24	6.60	5.62	6.41	7.98
Inventory in no. of months of Value of Production	5.24	4.90	6.50	9.18	7.75	5.23	5.76	6.92	7.34	8.40
Debtors (Net of Advances) in terms of months Sales and Services	3.20	4.78	4.83	5.87	6.32	4.55	3.45	0.76	0.71	1.75
Working capital to total Capital employed (%)	68.77	69.68	63.76	68.93	74.15	69.84	64.66	51.74	54.65	68.79
Cost of Direct Material to Value of Production (%)	56.50	53.48	58.43	56.93	54.76	47.21	49.33	42.85	46.25	50.92

ANNUAL REPORT 1998 - 99**TEN YEAR DIGEST Contd.**

Rs. in Lakhs

FINANCIAL RATIOS	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90
Growth Ratios:										
Annual growth in value of Production (%)	32.72	24.40	45.76	-29.10	-35.17	-0.09	36.55	12.99	-4.08	39.36
Annual growth in Gross Block (%)	20.05	2.81	2.75	4.02	6.58	6.32	12.27	7.99	12.81	20.83
OTHER STATISTICS	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90
Turnover composition:										
To Department of Telecommunications	121086	106331	87131	68927	85896	145506	137712	101172	91315	88051
Others	32823	19974	14990	9335	17766	7219	10683	7298	6531	7824
Total	153909	126305	102121	78262	103662	152725	148395	108470	97846	95875
Value Added	69297	55847	39872	28015	42376	78413	75436	62490	51969	49600
No. of Employees as on 31st March	23945	24552	25915	26272	27477	28633	29730	30280	32215	32298
Value Added per Employee (Rs.)	285778	221321	152804	104244	151046	268708	251411	199984	161112	153401
Value of Production per Employee (Rs.)	693428	502087	390312	259997	351296	520988	507159	356640	305752	317979

*Profit before tax for 1989-90 excludes amount of Rs.796 lakhs withdrawn from General Reserve.