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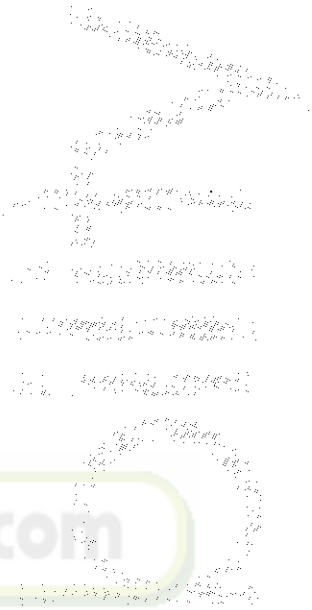

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Dear Shareholder,

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 perfomance 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.)**<br>*Chairman & Managing Director* |
| | | **Shri U.D.Paradkar**<br>*Director-Bangalore Plant* |
| | | **Shri A.V.Varadarajan**<br>*Director-Finance* |
| | | **Shri S.K.Manocha**<br>*Director (R&D)* |
| | | **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** |



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## 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)



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## 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.

By Order of the Board
for ITI LIMITED

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

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 advice 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.

By Order of the Board
For ITI LIMITED

Place: Bangalore
Date: 19th August, 1999.

**(C.R.PRAKASH)**
COMPANY SECRETARY



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## 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 |



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## 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 |



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## 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.



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