

IT & CONVERGENCE

TOTAL TELECOM SOLUTIONS
MOBILE COMMUNICATIONS

INTERNET PRODUCTS & SERVICES

Report Junction.com

ADDED SERVICES
NETWORK & SYSTEM INTEGRATION

52nd **हैटा** Annual Report
2001-2002



Dear Shareholder,

Time and again ITI has shown beyond doubt its resilience in overcoming adversity. The sluggish market environment did not deter your Company from turning in yet another record performance of Rs.2458 Crores during the year under review, earning a net profit of Rs. 21.58 Crores. The year marked the successful launch of DWDM equipment, which is the country's first national backbone optical network. Interconnected as five circular rings linking all major cities, covering around 10,000 Kms. of route length, the uniqueness of the product provides for integration of 32 STM-16 streams to accommodate more than 135 lakh voice channels. That ITI continues to maintain its primacy by supplying 8 lakh circuits of Long Distance TAX equipment, 2100 KL of Switching equipment, 260 KL of GSM and 136 KL of CDMA-WLL, 38 nos. of TDMA and 33 nos. of Satellite equipment, 64 Terminals of DWDM and services like VoIP and MLLN in several cities, is ample proof of its resolve to be a market leader.

The double digit growth being witnessed in India in both the fixed and cellular phones is a favourable pointer that the country would achieve its target of teledensity of 7/100 by 2005 or even 15/100 by 2010. The Indian telecom industry is poised for a change not only in terms of numbers but also in the way it operates. This dramatic size is what spells opportunity to ITI for a piece of action. The redefining of your Company's Vision to transform ITI into a creative, live-wire enterprise, with a quest for growth and with shared values, flows out of this insight.

Significant improvements have been noticed in key performance areas related to the operation of manufacturing Plants of your Company, following the business transformation initiatives undertaken with the help of renowned consultants. ITI has drawn a strategic business plan in order to increase focus on total solutions, high value addition of telecom software and rationalise its manufacturing businesses. Your Company is well set to meet the telecom requirements of new services like MLLN, MPLS, VoIP, Billing Software and the galloping demand for mobile lines. The spirit of "Mission Sphoorti" is enduring. Under the rubric of faster skill formation in new areas, your Company has taken several steps to create a pool of human assets. All units of the Company are in the process of upgradation to ISO:2000. Foreseeing the need for software quality assurance and also improvement in software development process, the Core R & D is implementing a plan for CMM level certification. Additional marketing outlets have been opened for better customer service. The goal before us is to imbibe the shift from manufacturing to total solutions capability.

Behind all our endeavours, value to shareholders is the guiding principle. Your continued trust is what we bank on in our task ahead.

Lakshmi G. Menon
Chairman and Managing Director



OUR VISION

We will be perceived by our customers as the leading business partner for providing total network solutions.

We will offer innovative solutions using leading technologies in a cost competitive manner to help customers achieve their business objectives.

We will pursue new opportunities arising from the convergence of Information, Communications and Entertainment business.

We will enhance shareholder value and will move up the value chain by expanding knowledge-based and service based businesses while simultaneously leveraging our manufacturing business.

In our manufacturing business, we will continuously drive down costs.

We will leverage our telecom domain knowledge to build a telecom software business in India catering to global requirements.

We will apply R&D efforts in focused areas.

Our target customers will primarily be large organisations (both Government and private sector) in India and overseas markets.

For exports, we will primarily target developing markets.

We will form strategic alliances with equipment/technology suppliers and service providers to access technology and markets and to help us provide total solutions.

We will build a customer-focussed organisation and will invest in regular training and development of our manpower for achieving the same.

We will transform ITI into a creative, livewire, entrepreneurial enterprise with a quest for growth and with shared values .



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BOARD OF DIRECTORS

Smt. Lakshmi G. Menon
Chairman & Managing Director

Shri C. S. Verma
Director - Finance

Shri S. K. Manocha
Director - R & D

Lt. Gen. D. P. Sehgal, AVSM, VSM, ADC

Smt. Anuradha Mitra

Shri Vijoy Kumar

Shri Pankaj Agrawala

Shri A. V. Varadarajan
Director Finance (Upto 31.5.2001)

Shri Gautam Soni
(Upto 30.6.2001)

Lt. Gen. Prakash Gokarn
(Upto 31.7.2001)

Shri U. D. Paradkar
Director-Bangalore Plant (Upto 31.12.2001)

Dr. Vinay K. Dharmadhikari
(upto 04.07.2002)

Company Secretary
Shri C. R. Prakash



LEGAL ADVISERS

M/s. Raj & Reddy, Advocates, Bangalore
M/s. Holla & Holla, Patil & Nettar, Advocates, Bangalore
M/s. N. Jayaraman, Advocates, Bangalore
M/s. Rao & Joshi & Associates, Advocates, Bangalore
M/s. Dave & Girish & Co., Advocates, Bangalore

AUDITORS

M/s. A. R. Viswanathan & Co., Bangalore
M/s. Anoop Agarwal & Co., Gorakhpur
M/s. Mittal Gupta & Co., Lucknow
M/s. Balram Chandra & Associates, Allahabad
M/s. Varier & Associates, Palghat
M/s. Khanna Puri Wadhava & Co., New Delhi

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
Development Credit Bank Limited
Indus Ind Bank Limited
UTI Bank Limited
Vijaya Bank
Indian Bank
Canara Bank

MANAGEMENT:

CORPORATE OFFICE

Smt. Lakshmi G. Menon
Chairman & Managing Director

Shri J. Devgan
Additional Director (M & E)

Shri S. K. Manocha
Director - R & D

Shri J.K. Verma
Additional Director (PP & BTG)

Shri C. S. Verma
Director - Finance

Shri D. Saha
Additional Director (OPS)

Shri P. Vasudevan
Additional Director (P & A)

Shri S. Samantha
General Manager (CP)

Shri A. K. Rangari
Additional Director (QA)

Shri R. Ravichandran
General Manager (F)

PLANTS / UNITS

Bangalore Plant
Shri Pritam Singh
General Manager

Mankapur Plant
Shri P. S. Bajaj
General Manager

Electronic City Plant
Shri D. Shekar Kumar
General Manager

Palakkad Plant
Shri D. Hari
General Manager

Network Systems
Shri P. K. Bose
General Manager

Srinagar (J & K) Plant
Shri M. M. Sheikh
Additional General Manager

Naini Plant
Shri S. S. Choudhary
General Manager

Business Co-ordination, New Delhi
Shri P. P. Singhal
General Manager

Rae Bareli Plant
Shri A. K. Ray
General Manager



NOTICE

NOTICE is hereby given that the FIFTY SECOND Annual General Meeting of ITI Limited will be held on Friday, the 27th September, 2002 at 10.00 a.m. at Gurunanak Bhavan, Jasna Bhavan Road, 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 2002, the Profit & 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 S. K. Manocha who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Smt. Anuradha Mitra who retires by rotation and being eligible offers herself for re-appointment.
5. To consider and if thought fit, to pass with or without modifications, the following as an Ordinary Resolution;

"RESOLVED to authorise the Board of Directors of ITI Limited to fix the remuneration, reimburse travelling allowance and out of pocket expenses of Statutory and Branch Auditors of the Company to be appointed by Comptroller and Auditor General of India for the financial year 2002-2003.

SPECIAL BUSINESS :

6. To consider and, if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED that Shri C. S. Verma, who was appointed with effect from 5th February 2002 as an Additional Director of the Company with the designation of Director - Finance by the Board of Directors and who holds office up to the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company".
7. To consider and, if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED that Shri Pankaj Agrawala, who was appointed with effect from 4th July 2002 as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company".

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

By Order of the Board
For ITI LIMITED

Place : Bangalore
Date : 29.08.2002

(C.R. PRAKASH)
COMPANY SECRETARY



NOTES

1. 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 17th September, 2002 to 27th September, 2002 (both days inclusive).
3. Members are requested to advise the Share Transfer Agents, M/s. Alpha Systems Pvt. Ltd, 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 S. K. Manocha, Director - R & D, and Smt Anuradha Mitra, Director ITI will retire by rotation at this Annual General Meeting and being eligible, offer themselves for re-appointment.
5. Consequent to the amendment of Section 224 of the Companies Act, 1956, the remuneration of Auditors appointed by Comptroller and Auditor General of India under amended Section 619, shall be fixed by the Company in General Meeting or in such other manner as the Company may determine.

Accordingly, the Shareholders are requested to approve the Resolution at Item No. 5 of the Notice.

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 and Central Depository Services Limited for this purpose.
7. Members requiring information on the Accounts are requested to write to the company atleast seven 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. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto. Documents relating to any of the items mentioned in the Notice and Explanatory Statement thereto are open for inspection at the Registered Office of the Company on any working day during business hours.



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :

For Item No. 6 - Special Business :

Shri C. S. Verma was appointed as Additional Director with effect from 5th February 2002 with the designation of Director -Finance, by the Board of Directors of the Company in pursuance of letter No.U-38014/3/96-FAC (Vol-II) dated 30th August 2001 issued by Department of Telecommunications. According to the provisions of Section 260 of the Companies Act, 1956, Shri C. S. Verma, holds office of Director up to the date of this Annual General Meeting. As required by Section 257 of the Companies Act, 1956, a Notice has been received from a Member signifying his intention to propose the appointment of Shri C. S. Verma as Director. Hence the relative resolution is placed before the Meeting for Members approval.

Shri C. S. Verma is deemed to be interested in the proposed resolution to the extent of his appointment as Director. None of the Directors is interested in the resolution.

For Item No. 7 - Special Business :

Shri Pankaj Agrawala, was appointed as Additional Director on the Board as Part-time Official Director with effect from 4th July 2002 in place of Dr. Vinay K. Dharmadhikari, in pursuance of letter No.U-38014-6/96-FAC Dated 04-07-2002 issued by Department of Telecommunications. According to the provisions of Section 260 of the Companies Act, 1956, Shri Pankaj Agrawala holds office of Director upto the date of this Annual General Meeting. As required by Section 257 of the Companies Act, 1956, a notice has been received from a Member signifying his intention to propose the appointment of Shri Pankaj Agrawala as Director. Hence the relative Resolution is placed before the Meeting for Members approval.

Shri Pankaj Agrawala is deemed to be interested in the proposed Resolution to the extent of his appointment as Director. None of the Directors is interested in the Resolution.

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

By Order of the Board
For ITI LIMITED

Place : Bangalore
Date : 29.08.2002

(C.R. PRAKASH)
COMPANY SECRETARY

TEN YEAR DIGEST

Rs. in Lakhs

OPERATING RESULTS	2001-02	2000-01	1999-2000	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93
Sales including services	231,717	214,420	208,518	153,909	126,305	102,121	78,262	103,662	152,725	148,395
Accretion/(Decretion) to Stock	14,136	4,439	9,720	14,237	389	(275)	(8,389)	(5,106)	(693)	3,778
Value of Production	245,853	218,859	218,238	168,146	126,694	101,846	69,873	98,556	152,032	15,2173
Other Income	18,183	15,070	9,521	8,706	15,539	18,276	5,836	8,334	4,793	4,491
Direct Materials	145,752	117,377	115,709	95,003	67,758	59,504	39,782	53,967	71,775	75,070
Employees Cost	40,414	39,801	34,748	33,123	32,168	26,791	26,509	22,517	22,897	24,023
Depreciation	4,506	4,417	4,236	3,557	2,731	3,039	4,827	4,824	5,918	5,269
Interest	17,126	16,070	15,288	14,799	15,096	18,669	15,180	14,171	14,040	10,820
Other expenses	53,701	53,285	55,794	27,129	22,783	18,576	16,180	19,943	21,657	24,017
Profit for the year	2,537	2,979	1,984	3,241	1,697	(6,457)	(26,769)	(8,532)	20,538	17,465
Prior Period Adjustments	(200)	(224)	2,595	(531)	(571)	(2,309)	(1,627)	341	(2,903)	1,524
Profit Before Tax	2,337	2,755	4,579	2,710	1,126	(8,766)	(28,396)	(8,191)	17,635	18,989
Provision for Tax - Deferred Tax	179	-	-	-	-	-	-	-	9,200	10,400
Add: Provision for tax of earlier years no longer required	-	-	-	-	400	3,676	-	-	-	-
Profit after Tax	2,158	2,755	4,579	2,710	1,526	(5,090)	(28,396)	(8,191)	8,435	8,589
Dividend	440	440	528	542	-	-	-	-	1,760	1,408

Figures in brackets indicate negative figures

From 1999-2000 onwards Sales, Production and Other Expenses include Excise duty

FINANCIAL POSITION	2001-02	2000-01	1999-2000	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93
Equity	8,800	8,800	8,800	3,800	8,800	8,800	8,800	8,800	8,800	8,800
Preference Shares - Application Money Received Pending Allotment	10,000	-	-	-	-	-	-	-	-	-
Reserves & Surplus	9,672	7,954	5,684	3,834	2,050	14,303	14,807	31,505	39,691	33,005
Miscellaneous expenditure not written off	10,353	4,961	639	105	117	1,109	382	582	412	564
Profit and Loss Account-(Debit)	-	-	-	2,079	2,415	16,203	11,659	-	-	-
Shareholders' Funds	18,119	11,793	13,845	10,450	8,318	5,791	11,566	39,723	48,079	41,241
Grant-in-aid	11,286	11,608	11,981	11,822	13,770	11,290	9,471	6,432	4,029	69
Bonds	32,200	27,200	27,185	27,185	17,785	14,647	11,868	11,870	30,297	30,319
Other borrowings and deferred credit	97,183	90,785	78,776	62,285	72,911	81,116	84,410	87,544	67,029	57,880
Gross Block	98,593	95,534	92,822	88,443	73,670	71,654	69,735	67,038	62,898	59,159
Depreciation	70,895	66,563	62,688	58,681	55,235	52,680	50,279	46,090	41,621	36,104
Net Block	27,698	28,971	30,134	29,762	18,435	18,974	19,456	20,948	21,277	23,055
Capital work-in-progress	1,230	1,032	1,948	1,689	12,261	11,188	6,243	2,944	3,340	2,008
Current Assets, Loans and Advances :										
Inventory	104,738	86,672	84,963	73,364	51,768	55,153	53,433	63,630	66,274	72,994
Debtors	127,277	102,760	98,911	86,681	76,035	61,405	56,481	75,582	91,520	87,657
Others	35,589	18,675	18,882	19,502	22,350	17,754	29,998	42,719	34,907	21,259
Total	267,604	208,107	202,756	179,547	150,153	134,312	139,912	181,931	192,701	181,910