



**58<sup>TH</sup> ANNUAL REPORT  
2007-2008**



Dear Shareholder,

The developments in the Indian telecom scenario are always in the thick of the news be it the frequency policy, the GSM tender, or the tariff

changes. The number of telephone subscribers reached 300 Million by March 2008 with wireless lines reaching 261 Million. The main drivers of this growth include massive expansion initiatives announced by service providers and increase in consumer demand on the back of crashing tariffs and handset prices.

Your Company in this rapidly expanding yet highly competitive sector has always had to face stiff challenges. Like yesteryears, this financial year under review 2007-2008 too continued to pose stiff challenges. The scarcity of working capital and the delay in timely materializing of the expected orders for the financial year did place the company on the defensive but did not dampen the spirits. The expected GSM orders got rolled over to the next financial year. Yet your company notched up a turnover of Rs.1210.04 Cr for the year ended March 2008, by efficiently converting purchase orders to the billable products and containing the inventories. The turnkey projects, a major component in our portfolio, which account for about Rs.382 Cr include the successfully completed third phase of the massive Army Static Communication Network which earned hearty appreciation from the Indian Army. The sustained efforts of the company have resulted in a 11.57% reduction in losses (YoY) from Rs.405.26 Cr to Rs.358.38 Cr.

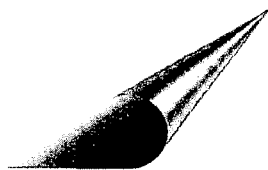
The hand-out provided at the AGM highlights the details of the efforts of the company in acquisition of new technologies, thrust in the area of IT & Networking and also contract manufacturing, and the consistent efforts by R&D. Our efforts in technology acquisition include GPON, WiMAX, 10G DWDM and our sustained R&D efforts aim at enhancing our strength in Encryption Solutions.

The order book position for the coming year promises to be good with GSM itself accounting for Rs.6000 crores. PO's worth Rs.3120 Cr are in and APO's of Rs.5300 Cr are to be converted as PO's. A revival package is under consideration with the government and BRPSE. The hand-out also highlights the present status of the revival efforts.

Our strategy for revival is to seize the opportunities in various segments in this era of convergence, widen the customer base, and generate revenue by gainfully exploiting the available infrastructure.

We seek your continued support in the task of rejuvenating and repositioning the company.

S.K. Chatterjee  
Chairman & Managing Director



We will be perceived by our customers as a **Reliable Business Partner** for providing **Total Telecom & IT solutions**.

Our **Strategic alliances** with Technology Partners will aim at offering **solutions using leading technologies** in a cost **competitive manner**.

Our **relationship with Technology and business partners** will be **win-win** and extend to developing **ITI as a hub for manufacture, software development and IT services**.

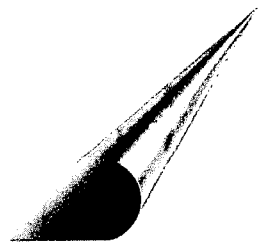
Our **Marketing and R&D efforts** shall be **revitalised** to seize the **vast opportunities** in various segments, in this **era of convergence**.

We shall strive for continuous growth through

- ❖ **Effective Quality system**
- ❖ **Time and Cost consciousness**
- ❖ **Enhanced value addition**
- ❖ **Empowered Human Resources**
- ❖ **Teamwork**
- ❖ **Innovation**

Continuous improvement, Mutual respect, Transparency and Shared values shall be our guiding philosophy.

S.K. Chatterjee  
Chairman & Managing Director



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**BOARD OF DIRECTORS****Shri S. K. Chatterjee***Chairman & Managing Director***Shri Ravi Agarwal***Director – Production***Shri Tejbir Singh***Director – Marketing (from 01-11-2007)***Shri B. P. Gupta***Director – Finance (from 31-12-2007)***Shri K. K. Khurana***Director – Human Resources (from 04-04-2008)***Lt. Gen. S. P. Sree Kumar, PVSM***Director (upto 31-07-08)***Shri A. K. Srivastava***Director***Shri C. K. Koshy, IAS (Retd.)***Special Director (appointed by BIFR) (from 25-03-2008)***Shri A. K. Jain***Independent Director (w.e.f. 30-07-08)***Shri V. H. Ron***Independent Director (w.e.f. 30-07-08)***Shri A. S. Bansal***Independent Director (w.e.f. 30-07-08)***Shri Keshav Saran***Independent Director (w.e.f. 30-07-08)***Shri B. Swarup***Independent Director (w.e.f. 30-07-08)*

**ANNUAL REPORT 2007 - 2008****COMPANY SECRETARY****Shri K. T. Mayuranathan****LEGAL ADVISERS***M/s. Holla & Holla, Advocates, Bangalore**M/s. AZB Partners, Advocates, Bangalore***AUDITORS***M/s. Karra & Company, Bangalore**M/s. Rajendram & Co., Allahabad**M/s. D. S. Shukla & Co., Mankapur**M/s. Varier & Associates, Palakkad**M/s. Govind Agrawal & Co., Rae Bareilly**M/s. Rashid Associates, Srinagar***BANKERS**

State Bank of India

State Bank of Patiala

State Bank of Bikaner &amp; 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

IndusInd Bank Limited

Axis Bank Limited

Vijaya Bank

Indian Bank

Canara Bank



## MANAGEMENT:

### CORPORATE OFFICE

**Shri S. K. Chatterjee**  
*Chairman & Managing Director*

**Shri Ravi Agarwal**  
*Director – Production*

**Shri Tejbir Singh**  
*Director – Marketing*

**Shri B. P. Gupta**  
*Director – Finance*

**Shri K. K. Khurana**  
*Director – Human Resources*

**Shri K.T. Mayuranathan**  
*Company Secretary*

**Shri Chandan Datta**  
*General Manager – HR*

**Shri D. Shekar Kumar**  
*General Manager – Operations*

**Shri M. K. Das, IPS**  
*Chief Vigilance Officer*

### PLANTS / UNITS / PROJECTS

*Bangalore Plant*  
**Shri Ramesh K. Murthy**  
*Addl. General Manager*

*Naini Plant*  
**Shri T. Usmani**  
*Addl. General Manager*

*Mankapur Plant*  
**Shri Mohd. Salahuddin**  
*Addl. General Manager*

*Palakkad Plant*  
**Shri Sanjeev Gupta**  
*Addl. General Manager*

*Rae Bareli Plant*  
**Shri N. N. Bala**  
*Addl. General Manager*

*Srinagar (J&K) Plant*  
**Shri I. K. Munshi**  
*Addl. General Manager*

*Research & Development*  
**Shri D. K. Mallik**  
*General Manager [R&D]*

*Network Systems Unit*  
**Shri Sukumar Mukherjee**  
*Addl. General Manager*

*Business Co-ordination Office, New Delhi*  
**Shri J. K. Chawla**  
*Addl. General Manager*

*GSM-BSNL Project, Pune*  
**Shri P. K. Gupta**  
*Executive Director*

*GSM-Pune*  
**Shri K. R. Agarwal**  
*General Manager – Finance*

*GSM-MTNL Project, Mumbai*  
**Shri A. K. Matkari**  
*Addl. General Manager*

*GSM-South Zone*  
**Shri K. K. Gupta**  
*Addl. General Manager*

**ANNUAL REPORT 2007 - 2008****NOTICE**

NOTICE is hereby given that the FIFTY EIGHTH Annual General Meeting of ITI Limited will be held on Monday, the 29<sup>th</sup> September, 2008 at 11.30 a.m. at Dr. B.R. Ambedkar Bhavana, Miller's Road, Vasanthanagar, Bangalore – 560 052 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Directors' Report, the Balance Sheet as at 31<sup>st</sup> March, 2008, the Profit & Loss Account for the year ended on that date and the Auditors' Report thereon.
2. To appoint a Director in place of Shri Ravi Agarwal who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri A. K. Srivastava who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modifications, the following as an Ordinary Resolution:

"RESOLVED to authorize 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 2008-2009."

**SPECIAL BUSINESS:**

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

"RESOLVED that Shri A. K. Jain, who was appointed with effect from 30<sup>th</sup> July, 2008 as a 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."

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

"RESOLVED that Shri V. H. Ron, who was appointed with effect from 30<sup>th</sup> July, 2008 as a 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."

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

"RESOLVED that Shri A.S. Bansal, who was appointed with effect from 30<sup>th</sup> July, 2008 as a 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."

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

"RESOLVED that Shri Keshav Saran, who was appointed with effect from 30<sup>th</sup> July, 2008 as a 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."

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

"RESOLVED that Shri B. Swarup, who was appointed with effect from 30<sup>th</sup> July, 2008 as a 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  
ITI Bhavan, Doorvaninagar  
Bangalore - 560 016

By Order of the Board  
For **ITI LIMITED**

Place : Bangalore  
Date : 06.09.2008

**(K. T. MAYURANATHAN)**  
Company Secretary

**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 22-09-2008 to 29-09-2008 (both days inclusive).
3. Members are requested to advise the Share Transfer Agents, M/s. Alpha Systems Pvt. Ltd., 30, Ramana Residency, 4<sup>th</sup> Cross, Sampige Road, Malleswaram, Bangalore - 560 003 and their respective Depository Participants immediately of any change in their address.
4. In accordance with the relevant provisions of the Companies Act, 1956, Shri Ravi Agarwal, Director-Production and Shri A. K. Srivastava, Director of 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.
6. Members requiring information on the Accounts are requested to write to the Company atleast fifteen days before the date of the Meeting so that the required information could be kept ready.
7. Members/their Proxies/Representatives are advised to bring the Attendance Slip duly filled in and the Annual Report for attending the Meeting.
8. 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. 5 - Special Business**

Shri A. K. Jain was appointed as non-official part-time Director on the Board with effect from 30<sup>th</sup> July, 2008 in pursuance of Letter No. U 38014-2/2003-FAC dated 15<sup>th</sup> July, 2008 issued by Ministry of Communications &



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IT, DoT, New Delhi. According to the provisions of Section 260 of the Companies Act, 1956, Shri A. K. Jain 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 A. K. Jain as Director. Hence, the relative Resolution is placed before the Meeting for Members' approval.

Shri A. K. Jain is a ret'd. IAS Officer of 1970 batch and he has done B.Com. (Hons.) and Master's Diploma in Public Administration (IIPA). He was former Secretary, Govt. of India, Ministry of Finance, Department of Disinvestment, New Delhi. He served both the State Govt. and Central Govt. in various capacities. His areas of specializations are Banking & Capital Market, Management & Restructuring of PSE, Industrial Development etc.

He represented India in a number of Seminars/conferences held under the auspices of International organizations such as World Bank, International Monetary Fund, Asian Development Bank, UNCTAD and ESCAP.

Presently, he is Member, Advisory Council of Asian Development Bank Institute, Tokyo, Japan and Member, Task Force on MOUs, Deptt. of Public Enterprises, Govt. of India.

Shri A. K. Jain is deemed to be interested in the proposed Resolution to the extent of his appointment as Director. None of the other Directors is interested in the Resolution.

#### **For Item No. 6 – Special Business**

Shri V. H. Ron was appointed as non-official part-time Director on the Board with effect from 30<sup>th</sup> July, 2008 in pursuance of Letter No. U 38014-2/2003-FAC dated 15th July, 2008 issued by Ministry of Communications & IT, DoT, New Delhi. According to the provisions of Section 260 of the Companies Act, 1956, Shri V. H. Ron 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 V. H. Ron as Director. Hence, the relative Resolution is placed before the Meeting for Members' approval.

Shri V. H. Ron was former CMD, Electronics Corp. of India Ltd., New Delhi and he is having rich experience in corporate affairs.

The exemplary leadership abilities demonstrated by Shri Ron brought all round recognition and a number of prestigious awards for ECIL as well as for himself. Presently Shri Ron is Chairman of M/s SYNeRGY management and technical consultants based in Bangalore and he is also the Scientific Consultant for Electronic Technology in the office of Principle Scientific Advisor to Govt. of India. He is the Chairman of Coordination Committee on industrial instruments of Dept. of Science and Technology. He is also Advisor to the Society for Electronics Transaction & Security (SETS).

Shri V. H. Ron is deemed to be interested in the proposed Resolution to the extent of his appointment as Director. None of the other Directors is interested in the Resolution.

#### **For Item No. 7 – Special Business**

Shri A. S. Bansal was appointed as non-official part-time Director on the Board with effect from 30<sup>th</sup> July, 2008 in pursuance of Letter No. U 38014-2/2003-FAC dated 15th July, 2008 issued by Ministry of Communications & IT, DoT, New Delhi. According to the provisions of Section 260 of the Companies Act, 1956, Shri A. S. Bansal 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 A. S. Bansal as Director. Hence, the relative Resolution is placed before the Meeting for Members' approval.

Shri A. S. Bansal has done Bachelor's degree in Electrical Engineering from esteemed Roorkee University (now IIT) in 1965 and M.B.A. from Delhi University. He was former CMD, Telecommunications Consultants India Ltd. (TCIL), New Delhi. For over 37 years, he has been associated with the Indian Telecom Industry and expert in Strategic Management and is advising many Telecom Industrial Houses in India and Abroad.

Shri A. S. Bansal is deemed to be interested in the proposed Resolution to the extent of his appointment as Director. None of the other Directors is interested in the Resolution.

**ANNUAL REPORT 2007 - 2008****For Item No. 8 – Special Business**

Shri Keshav Saran was appointed as non-official part-time Director on the Board with effect from 30<sup>th</sup> July, 2008 in pursuance of Letter No. U 38014-2/2003-FAC dated 15<sup>th</sup> July, 2008 issued by Ministry of Communications & IT, DoT, New Delhi. According to the provisions of Section 260 of the Companies Act, 1956, Shri Keshav Saran 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 Keshav Saran as Director. Hence, the relative Resolution is placed before the Meeting for Members' approval.

Shri Keshav Saran has done B.Sc.(Elect. Engg.), MBA, LLB and is gold medallist in Delhi University. He was former CMD of Engineers India Ltd. (EIL), New Delhi. has also served the National Thermal Power Corporation Limited and Bharat Heavy Electricals Ltd., in various capacities. He has presented various papers in national and international conferences and holds special position at National/International level. He is having rich work experience in a variety of areas in the corporate world.

Shri Keshav Saran is deemed to be interested in the proposed Resolution to the extent of his appointment as Director. None of the other Directors is interested in the Resolution.

**For Item No. 9 – Special Business**

Shri B. Swarup was appointed as non-official part-time Director on the Board with effect from 30<sup>th</sup> July, 2008 in pursuance of Letter No. U 38014-2/2003-FAC dated 15<sup>th</sup> July, 2008 issued by Ministry of Communications & IT, DoT, New Delhi. According to the provisions of Section 260 of the Companies Act, 1956, Shri B. Swarup 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 B. Swarup as Director. Hence, the relative Resolution is placed before the Meeting for Members' approval.

Shri B. Swarup has done M.A., LLB. He joined Indian Revenue Service in July 1966 and served as Commissioner/Chief Commissioner of Income Tax at Bombay, Delhi, Ahmedabad, Ludhiana. He retired as Member of Central Board of Direct Taxes, New Delhi and as Member, Income Tax Settlement Commissioner. He is having diverse and vast experience in finance field and other areas of the corporate field.

Shri B. Swarup is deemed to be interested in the proposed Resolution to the extent of his appointment as Director. None of the other Directors is interested in the Resolution.

Regd. & Corporate Office  
ITI Bhavan, Doorvaninagar  
Bangalore – 560 016.

By Order of the Board  
For **ITI LIMITED**

Place : Bangalore  
Date : 06.09.2008

**(K. T. MAYURANATHAN)**  
Company Secretary