



TAMILNADU
TELECOMMUNICATIONS
LIMITED

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Eleventh
Annual Report
1998 - 1999

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TAMILNADU TELECOMMUNICATIONS LIMITED

Registered Office : Gee Gee Complex, 11th Floor, 42, Anna Salai, Chennai - 600 002. ☎ 8572992 / 8552668

BOARD OF DIRECTORS

Shri R. Gopalan, I.A.S., <i>Chairman & Managing Director - TIDCO, Chennai</i>	<i>Chairman</i>
Shri A.S. Bansal <i>Chairman & Managing Director - TCIL, New Delhi</i>	<i>Director</i>
Shri S.K. Tandon <i>Director (Technical) - TCIL, New Delhi</i>	<i>Director</i>
Shri A.K. Chandra Shekhar <i>Director (Finance) - TCIL, New Delhi</i>	<i>Director</i>
Shri T. Willington <i>General Manager - TIDCO, Chennai</i>	<i>Director</i>
Shri S. Susai <i>Secretary - TIDCO, Chennai</i>	<i>Director</i>
Shri R.K. Kaul <i>DDG (MM-II) - DoT, New Delhi</i>	<i>Director</i>
Shri Tsutomu Aoki <i>GM - Fujikura Ltd., Japan</i>	<i>Director</i>
Shri K.G. Ravikumar <i>Manager - Fujikura Ltd., Japan</i>	<i>Alternate Director to Tsutomu Aoki</i>
Shri Yoichi Nagahama <i>DGM - Fujikura Ltd., Japan</i>	<i>Director</i>
Shri Kanwal Monga <i>MD - Virgo Marketing Pvt. Ltd., New Delhi</i>	<i>Alternate Director to Yoichi Nagahama</i>
Shri V. Partha Sarathy, I.T.S., <i>Deputy General Manager (F&A) Cum Company Secretary</i>	<i>Managing Director</i>
Shri M.V. Narasimha Rao	

PROMOTERS

Telecommunications Consultants India Ltd., (A Govt. of India Enterprise) TCIL Bhavan, Greater Kailash - I, New Delhi - 110048.	Tamilnadu Industrial Development Corpn. Ltd., (A Govt. of Tamilnadu Enterprise) 19-A, Rukmini Lakshmi Pathi Road, Egmore, Chennai - 600 008.
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FACTORIES

JFTC Tiruvallur Road, Shaw Nagar, Arakkonam - 631 004. Tamilnadu	OFC CMDA Industrial Complex, Maraimalai Nagar, Chennai.
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TECHNICAL COLLABORATORS

JFTC M/s. Essex Group Inc., USA., 1510, Wall Street, P.O. Box. 1510 Fort Wayne, Indiana 46801 - 1510	OFC M/s. Fujikura Ltd., 1-5-1, Kiba, Koto-ku Tokyo, Japan
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BANKERS

State Bank of India Industrial Finance Branch Anna Salai, Chennai - 600 002.	Punjab National Bank Anna Salai Branch, Chennai - 600 002.
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AUDITORS :

Anil Nair & Associates
Chartered Accountants,
"Casablanca" 6, Casa Major Road,
Egmore, Chennai - 600 008.

SHARE TRANSFER AGENTS :

M/s. Share Crops (India) Pvt. Ltd.,
9, West Circular Road, Mandavellipakkam,
Chennai - 600 028.
☎ 4952117



TAMILNADU TELECOMMUNICATIONS LIMITED

NOTICE FOR THE ELEVENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eleventh Annual General Meeting of the Members of Tamilnadu Telecommunications Limited is scheduled to be held on Friday the 24th day of September 1999 at 16.00 hrs at The Music Academy (Main Hall), No.306, TTK Road, Chennai - 600 014, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 1999, the Profit and Loss Account for the financial year ended on that date and the Directors' and Auditors' Reports.
2. To appoint a Director in place of Shri S.Susai, Director, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri S.K. Tandon, Director, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

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

"RESOLVED that Mr. Tsutomu Aoki, General Manager, Optical Fibre Division, Fujikura Limited, who was appointed as Additional Director pursuant to Section 260 of the Companies Act, 1956, by the Board of Directors of the Company to hold the office upto the date of this Annual General Meeting be and is hereby appointed as Director."

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

"RESOLVED that Mr. Yoichi Nagahama, Deputy General Manager, Accounts & Finance Division, Fujikura Limited, who was appointed as Additional Director pursuant to Section 260 of the Companies Act, 1956, by the Board of Directors of the Company to hold the office upto the date of this Annual General Meeting be and is hereby appointed as Director.

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

"RESOLVED that Articles of Association of the Company be and is hereby altered by deleting some of the existing articles and substituting in its place the following :

Clause No.	Existing	To be substituted as
1.	Article 1 containing definitions	To be incorporated after "Marginal Notes" in Article 1 : "Parties" shall mean Telecommunications Consultants India Limited (TCIL), Tamilnadu Industrial Development Corporation Limited (TIDCO) and FUJIKURA Limited subject to TIDCO holding atleast 2% of the fully paid-up equity shares of the Company and TCIL and FUJIKURA holding individually atleast 9.5% of the fully paid-up equity shares of the Company.
34.	The company shall effect transfer, transmission, sub division/consolidation within one month from the date of lodgement thereof.	The Company shall effect transfer, transmission, sub division/consolidation within one month from the date of lodgement of the instrument by transfer in the case of transfers among the non-parties. Any transfer by the parties should be in accordance with such terms as may be mutually agreed among the parties.
64.	TIDCO and TCIL hereto agree to undertake jointly and severally to ensure that any special resolution including that for the amendment of Memorandum and Articles of Association shall	Any special resolution including that for the amendment of the Memorandum and Articles of Association shall not be allowed to be passed in any General Meeting of the company save and except to

Clause No.	Existing	To be substituted as
	not be allowed to be passed in any General Meeting of the company save and except to the extent and in the manner to be mutually agreed in advance between the parties.	the extent and in the manner to be mutually agreed in advance between the parties.
83 (a)	The Board of Directors of the company may appoint an alternate Director to act for a Director (hereinafter called "the Original Director") during his absence for a period of not less than three months from the state in which meetings of the Board are ordinarily held.	The Board of Directors of the company may appoint an alternate Director to act for a Director (hereinafter called "the Original Director") during his absence for a period of not less than three months from the state in which meetings of the Board are ordinarily held. Alternate Directors shall be nominated by the parties for their respective nominees.
85.	Subject to the provisions of the Act, TCIL and TIDCO are entitled to have equal representation on the Board of Directors of the Company so long as TCIL holds not less than 26% of the paid-up equity capital of the company and so long as TIDCO holds not less than 25% of the paid up equity capital of the Company including the shares held by their nominees.	Unless otherwise agreed by the parties, TCIL, TIDCO and FUJIKURA shall have the right to nominate 4, 3 and 2 Directors respectively on the Board of Directors of the company. In the event of change of their shareholdings, the number of their nomination to the Board shall change correspondingly such that TIDCO shall have the right to nominate at least one Director as long as they hold at least 2% of the total equity of the company and TCIL or FUJIKURA shall have the right to nominate at least one Director each as long as they continue to be parties within the meaning of Article 1. Any committee of the Board of Directors shall be represented by nominee Director(s) of the parties proportionate to their holdings, unless otherwise agreed to by the parties.
94.	The Board shall meet together atleast once in every three months for the despatch of business and may adjourn and otherwise regulate its meetings and proceedings, it thinks fit. Notice in writing of every meeting of the Board shall be given to every Director for the time being in India and at his usual address in India to every other Director.	The Board shall meet together atleast once in every three months for the despatch of business and may adjourn and otherwise regulate its meetings and proceedings, it thinks fit. Notice in writing of every meeting of the Board shall be given to every Director at his usual official address in India or in any other country, atleast 15 days prior to the date of meeting, unless otherwise agreed to by the nominees of the parties at the time of the concerned meeting.
96.	The Secretary shall as and when directed by the Board of Directors to do so, convene a meeting of the Board by giving a notice in writing to every Director.	The Managing Director, Secretary or any other person authorised for this purpose shall as and when required to do so by the Board of Directors, convene a meeting of the Board by giving a notice in writing to every Director. Every notice in writing convening a meeting of the Board of Directors shall set out the agenda of the business to be transacted thereon in full and sufficient detail and shall be transmitted to the Directors by the quickest mode of communications i.e., by telefax, telex or E-mail.



TAMILNADU TELECOMMUNICATIONS LIMITED

Clause No.	Existing	To be substituted as
98.	A meeting of the Board of Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion by or under the Articles of the Company for the time being vested in or exercisable by the Board of Directors generally.	A meeting of the Board of Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion by or under the Articles of the Company for the time being vested in or exercisable by the Board of Directors generally. Quorum for the purpose of every meeting of the Board of Directors shall be as laid down in the Companies Act subject to atleast one Director nominated by each of the parties being present, unless otherwise the nominee Director(s) of the respective party/ies agree in writing to hold the meeting without its/their participation.
103.	Subject to the provisions of Section 292 of the Act, resolutions of the Board can be passed by circulation and they shall be as valid and effectual as if they have been passed at a meeting of the Board of Directors duly called and constituted. No resolution shall, however, be deemed to have been duly passed by the Board or by a Committee thereof by circulation unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee as the case may be), and to all other Directors or members at their usual address in India, and has been approved by such of the Directors as are then in India or by a majority of such of them, as entitled to vote on the resolution.	Subject to the provisions of Section 292 of the Act, resolutions of the Board can be passed by circulation and they shall be as valid and effectual as if they have been passed at a meeting of the Board of Directors duly called and constituted. No resolution shall, however, be deemed to have been duly passed by the Board or by a Committee thereof by circulation unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee as the case may be), and to all other Directors or members at their usual official address in India or in any other country, and has been approved by such of the Directors as are then in India or in any other country or by a majority of such of them, as entitled to vote on the resolution.

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. Such proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 22nd September 1999 to 23rd September 1999 (both days inclusive).
3. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of Resolutions

set out against Item No.04, 05 & 06 of the Notice is annexed hereto.

4. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
5. Members holding more than one folio may kindly inform the Company for consolidation.

(By order of the Board)
for TAMILNADU TELECOMMUNICATIONS LTD.,

CHENNAI
27.08.99

(M.V. NARASIMHA RAO)
DGM (F&A) Cum COMPANY SECRETARY

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

The following explanatory statement sets out the material facts referring to Item No.04, 05 & 06 of the Notice convening the Eleventh Annual General Meeting.

Item No.04 & 05

Consequent to the signing of Joint Venture Agreement among TCIL, TIDCO & FUJIKURA providing for equity investment in TTL, two Officers of M/s.Fujikura Ltd., Japan could be nominated by Fujikura Ltd. as Directors on the Board of TTL. Accordingly, M/s.Fujikura Ltd., nominated Mr.Tsutomu Aoki, General Manager, Optical Fibre Division, Fujikura Ltd., and Mr.Yoichi Nagahama, Deputy General Manager, Accounts & Finance Division, Fujikura Ltd., as Directors on the Board of TTL. The said nomination of Mr.Tsutomu Aoki and Mr.Yoichi Nagahama was considered by the Board of Directors of TTL at their meeting held on 28.09.98 and they have been appointed as Additional Directors on the Board of TTL since that date. M/s.Fujikura Ltd. have also intimated that Mr. K.G.Ravikumar, Manager, Optical Fibre Engineering Department, Fujikura Ltd. Japan will act as an Alternate Director in the place of Mr.Tsutomu Aoki and Mr.Kanwal Monga, Managing Director, Virgo Marketing Private Ltd., New Delhi will act as an Alternate Director in the place of

Mr.Yoichi Nagahama, which have since been accepted by the Board of Directors of TTL.

In accordance with the provisions of Section 260 of the Companies Act, 1956 Mr.Tsutomu Aoki and Mr.Yoichi Nagahama will hold office upto the date of this Annual General Meeting. As the appointment requires the approval of Shareholders, the resolution is accordingly proposed.

None of the Directors of the Company other than Mr.Tsutomu Aoki and Mr.Yoichi Nagahama to the extent of their appointment shall be deemed to be concerned or interested in the resolution.

Item No.06

The shareholders are aware that the Joint Venture Agreement entered into among the promoters of TTL, which provided for the equity contribution with premium by M/s.Fujikura Ltd., enjoined upon them certain rights such as right to nominate on the Board of Directors of TTL etc. This necessitated the alteration of concerned clauses in the existing Articles of Association of the Company which requires the approval of the shareholders of the Company. Hence the item No.06 in the Notice to the Annual General Meeting.

None of the Directors is interested or concerned in the resolution.

(By order of the Board)

for **TAMILNADU TELECOMMUNICATIONS LTD.,**

(**M.V.NARASIMHA RAO**)

DGM (F&A) Cum COMPANY SECRETARY

CHENNAI

27.08.99 1999



TAMILNADU TELECOMMUNICATIONS LIMITED

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the Eleventh Annual Report of your company along with the audited accounts for the year ended 31st March 1999.

FINANCIAL RESULTS

(Rs. in lakhs)

	1998-99	1997-98	% Improvement
Gross Sales	4480.05	4057.11	10.42
Other Income	80.03	144.81	—
Total Expenditure	3778.05	3561.19	—
Finance Charges	232.46	258.07	—
Gross Profit after interest before depreciation and Tax	549.57	382.66	43.62
Depreciation	340.23	336.38	—
Provision for Taxation	23.52	4.86	—
Net Profit	185.82	41.42	348.62

The overall operations of the company have resulted in net profit of Rs.185.82 lakhs for the year 1998-99, as against Rs.41.42 lakhs in 1997-98. In view of the on-going and anticipated capital expenditure, the Board of Directors regret their inability to recommend any dividend for the year 1998-99.

OPERATIONS DURING THE YEAR UNDER REVIEW

The year 1998-99 was an eventful year for your company since all-time record achievements have been made during this year. The crowning glory among these achievements is the enhancement of the installed capacity of jelly filled telecom cable plant at Arakkonam to 12 LCKM. The total quantity of jelly filled telecom cables sold during 1998-99 were 6.91 LCKM valuing Rs.44.80 crores against 6.20 LCKM valuing Rs.40.57 crores during 1997-98. The total production of the cables during 1998-99 was 7.10 LCKM as against 6.27 LCKM in 1997-98. **The quantitative production and despatch (sales) during 1998-99 have been the highest since the inception of the company. During 1998-99 there has been 13.23% increase in production and 11.45% increase in despatch (sales) in quantitative terms.** The collection performance during 1998-99 has been extremely good since

the company realised collection of Rs.51.10 crores from various DoT Circles, which is again an all-time record.

Your Directors are glad to inform you that your company got a **delivery rating of 100% for 1998-99**, and, with its overall excellent Vendor Rating in the DoT Tender for 1999-2000, the company is poised to get large orders for the supply of cables from DoT.

OUTLOOK FOR THE FUTURE

A. DIVERSIFICATION PLAN

Your Directors are glad to inform you that substantial and significant progress has been made in the Optical Fibre Cable Factory Project that is set up in Maraimalai Nagar with the technical & equity participation by M/s.Fujikura Limited of Japan who are world leaders in Optical Fibre Cable Technology.

- All the civil and electrical works including the Main factory buildings, sub-station, cable storage yard, sentry shelter, compound wall, fire hydrant sump and pumproom etc., as also the lighting and road works have been completed to ensure proper operation of plant and machinery.
- The regular power supply for the factory has been received from TNEB in June '99. The standby power backup of Diesel Genset has also been commissioned in May '99. All the utilities like Air-conditioning Plant, Air Compressor etc., have also been installed and commissioned in time.
- All the imported OF Cable manufacturing machinery lines, received from M/s.NEXTROM of Finland in March '99, have been installed, tested and commissioned after due Acceptance Testing in consultation with the experts of M/s.FUJIKURA.
- The Infrastructure Assessment of the OF Cable factory by the Dept. of Telecom Quality Assurance Wing, and, Telecom Engineering Centre have been successfully completed and on July 6th, 1999 we have received the Infrastructure Clearance for the OFC factory for manufacturing 7900 RKM of 6/12/24 Fibres Cables per annum.
- The next landmark of getting Type Approval Certificate for the products is also being achieved shortly. The required cables have been manufactured and offered to DoT/TEC for type approval tests in Aug '99.

After getting Product Type Approval from DoT, we would be getting Educational Orders from DoT, on the successful execution of which, we can participate in getting regular orders from DoT. The OFC project has hence been very successfully executed within very tight timeframes, inspite of various constraints.

B. DE-BOTTLENECKING OF EXISTING JELLY FILLED CABLE PLANT

The two machinery lines procured as a part of this de-bottlenecking project (fully financed from internal accruals of the company) have been installed and commissioned by Feb '99. Taking into account these machinery lines an Infrastructure Assessment of the JFTC plant was carried out by DoT and we have successfully got clearance for enhancing the plant installed capacity to 12 LCKM (from 9 LCKM) in March '99. This was made possible by improvements to process engineering in the existing machinery lines, apart from the addition of the above two machinery lines.

The widening of operations of your company as above both in JF copper cables, and optical fibre cables forecast a brighter future for your company in the coming years.

DIRECTORS

During the year under review, M/s. Fujikura Ltd., Japan had nominated Mr. Tsutomu Aoki, General Manager, Optical Fibre Cable Division and Mr. Yoichi Nagahama, Deputy General Manager, Accounts & Finance Division of Fujikura Ltd., Japan as Additional Directors on the Board of TTL.

Subsequently, M/s. Fujikura Ltd., Japan proposed Mr. K.G. Ravikumar, Manager, Optical Fibre Engineering Department of Fujikura Ltd., Japan and Mr. Kanwal Monga, Managing Director of Virgo Marketing Private Ltd., New Delhi as Alternate Directors for Mr. Tsutomu Aoki and Mr. Yoichi Nagahama respectively.

The said nomination of Mr. Tsutomu Aoki and Mr. Yoichi Nagahama as Additional Directors on the Board of TTL and the proposal of Mr. K.G. Ravikumar as Alternate Director to Mr. Tsutomu Aoki and Mr. Kanwal Monga as Alternate Director to Mr. Yoichi Nagahama was considered and approved by the Board of Directors of TTL at their meeting held on 28.09.98.

PERSONNEL

The dedication and commitment of employees at all levels in the company has been commendable and the

Directors wish to acknowledge the contributions made by them in realising the objectives of the Company for the year.

Information under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is NIL.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

As required under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, a statement containing the particulars relating to conservation of energy, research & development and technology absorption is annexed.

AUDITORS

M/s. Anil Nair & Associates, Chartered Accountants have been appointed as the Auditors of the company for the year 1998-99 by the Company Law Board on the advice of the Comptroller and Auditor General of India.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL

Comments of the Comptroller and Auditor General under Section 619(4) of the Companies Act, 1956 for the year ended 31st March 1999 has been annexed.

ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation for the support and assistance received from Government of India, Government of Tamilnadu, the Company's Foreign Collaborators M/s. Essex Group Inc., USA & M/s. Fujikura Ltd., Japan, the participating Financial Institutions (IFCI, IDBI, ICICI, UTI & LIC) and the Company's Bankers. (SBI & PNB).

The Board of Directors also acknowledge with thanks the co-operation and support extended by the Employees, Shareholders and the Promoters, M/s. Telecommunications Consultants India Limited (TCIL) and M/s. Tamilnadu Industrial Development Corporation Limited (TIDCO) to the company.

For and on behalf of the Board

CHENNAI
27.08.99

R. GOPALAN
CHAIRMAN