



TAMILNADU
TELECOMMUNICATIONS
LIMITED

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Twelfth
Annual Report
1999 - 2000

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REGISTRAR & SHARE TRANSFER AGENTS

M/s. Share Crops (India) Pvt. Ltd.,
 9, West Circular Road, Mandaveli,
 Chennai - 600 028.
 ☎ 4952117 / 495 3266



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>	Chairman
Shri A.S. Bansal <i>Chairman & Managing Director - TCIL, New Delhi</i>	Director
Shri A.K. Chandra Shekhar <i>Director (Finance) - TCIL, New Delhi</i>	Director
Shri B.L. Arora <i>Senior General Manager (BCN) - TCIL, New Delhi</i>	Director
Shri T. Willington <i>General Manager - TIDCO, Chennai</i>	Director
Shri S. Susai <i>Secretary - TIDCO, Chennai</i>	Director
Shri Tsutomu Aoki <i>Director - Fujikura Ltd., Japan</i>	Director
Shri K.G. Ravikumar <i>Group Manager - Fujikura Ltd., Japan</i>	Alternate Director to Tsutomu Aoki
Shri Yoichi Nagahama <i>Dy. General Manager - Fujikura Ltd., Japan</i>	Director
Shri Kanwal Monga <i>Managing Director - Virgo Marketing Pvt. Ltd., New Delhi</i>	Alternate Director to Yoichi Nagahama
Shri V. Partha Sarathy, I.T.S., <i>General Manager (Finance) cum Company Secretary</i>	Managing Director
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 Lakshmipathi Road,
Egmore, Chennai - 600 008.

FACTORIES

Jelly Filled Telecom Cable
Tiruvallur Road, Shaw Nagar,
Arakkonam - 631 004 (Tamilnadu)

Optical Fibre Cable
CMDA Industrial Complex,
Maraimalai Nagar - 603 209 (Chennai)

TECHNICAL COLLABORATORS

Jelly Filled Telecom Cable
M/s. Essex Group Inc., USA,
1510, Wall Street, P.O. Box. 1510
Fort Wayne, Indiana 46801 - 1510

Optical Fibre Cable
M/s. Fujikura Ltd.,
1-5-1, Kiba, Koto-ku
Tokyo, Japan

BANKERS

State Bank of India, IF Branch, Anna Salai, Chennai.
Punjab National Bank, Anna Salai, Chennai.
Andhra Bank, Anna Salai, Chennai.

AUDITORS

M/s. Viswanathan & Swaminathan
Chartered Accountants
Chennai - 600 034.

NOTICE FOR THE TWELFTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of Tamilnadu Telecommunications Limited is scheduled to be held on Thursday the 28th day of September 2000 at 15.30 hrs at Kamaraj Arangam, No.574-A, Anna Salai, Teynampet, Chennai - 600 006, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2000, the Profit and Loss Account for the financial year ended on that date and the Directors' and Auditors' Report.
2. To declare dividend.
3. To appoint a Director in place of Shri A.K.Chandra Shekhar, Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri T. Willington, Director, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS :

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

"RESOLVED that pursuant to the provisions of Section 31 and all other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered as follows:-

1. **Article 1 of the Articles of Association shall be altered to include the following definition at appropriate places :**
 - ❖ "Beneficial Owner" shall mean beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.
 - ❖ "Depositories Act, 1996" shall include any statutory modification or re-enactment thereof.
 - ❖ "Depository" shall mean a Depository as defined in Clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.
 - ❖ "Registered Owner" means a Depository whose name is entered as such in the records of the Company.
 - ❖ "Security" means such security as may be specified by the Securities and Exchange Board of India from time to time.

- ❖ "Member" means the duly registered holder from time to time of the shares of the company and includes the beneficial owner as defined in Depositories Act, 1996.

- ❖ "SEBI" means Securities and Exchange Board of India.

2. **Under the heading SHARE CERTIFICATE, after Article 16(3) of the Articles of Association of the Company, a new Article 16(4) for Dematerialisation of Securities shall be inserted.**

16(4)(a) Dematerialisation of Securities - The Company shall be entitled to dematerialise its existing shares, debentures, and other securities, rematerialise its shares, debentures, and other securities held in the Depository and / or offer its fresh shares and debentures and other securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.

(b) Options for Investors - Every person subscribing to securities offered by the Company, and every Member or Debenture holder shall have the option to either hold the securities in the form of security certificate or to hold the securities with a Depository when permitted. Where any holder of securities surrenders his certificate of securities held in the company in accordance with Section 6 of Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, the company shall cancel the certificate and substitute in its records the name of the relevant Depository and inform the Depository accordingly. The Company shall maintain a record of certificates of securities that have been so dematerialised and destroyed. Such persons who hold their securities with a Depository can at any time opt out of the Depository, if permitted by law, and the Company shall in such manner and within such time as prescribed by law, issue to such persons the requisite certificates of securities.

If a person opts to hold his security with a depository, the company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.



TAMILNADU TELECOMMUNICATIONS LIMITED

(c) Securities in depositories to be in fungible form -

All securities held by a depository shall be dematerialised and shall be in fungible form. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of these securities held by it on behalf of the beneficial owners

(d) Rights of Depositories and Beneficial Owners:

(i) Notwithstanding anything to the contrary contained in the Act or this Article, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owners.

(ii) Save as otherwise provided in (i) above, the depository as the registered owner of the securities shall not have any Voting rights or any other rights in respect of the securities held by it.

(iii) The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

3. Under the heading TRANSFER AND TRANSMISSION OF SHARES, after Article 43 of the Articles of Association of the Company, a new Article 43(A) for Service of Documents etc., with respect to Dematerialisation of Securities and a new Article 43(B) for Nomination of Shares shall be inserted.

43(A)(1) Service of documents - Notwithstanding anything in the Act or this Article to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or discs.

(2) Transfer of Securities - Nothing contained in Section 108 of the Act shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

(3) Register and Index of Beneficial Owners - For the purpose of this Article, the Register and Index of Members and Debenture holders shall be deemed

to include the Register and Index of Beneficial Owners maintained under the Depositories Act, 1996 by every Depository in respect of Securities issued by the company.

43(B) Nomination - Notwithstanding anything contained in any other clause or clauses of the Articles of Association of the company, a holder or joint holders of shares or debentures, may nominate, in accordance with the provisions of Section 109A of the Companies Act, 1956 and in the manner prescribed thereunder, a person to whom all the rights in the shares or debentures of the company, shall vest in the event of death of such holder(s). Any nomination so made shall be dealt with by the company in accordance with the provisions of Section 109B of the Companies Act, 1956.

By order of the Board

M.V. NARASIMHA RAO

General Manager (Finance)
cum Company Secretary

Chennai
21st August, 2000

NOTES :

1. *An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to the Special Business of the Meeting is annexed hereto and forms part of this Notice.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and 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.*
3. *The Share Transfer Books and Register of Members of the Company will remain closed from 21st September, 2000 to 28th September, 2000 (both days inclusive).*
4. *Dividend if any that may be declared at the Meeting will be payable to those Members whose names appear in the Register of Members on September 28, 2000.*
5. *Members are requested to produce the enclosed attendance slip duly signed as per the specimen signature recorded with the Company for admission to the meeting hall.*

6. *Members are requested to notify any change of address to the Company's Registrars & Transfer Agents, M/s. Share Crops (India) Private Ltd., No.9, West Circular Road, Mandaveli, Chennai - 600 028.*

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

Consequent to the passing of the Depositories Act, 1996 and SEBI's Circular dated 29th May 2000, which made it mandatory for TAMILNADU TELECOMMUNICATIONS LIMITED for compulsory dematerialised trading by all class of investors with effect from 26th March 2001, it is necessary to introduce a new Article in the Articles of Association relating to Dematerialisation of Shares to conform to the requirements of the Depositories Act, 1996.

Further, the Companies (Amendment) Act, 1999 has inter-

alia, made a provision through Sections 109A and 109B whereby a holder or joint holders of shares can nominate a person to whom all the rights in the shares of the company shall vest in the event of death of such holder(s). It is therefore, required to introduce a New Article in the Articles of Association of the Company by way of an enabling provision to provide for nomination facility in accordance with the newly enacted provisions of the Companies Act, 1956.

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

By order of the Board

M.V. NARASIMHA RAO
General Manager (Finance)
cum Company Secretary

Chennai
21st August, 2000





TAMILNADU TELECOMMUNICATIONS LIMITED

DIRECTORS' REPORT

To

The Members,

Your Directors are very happy to present to the Shareholders the Twelfth Annual Report of your company, along with the Audited Accounts for the year ended 31st March 2000.

FINANCIAL RESULTS

(Rs. in lakhs)

	1999-00	1998-99	% Improvement
Gross Sales	6308.17	4480.05	40.81
Other Income	23.51	80.03	---
Total Expenditure	5347.47	3778.05	---
Finance Charges	274.89	232.46	---
Gross Profit after interest before depreciation & Tax	682.32	549.57	24.16
Depreciation	426.22	340.23	---
Provision for Taxation	23.82	23.52	---
Net Profit	232.28	185.52	25.00
Dividend Paid & Proposed (Total 7.5%)	169.99	Nil	---
Corporate Dividend Tax thereon	24.94	Nil	---
Retained Profit	37.35	185.52	---

The Turnover of the Company has risen remarkably by over 40% compared to the preceeding year - from Rs.44.80 crores to Rs.63.05 crores. The overall operations of the company have resulted in net profit of Rs.232.28 lakhs for the year 1999-2000 as against Rs.185.82 lakhs in 1998-99. Your Company was able to wipe off all accumulated losses and pay back all the loans availed for the JFTC Plant and could generate enough profits in 1999-2000 to enable the Board of Directors to declare **maiden interim dividend of 5%** which was paid to all the Shareholders in March/April 2000. Subsequently in July 2000, the Board of Directors has recommended a final dividend of 2.5%, thus making the total dividend to 7.5% for the year 1999-2000.

OPERATIONS DURING THE YEAR 1999-2000

The year 1999-2000 was also a remarkably fruitful year for your company with multifold achievements, especially in the areas of Production, Sales and Quality, boosting the overall performance of the Company to a record high level.

- The JFTC factory set up highest records of production so far in 1999-2000, and the annual production crossed 900,000 CKM, and, despatches to customers also was a record exceeding 875,000 CKM, thus registering an improvement of 25.60% in Production and 26.67% in Despatches (Sales) compared to the previous year 1998-1999.

The installed capacity of the JFTC Plant has been enhanced from 1.2 MILLION CKM to 1.7 MILLION CKM during March 2000 with marginal addition of machinery and test facilities. The Group Twinner machinery intended for manufacture of smaller size cables has already been installed, tested and commissioned in May 2000, and, put on commercial service.

- Like in the previous year, the collection performance during 1999-2000 also has been very good, since the company realised amounts of Rs.63.16 crores from various DoT circles. As envisaged in the previous year, with its 96% delivery rating and overall excellent vendor rating your company is expected to get substantial orders during 2000-2001.

With the increased installed capacity and consequent higher orders expected this year, your company will strive hard to keep up the excellent performance of the previous year and will put all efforts to even excel it.

OPTICAL FIBRE CABLE FACTORY

Your Directors are very glad to inform that the OFC PROJECT works were successfully executed in a record time of one year. The factory received infrastructure clearance from DoT on 6th July 1999, after due evaluation. This was followed by prototype productions, and, Type approvals by DoT Quality Assurance & Telecom Engineering Centre, New Delhi. The OFC factory successfully participated and won its first commercial order from Karnataka Telecom Circle for 514 Kms of 6F Optical Fibre Cables on 25th November 1999, enabling it to commence Commercial Production with effect from 1st December 1999.

- Cost of the Project Rs.27.00 crores. Financed by Rs.11.91 crores of Promoters' equity contribution, Rs.12.00 crores loan from FIS, and balance from the Internal accruals of the Company.
- Installed Capacity of the plant duly certified by DoT is 7900 CABLE Kms of 24F OF Cables (1,89,600 Fibre Kms per annum) as against 5000 CABLE Kms originally planned in the project.
- Product Range : Loose Tube Design Single Mode fibre cables from 6 to 96 fibre count. Nylon jacketed duct cables for DoT requirements, Armoured cables for direct burial etc.
- Optical fibres sourced from Fujikura Ltd., the promoters for the OFC factory and as per international specifications.
- The OFC plant has secured the Type Approval Certificate from DoT for all the three types of cables of DoT requirement, 6F, 12F and 24F as per the latest technical specifications of August 1999, and, the FIRST manufacturer to get the approval.
- The OFC factory has won the coveted IS/ISO 9002 International Standards Certification on the 23rd February 2000, from Bureau of Indian Standards, accredited by Raad Voor Accreditatie, Netherlands, in a remarkably short time of about 2 months.
- The factory went into commercial production on 1st December 1999, and, in the last 4 months of the financial year 1999-2000 has won and executed orders for OFC for over 1000 cable Kms, and, value exceeding Rs.4.50 crores.
- TTL has quoted very competitively in the DoT Tender for 2000-2001 for JFTC cables, and, is confident of receiving orders to the extent of 6 months of rated annual production of 17 LCKM. TTL is also confident of winning large orders from DoT for 12F Optical Fibre Cables based on this year's Tender.
- The OFC plant is being expanded immediately to double its installed capacity to 15000 CABLE Kms at an estimated project cost of Rs.3.50 crores.
- Manufacture of high bandwidth DWDM (Dense Wave Division Multiplexing) OF Cables required for high density backbone routes for Internet Services are to be taken up shortly in collaboration with our Promoter M/s. Fujikura.
- Vertical integration with the setting up of fibre drawing facilities is under consideration and evaluation along with further enhancement of installed production capacity to 24,000 CABLE Kms.
- Diversified production range of OFC accessories like Fibre joint closures, Patch cords, Pigtailed under consideration.

The widening of operations of your company as above at both Jelly Filled Telecom Cables and Optical Fibre Cables forecast a bright future for your company in the ensuing years.

DIRECTORS

During the year under review, Department of Telecommunications, New Delhi had nominated Shri Prakash Narain, Sr.DDG (Production), DoT, New Delhi as Director on the Board of TTL in the place of Shri R.K.Kaul, DDG (MM-II), DoT, New Delhi.

The Directors wish to place on record their appreciation for the invaluable guidance rendered by Shri R.K. Kaul, DDG(MM-II), DoT, New Delhi during his tenure as Director of the Company.

In accordance with Section 256 of the Companies Act, 1956, and read with Articles 79 & 80 of the Articles of Association of the Company, Shri A.K. Chandra Shekhar and Shri T. Willington, Directors will retire from the Directorship of the company by rotation and are eligible for re-appointment.

OUTLOOK FOR THE FUTURE

The company has, after stabilising the production and orders position in the copper cable plant at Arakkonam, has successfully diversified into the State-of-the-art Optical Fibre Cable manufacture in its new factory in Maraimalai Nagar. The turnover of the company for 1999-2000, at Rs.63 crores is a remarkable increase of over 40% to that of the earlier year with hardly 4 months of commercial production in the new OFC Plant.

TTL plans to co-ordinate further the production in these factories, and, taking into account the liberalised scenario in the Telecom field, seeks to propel the company into a high growth path with following initiatives :



TAMILNADU TELECOMMUNICATIONS LIMITED

PERSONNEL

The dedication and commitment of employees at all levels in the company have been highly commendable and the Directors wish to acknowledge the significant contributions made by them in realising the targets of the Company for the year, as regards Production, Despatches, Bill collections, and, timely completion of the OFC factory project.

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. Viswanathan & Swaminathan, Chartered Accountants have been appointed as the Auditors of the company for the year 1999-2000 by the Company Law Board on the advice of the Comptroller and Auditor General of India.

COMMENTS OF THE AUDITORS AND REPLY THEREON

Statutory Auditors vide Point No.5 in their Audit Report dated 3rd August, 2000 on the accounts of the Company commented as follows:

"In our opinion the Balance Sheet and Profit and Loss Account comply with the Accounting Standards referred

to in Section 211 (3C) of the Companies Act, 1956 subject to the company not providing for accrued liability on leave encashment entitlement of employees, which is not in accordance with the Accounting Standard (AS-15) issued by the Institute of Chartered Accountants of India".

Directors reply thereto is mentioned below:

"As per the Accounting Policy that is being consistently followed the leave encashment benefits to employees are accounted for on payment basis."

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 2000 has been annexed.

ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation for the support and assistance received from Government of India and Government of Tamilnadu, the Company's Foreign Collaborators M/s. Essex Group Inc., USA & M/s. Fujikura Ltd., Japan, and, the Company's Bankers. - State Bank of India, Punjab National Bank & Andhra Bank, who have provided the working capital as well as long term finances to sustain our operations/growth.

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), M/s. Tamilnadu Industrial Development Corporation Limited (TIDCO) and M/s. Fujikura Ltd., Japan - to the company.

For and on behalf of the Board

Chennai
21st August, 2000

R. GOPALAN
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

A. CONSERVATION OF ENERGY**a) Measures taken for energy conservation**

1. Additional capacitor banks have been procured and installed at sub-station to improve power factor.
2. Preventive maintenance schedules are implemented regularly on all the machineries, to reduce frictional and other losses thereby reducing need of power for proper operation. In addition, we have introduced the concept of predictive maintenance also, in which, necessary precautions are taken while running the machines or during idle hours.
3. Regular checks are being carried on pneumatic lines of compressed air and all leakages, if any, are arrested. In addition, moisture separators, auto drain valves, heat exchangers of air compressors are serviced regularly to improve the efficiency of operation thereby reducing power requirement and running time.
4. We have provided FLR System (Filter, Lubricator and Regulator System) in all the machines, where compressed air is required. This has prevented failure of pneumatic controls.
5. Renovated the water softening plant, thereby the softened water is supplied to various machineries & utilities, which has improved the efficiency and also reduced scale formations/breakdowns in the lines.
6. Regular steps are being taken for proper planning in reducing operation of high power consuming machines during the peak hours of the day, as far as possible, as additional charges are being imposed by TNEB for peak hour operation. We are also switching-off regularly the heaters/blowers load, whenever process line/related machinery is not in working condition.

b) Impact of the above measures

Due to all the above measures, consumption of electricity has been restricted.

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption are given in prescribed Form - B annexed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) Activities relating to exports - NIL
- b) Total Foreign Exchange Used and Earned :

	1999-2000	1999-1999
	(Rs. in lakhs)	
Used	471.10	1195.20
Earned	Nil	Nil

FORM-A

(Form for disclosure of particulars with respect of conservation of energy)

The particulars in respect of conservation of energy in the prescribed form is not applicable to the company and hence it is not being furnished.

FORM-B

(Form for disclosure of particulars with respect to technology absorption)

A. Research and Development (R & D)

1. *Specific areas in which R & D activities were carried out by the Company*
 - a) A reduction factor test set up for determining the reduction/screening factor of PIJF Cables, for supply to Indian Railways, has been developed by our Engineers and fabricated at a cost of Rs.15,000/- only. The cost of similar instrument available outside is approximately Rs.75,000/-
 - b) An electronic annealer dancer control card has been developed to operate the Tandem lines upto 2000 Mtrs/minutes.
 - c) The De-Angeli, Italian make cabling line underwent a major breakdown because of damage of the differential gear box unit. Local fabrication works were undertaken with our design and the breakdown was rectified at a nominal cost in a short time.
 - d) In order to rectify groove formation on wire drawing rings of RBD machine, metallic bands have been developed and provided on four units. This has saved replacement of four RBD pulleys.