



**TAMILNADU
TELECOMMUNICATIONS
LIMITED**



**THIRTEENTH
ANNUAL REPORT
2000 - 2001**

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REGISTRAR & SHARE TRANSFER AGENTS

M/s. Cameo Corporate Services Limited,
 "Subramanian Building, No.1, Club House Road,
 Chennai - 600 002.
 ☎ 8460390



TAMILNADU TELECOMMUNICATIONS LIMITED

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

BOARD OF DIRECTORS

Shri M. Madhavan Nambiar, 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 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 Sadao Hashimoto <i>Group Manager - Fujikura Ltd., Japan</i>	Alternate Director to Tsutomu Aoki
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.

AUDIT COMMITTEE

Shri A.K. Chandra Shekhar, Shri S. Susai, Shri Kanwal Monga, Shri V. Partha Sarathy, I.T.S.,

NOTICE FOR THE THIRTEENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of Tamilnadu Telecommunications Limited is scheduled to be held at the MUSIC ACADEMY (MAIN HALL), No.306, TTK Road, Chennai-600 014 on Friday the 28th day of September 2001 at 15.30 hrs to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2001, the Profit and Loss Account for the financial year ended on that date and the Directors' and Auditors' Report.
2. To declare dividend for the financial year 2000-2001.
3. To appoint a Director in place of Shri A.S.Bansal, Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S. Susai, Director, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS :

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

"RESOLVED that the company hereby accords approval for payment of remuneration of Rs.30,000/- (Rupees thirty thousand only) to M/s.Viswanathan & Swaminathan, Statutory Auditors of the company for the year 2000-2001, besides reimbursement of travelling and out of pocket expenses at actuals, subject to other terms and conditions laid down by the Government of India in their Letter No.T-040/1800004/94-IGC, dated 06-12-2000."

By order of the Board

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

Chennai
 6th August, 2001

NOTES :

1. 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.

2. The Share Transfer Books and Register of Members of the Company will remain closed from 19th September, 2001 to 28th September, 2001 (both days inclusive) for the purpose of AGM and dividend.
3. Dividend, upon its approval at the meeting, will be payable to those members whose names appear in the Register of Members on 28th September, 2001 (18th September, 2001 in the case of beneficial owners in the Depository Systems).
4. The Shares of the company have been placed under Compulsory Demat Trading w.e.f. 26-03-2001. Members who have not dematerialised their physical holding in the company are advised to avail the facility of dematerialisation.
5. Members are requested to produce the enclosed attendance slip duly filled and 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 Registrar & Transfer Agent M/s. Cameo Corporate Services Limited, "Subramanian Building," No.1, Club House Road, Chennai-600 002.

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

Item No.5

The Government of India on the advice of the Comptroller and Auditor General of India in exercise of the powers conferred by Section 619(2) of the Companies Act, 1956, have re-appointed M/s.Viswanathan & Swaminathan, Chartered Accountants, Chennai as Statutory Auditors of the Company for the financial year 2000-2001 on a remuneration of Rs.30,000/- vide Letter No.T-040/1800004/94-IGC, dated 06-12-2000 and revised Letter No.354/CAV/61-88 dated 30-04-2001.

The Companies (Amendment) Act, 2000 states that where an auditor appointed under Section 619 of the Companies Act, 1956 by the Comptroller and Auditor General of India, his remuneration shall be fixed by the Company in general meeting or in such manner as the company in general meeting may determine.

As the remuneration of auditors needs the approval of the shareholders, the resolution is proposed. Your Directors recommend this resolution for the approval of the members of the company.

None of the Directors of the Company is interested in the resolution.

By order of the Board

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

Chennai
 6th August, 2001



TAMILNADU TELECOMMUNICATIONS LIMITED

DIRECTORS' REPORT

To
The Members,

Your Directors are very happy to present to the Shareholders the Thirteenth Annual Report of your company, along with the Audited Accounts for the year ended 31st March 2001.

FINANCIAL RESULTS

(Rs. in lakhs)

	2000-01	1999-00	% Improvement
Gross Sales	11292.25	6308.17	79.00
Net Sales	9693.91	5368.34	80.58
Other Income	19.92	23.51	—
Total Expenditure	9458.85	5374.47	—
Finance Charges	558.39	274.89	—
Gross Profit after interest before depreciation & Tax	1294.93	682.32	89.78
Depreciation	584.58	426.22	—
Provision for Taxation	207.00	23.82	—
Net Profit	503.35	232.28	116.70
Proposed Dividend	339.97	169.99	—
Corporate Dividend Tax thereon	34.68	24.94	—
Retained Profit	128.70	37.35	—

The Turnover of the Company has risen remarkably by over 79% compared to the previous year - from Rs.63.08 crores to Rs.112.92 crores. The overall operations of the company have resulted in highest ever net profit of Rs.503.35 lakhs for the year 2000-01 as against Rs.232.28 lakhs in 1999-00.

DIVIDEND

Considering the Excellent performance and the profitability, your Directors are pleased to recommend payment of Dividend on Equity shares at the rate of 15%. The total amount of dividend outgo (including dividend tax) will be Rs.3.75 crores as against Rs.1.95 crores for the previous year. The dividend distribution as a percentage of net profit after tax is 74.43% as compared to 83.92% of previous year.

OPERATIONAL PERFORMANCE DURING THE FINANCIAL YEAR 2000-2001

The year 2000-01 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 crossing of Rs.ONE BILLION mark in the Turn over of the Company for 2000-01 is a highly significant landmark in the history of the company.

a. JELLY FILLED TELECOM CABLE FACTORY

- The JFTC factory set up highest records of production so far in 2000-2001, and the annual production crossed ONE MILLION CKM, recording 10,00,107 CKM, and, despatches to customers also was an all time record exceeding 9,45,995 CKM, thus, registering an improvement of 11.12% in Production and 8.11% in Despatches (Sales) compared to the previous year 1999-2000.

b. OPTICAL FIBRE CABLE FACTORY

- The OFC factory during the first full year of operations in 2000-01 has turned out an excellent performance with the total cable Kms of different types of cables produced and delivered during the year worked out to 5057 kms, and, the total production crossing ONE LAKH FIBRE KMS, recording 1,01,406 Fibre Kms.
- On successful commissioning of one machinery line for sheathing operations at a cost of Rs.2.25 crores, which was met from Internal resources of the company, the installed capacity of the plant was enhanced from 7900 Cable Kms to 17,136 Cable Kms, duly certified by DoT, which will help us to get more orders during the Financial Year 2001-02.
- During this financial year, your company has successfully diversified the customers, and instead of depending on DoT as sole customer, entered the private sector market by supplying OF Cables worth Rs.25 crores, winning a prestigious contract from Reliance Infocom. Your company has also exported OF Cables to Kuwait, through TCIL, making an entry into international markets.

Like in the previous year, the collection performance during 2000-01 also has been exemplary, and, the company realised amounts of Rs.90.92 crores from various DoT circles.

OUTLOOK FOR THE FUTURE

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 the following initiatives.

- TTL has quoted very competitively in the DoT Tender for 2001-02 for JFTC & OF Cables, and, was hopeful of receiving orders to the extent of 6 months of rated annual production as in earlier years. However, the entry of new manufacturers in the Jelly Filled Telecom Cable market, and, allocation of higher delivery rating to such new vendors by BSNL, may result in TTL getting lesser quantum of orders for JFTC unit than in 2000-01. However, the company is tapping the private sector service providers like Tata Teleservices, and, are confident of winning orders in order to meet the growing requirements of JFTC by these operators.
- Plans are afoot to enhance the installed capacity of OF Cable factory from 17,136 Cable Kms to 24,000 Cable Kms at an estimated cost of Rs.11 crores. The project estimates are under preparation and project financing means are being worked out.
- With the significant beginning having been made in Private Sector Market & Export Market during 2000-01, we expect your company to go a long way to achieve higher targets in these sectors during the financial year, as also to optimise the Turover, consistent with the enlarged capacities.

The diversification of operations of your company as above, at both JFTC Copper Cable and Optical fibre cable plants, forecast a bright future for your company in the ensuing years.

DIRECTORS

During the year under review, M/s. Tamilnadu Industrial Development Corporation Limited (TIDCO) had nominated Shri M. Madhavan Nambiar, IAS., Chairman and Managing Director, TIDCO as Director and Chairman on the Board of the Company in the place of Shri R.Gopalan, IAS.

The Directors place on record their appreciation for the invaluable guidance and advice given by Shri R.Gopalan, IAS during his tenure as Director and Chairman of the Company, which saw your company recording a phenomenal growth.

During the year under review, TCIL had nominated Shri B.L.Arora, SGM (BCN), TCIL, New Delhi as Director on the Board of TTL in the place of Shri S.K. Tandon, Director (Tech), TCIL, New Delhi.

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.S. Bansal and Shri S. Susai, Directors will retire from the Directorship of the company by rotation and are eligible for re-appointment.

DIRECTOR'S RESPONSIBILITY STATEMENT AS REQUIRED UNDER THE PROVISIONS CONTAINED IN SECTION 217(2AA) OF THE COMPANIES ACT, 1956 :

Your Directors hereby confirm that :

- in the preparation of the annual accounts, the applicable accounting standards had been followed.
- they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2001, and of the profit of the Company for the year ended on that date.
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- they have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

As per the provisions of the Listing Agreement that has been entered into with all the stock exchanges, and as per the directives of SEBI, your company has got to implement "Corporate Governance" within the financial year 2001-02 but not later than 31st March, 2002. However, your company have initiated action to implement the same within the scheduled date. The 'Audit Committee' has already been constituted in April 2001, and, the committee scrutinises the financial statements in detail, before consideration by the Board.



TAMILNADU TELECOMMUNICATIONS LIMITED

PERSONNEL

The Board wishes to place on record its deep appreciation to the employees of the company at all levels for their outstanding contributions leading to the excellent performance of the company during the year. Though the operations of the company were affected in Dec 2000/ Jan 2001 on account of the illegal strike for a period of 16 days by the workers Union, for the 10 years wage settlement, industrial relations have generally remained cordial throughout the year, and, the overall targets set for the company were achieved.

Revision of pay scales for Non-Executive employees, and, Executives, valid for 10 years effective from 1.4.97, have been implemented in Feb 2001, after agreements have been successfully negotiated. Full provision in respect of wage revision arrears aggregating to Rs.122.55 lakhs has been made in the accounts under consideration.

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

DEMATERIALISATION OF SHARES

M/s.Cameo Corporate Services Ltd., Chennai, a renowned Share Transfer Agency in Southern India, have been appointed as "Electronic Registrar" for dealing with Demat of TTL Shares with effect from 21.03.2001. They have also been entrusted the task of Physical Shares Registrar w.e.f. 16.04.2001, to enable easy and effective handling of Transfer/ Demat operations from the shareholders convenience point of view. Our company has signed the Tripartite Agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) on 21.03.2001 & 23.03.2001 respectively and the Electronic Connectivity has been established by 29th March, 2001. Our ISIN No. is INE 141D0 1018.

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 2000-2001 by the Company Law Board on the advice of the Comptroller and Auditor General of India. The Board of Directors at their 79th Meeting held on 8th Feb 2001, recommended a fee of Rs.30,000/- for Statutory Auditors for conducting the Audit for 2000-01, which item is brought out in the Notice for AGM for the approval of shareholders.

COMMENTS OF THE AUDITORS

The Auditors have recommended the financial statements for adoption without any qualifications.

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 2001 has been annexed in the Non-Review Certificate as the CAG has chosen not to review the Auditor's report for the year 2000-01.

ACKNOWLEDGEMENTS

The Directors wish to place on record their sincere appreciation for the support and assistance received from Government of India and Government of Tamilnadu, the Company's Foreign Collaborators and Promoters for the OF Cable Plant 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 active co-operation and support extended by all 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 operations of company.

For and on behalf of the Board

Chennai
6th August, 2001

M. MADHAVAN NAMBIAR
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****JFTC FACTORY**

- i. The heaters in various lines are regularly monitored for proper contacts and loose connections, thereby avoiding unnecessary loss of power.
- ii. The functioning of the thermocouples and temperature controllers are monitored regularly and hence loss of power due to prolonged usage of heaters have been avoided.
- iii. A work order has been awarded to M/s. Energy Consultancy Services, Chennai (approved by TNEB) for conducting energy audit. Afterwards, Energy Conservation measures shall be taken up.
- iv. Major overhauling and servicing works are carried out in Air Compressors to improve the overall performance and efficiency including servicing of heat exchanger, moisture separator, drain valves etc., which reduced the power requirement and running time.
- v. All the pneumatic operated lines (Actuators, control valves sliding units, FLR units etc.) are serviced and aligned properly in all machine centres, so that loss of energy due to friction and failures is reduced considerably.
- vi. We have systematically implemented the Routine Maintenance Procedure in utilities like air compressors, cooling towers, softening plant and pump house, in order to improve overall performance and efficiency, which also reduced major failures, leakage and wastage of water, compressed air etc.
- vii. The water supply to all machineries and equipments are maintained within industrial standards and quality of water is maintained by proper utilisation of water softening plant and regeneration processes, which resulted effective cooling performance, improved efficiency of machineries and reduced process and machine failures.

viii. We have effectively implemented preventive maintenance, predictive maintenance and condition monitoring techniques in all machineries and utilities to reduce power losses and improve utilisation for energy and other resources.

ix. Major overhauling work and replacement of PVC fill blocks in cooling tower has been completed perfectly to improve the overall cooling performance of water supply in all machine centres, which improved performance of all machineries and utilities.

OFC FACTORY

- i. By providing auto power factor correction meter at Sub-Station, we are able to maintain power factor between 0.97 to 0.99.
- ii. Preventive maintenance schedules are carried out regularly on all the machineries, to reduce frictional and other losses thereby keeping the power requirement to the minimum extent possible.
- iii. 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.
- iv. We have provided FLR System (Filter, Lubricator and Regulator System) in all machines, where compressed air is required. This has prevented failure of pneumatic controls.
- v. The capacity of water softening plant was increased, thereby the softened water is supplied to various machinery and utilities, as required which has improved the efficiency and also reduced scale formations/breakdowns in the lines.
- vi. Usage of frequency control drives in the machine reduced the power consumption in the plant.

b) Impact of the above measures**JFTC FACTORY**

The above said measures have given rise to improved overall utilisation of machineries, reduced power losses, and, lowered the consumption of electricity per unit (CKM) of cables produced.



TAMILNADU TELECOMMUNICATIONS LIMITED

OFC FACTORY

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

B. TECHNOLOGY ABSORPTION

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- Activities relating to exports
- Total Foreign Exchange Used and Earned :

	2000-2001	1999-2000
	(Rs. in lakhs)	
Used	1768.83	471.10
Earned	22.22	Nil

FORM-A

(Form for disclosure of particulars with respect to 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)

- Specific areas in which R & D activities were carried out by the Company*

JFTC FACTORY

- Designed and developed a new oscillator and colour binder unit for our Drum Twister # 2 and its fabrication, machining, assembling and all related electrical works have been completed.
- Various Electronic printed circuit boards pertaining to electronic drives of imported make have been internally serviced and modified as per our requirements and availability of indigenous materials.
- Design and Development of effective filtration arrangements in Tandem Line #2

We have internally developed a filtration unit for the coolant circulation, for Tandem Line #2 similar to the one previously made in Tandem Line # 1 in order to improve the performance of the Tandem insulating Line.

- Design and Development of Annealer Cooling Bay Unit :

We have developed an annealer cooling bay, using bronze material for cooling area only, for effective annealing performance and longer life in Tandem Line #2.

- Design and Development of fibre Bow Assembly:

We have internally developed a fibre bow assembly with the available material for our CEECO Twinning machines with comparable performance, and thus, could avoid the import of such bows at higher costs.

- Design and Development of Jelly Flooding arrangement:

We have designed and developed a jelly pumping and transferring arrangement in Sheating Line # 2 (new machine) for flooding system.

- Design and Development of Copper segregation from Insulated Scrap wires :

We have internally fabricated a device in light rewinding machine to segregate bare copper wire and HDPE insulation from insulated wire scrap.

OFC FACTORY

- Process improvement in the SZ stranding line operation, whereby twist loss of cable is reduced.
- Development of optical fibre cable design and manufacture upto 48 fibre count for duct and direct burial applications.

- Benefits derived as a result of the above R & D*

JFTC FACTORY

- Due to internal development of the colour binder unit, we have saved about Rs.10 lakhs.
- Procurement of imported PCBs for the control systems could be avoided, thereby saving procurement time and an amount of Rs.6 lakhs in foreign currency.
- The internally developed filtration unit of Tandem Line # 2 has saved us an amount of Rs.3.80 lakhs.
- The Annealer Cooling Bay Unit for Tandem Line # 2, which was developed indigenously, has saved us an amount of Rs.1.00 lakh.