



**TAMILNADU
TELECOMMUNICATIONS
LIMITED**

Report  junction.com

*Fourteenth
Annual Report
2001-2002*

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REGISTRAR & SHARE TRANSFER AGENTS

Cameo Corporate Services Limited
"Subramanian Building"
No.1, Club House Road
Chennai - 600 002
☎ : 846 0390

TAMILNADU TELECOMMUNICATIONS LIMITED

Registered Office: Gee Gee Complex, 3rd Floor, 42, Anna Salai, Chennai - 600 002. © 857 2992, 857 2652

BOARD OF DIRECTORS

| | |
|--|---------------------------|
| Shri M. Madhavan Namblar, I.A.S., <i>Chairman & Managing Director - TIDCO, Chennai</i> | Chairman |
| Shri S.K. Tandon <i>Chairman & Managing Director - TCIL, New Delhi</i> | Director |
| Shri A.K. Chandra Shekhar <i>Director (Finance) - TCIL, New Delhi</i> | Director |
| Shri S.K. Verma <i>Executive Director (BD) - 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 N. Parameshwaran <i>Dy. Director General (LR), DoT, New Delhi</i> | Director |
| Shri M.K. Jain <i>Dy. Director General (IR), DoT, New Delhi</i> | Director |
| Shri Kanwal Monga <i>Managing Director - Virgo Marketing Pvt. Ltd., New Delhi</i> | Alternate Director |
| Shri Sadao Hashimoto <i>Group Manager - Fujikura Ltd., Japan</i> | Alternate Director |
| Shri B.L. Arora | Managing Director |
| Shri M.V. Narasimha Rao <i>General Manager (Finance) cum Company Secretary</i> | |

PROMOTERS

Telecommunications Consultants India Ltd.,
(A Government of India Undertaking)
TCIL Bhavan, Greater Kailash - I,
New Delhi - 110 048.

Tamilnadu Industrial Development Corpn. Ltd.,
(A Government of Tamil Nadu Undertaking)
19-A, Rukmini Lakshmiipathy 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
Essex Group Inc. USA
1510, Wall Street, P.O. Box. 1510
Fort Wayne, Indiana 46801 - 1510

Optical Fibre Cable
Fujikura Limited
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

TAMILNADU TELECOMMUNICATIONS LIMITED**NOTICE FOR THE FOURTEENTH ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Fourteenth Annual General Meeting of the members of Tamilnadu Telecommunications Limited is scheduled to be held at The Music Academy (Mini Hall), No.306, TTK Road, Chennai – 600 014 on Monday, the 30th day of September 2002 at 16.00 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 2002, the Profit and Loss Account for the financial year ended on that date and the Directors' and Auditor's Report.
2. To appoint a director in place of Shri Tsutomu Aoki, Director, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Shri T. Willington, Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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.

SPECIAL BUSINESS

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

"RESOLVED THAT consent of the Company be and is hereby accorded pursuant to the provisions of Section 269, 198 (4), 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the said Act to the appointment of Shri B.L. Arora, SGM (BCN), Telecommunications Consultants India Ltd., on deputation as Managing Director of the Company with effect from 13.12.2001 and the terms and conditions for the above deputation shall be those prescribed from time to time.

1) *Salary:*

Basic Pay Rs.19900/- p.m. in the scale of pay of Rs.18400-500-22400 or Pay scale as may be admissible from time to time for Officers of similar Grade on deputation from Telecommunications Consultants India Ltd. The Dearness Allowance on CDA pattern is payable in accordance with the applicable percentages announced by Central Government from time to time.

2) *Deputation Allowance:*

Deputation allowance of Rs.1000/- (Rupees one thousand only) per month.

3) *Accommodation:*

- a) Furnished leased accommodation provided by the Company on recovery of 10% of the Basic pay per month towards rent and 2.5% of Basic pay per month towards furnishing.

- b) Drawal of House Rent Allowance at the rate as applicable to the Officers of Telecommunications Consultants India Ltd., posted at Chennai, towards rent, and for furnishing as followed in the earlier case;

MD can exercise the option from (a) or (b) above.

4) *Motor Car:*

The Managing Director is entitled to use the Car with Driver for official and private use subject to deduction of Rs.250/- per month.

5) *Telephone:*

Telephones to be provided at the residence as per the applicable guidelines.

6) *Medical facilities:*

The Managing Director is entitled to actual reimbursement of Medical expenses on hospitalisation/ treatments as per the rules admissible in Telecommunications Consultants India Ltd., subject however to a minimum of 1 month Basic pay + DA as is being paid to all regular employees of TTL.

7) *Leave Travel Concession:*

He will continue to be entitled to the leave travel concession in line with the rules admissible as amended from time to time in TCIL, and the cost thereof will be borne by the company.

8) *Provident Fund:*

During the period of deputation, he will continue to subscribe to the Contributory Provident Fund of the TCIL with matching contribution paid from TTL.

9) *Operational Allowance:*

Operational Allowance of Rs.3000/- (Rupees three thousand only) per month."

6. To consider and if thought fit, to pass with or without modifications, the following resolution as 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 2001-2002, 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.CAV/COY/TAMILNADU,TTLCM(1)/508, dated 24.12.2001."

"FURTHER RESOLVED that, in future, the Board of Directors of the Company be and are hereby authorised to fix the remuneration of Auditors of the Company, as the Board of Directors deems fit, as and when communication is received from the Comptroller and Auditor General of India regarding the appointment of the Auditors of the Company for the future years".

"FURTHER RESOLVED that the remuneration of Auditors of the Company so fixed by the Board of Directors shall be reported by the Company in its Directors' Report of the relevant year to the shareholders".

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 such proxy need not be a member of the company. The proxy, in order to be effective, must be deposited/lodged at the Registered Office of 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 20.09.2002 to 30.09.2002 (both days inclusive) for the purpose of AGM.
3. 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.
4. Members who hold the shares in physical form are requested to notify change of address, if any, to the company's Registrar & Share Transfer Agent **M/s.Cameo Corporate Services Limited, "Subramanian Building", No.1, Club House Road, Chennai - 600 002. (Phone: 044-8460390).**

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

Item No.05

Shri V. Partha Sarathy, Managing Director, relinquished the charge of the post of Managing Director w.e.f. 13.12.2001 consequent to the nomination of Shri B.L. Arora as Managing Director of the Company by Telecommunications Consultants India Ltd. The Board of Directors of the company have approved the appointment of Shri B.L. Arora by a resolution by circulation during 3rd week of December 2001, which was later confirmed in the Board Meeting held on 29th January 2002.

As the appointment and remuneration of Managing Director requires the approval of shareholders, the resolution is accordingly proposed.

None of the Directors other than Shri B.L. Arora shall be deemed to be interested or concerned in respect of the appointment and remuneration as stated in the resolution.

Item No.06

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 2001-2002 on a remuneration

of Rs.30,000/- vide Letter No.CAV/COY/TAMILNADU, TTELCM(1)/508, dated 24.12.2001.

According to Section 619 (2) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000, the Auditors of a Government Company have to be appointed by the Comptroller and Auditor General of India (CAG). Under Section 224 (8) (aa) as inserted by the Companies (Amendment) Act, 2000, the remuneration of the Auditors of the Company, in the case of an auditor appointed under Section 619 by the CAG, shall be fixed by the Company in General Meeting, or in such manner, as the Company may determine. Accordingly, the resolution for fixing the remuneration of the Auditors of the Company for the financial year 2001-02, and the resolution authorising the Board of Directors of the Company to fix the remuneration of Auditors of the Company for the future years and making relevant disclosure in the Directors' Report, is proposed, for the approval of the shareholders. ●

The remuneration proposed is same as the remuneration paid for the year 2000-01.

None of the directors of the company are interested in the resolution.

By order of the Board

Chennai
26th August, 2002

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

TAMILNADU TELECOMMUNICATIONS LIMITED

DIRECTORS' REPORT

To
The Members,

Your Directors have the pleasure of presenting their Fourteenth Annual Report, together with the Audited Accounts of the Company for the year ended 31st March 2002.

FINANCIAL HIGHLIGHTS

(Rs. in lakhs)

| | 2001-02 | 2000-01 |
|--|----------|----------|
| Gross Sales | 12810.39 | 11292.25 |
| Net Sales | 11141.47 | 9693.91 |
| Other Income | 27.93 | 19.92 |
| Total Expenditure | 11787.76 | 9458.85 |
| Finance Charges | 522.44 | 558.39 |
| Gross Profit after Interest before Depreciation & Tax | 528.12 | 1294.93 |
| Depreciation | 479.26 | 584.58 |
| Provision for Taxation (including Deferred Tax Liability) | 18.18 | 207.00 |
| Net Profit | 30.68 | 503.35 |
| Proposed Dividend | - | 339.97 |
| Corporate Dividend Tax thereon | - | 34.68 |
| Retained Profit | 30.68 | 128.70 |

The Turnover of the Company has risen by 13.44% compared to the previous year from Rs.112.92 crores to Rs.128.10 crores. The overall performance of the company has resulted in a Net Profit of Rs.30.68 lakhs. In view of inadequate profit and falling cable demand & prices, the Board of Directors regret their inability to recommend any dividend for the year 2001-02.

OPERATIONAL PERFORMANCE DURING THE FINANCIAL YEAR 2001-02

a) JELLY FILLED TELECOM CABLE FACTORY

For the financial year 2001-02, the JFTC Factory had shown a total production of 602813 CKM and despatches to customers was 591631 CKM. Besides BSNL, your company supplies cables to Railways, Tata Teleservices etc.

b) OPTICAL FIBRE CABLE FACTORY

The OFC factory during the second year of its operations in 2001-02 has turned out an excellent performance with the total quantities delivered during the year worked out to 177278 FKM and the total production was 184199 FKM. During this financial year, your company has successfully executed the first order to Railways of 194 Kms. During the year, your company has also executed various export orders. The company plans to manufacture ribbon type cables for which there is projected demand now by BSNL.

OUTLOOK FOR THE FUTURE

The Telecom cable industry as a whole is passing through very difficult times. Even though, BSNL, MTNL & Private Operators have an ambitious target to provide the telecom facilities during the year, but a substantial portion of this service will be provided through Wireless Local Loop, which does not require cable. The situation which has arisen because of the change in technology, is as follows:

1. The demand for Jelly Filled Cables has come down by about 50% during the year. There have also been increase in the number of manufacturers, as a result of which the share of order for each manufacturer will be very low.
2. Because of the fact that size of cake has become smaller, there have been price war. The prices of Jelly Filled Cables have come down by about 19%.
3. The position with regard to Optical Fibre Cables is that prices have come down by more than 50% over the last six months. As a result of the fall in prices, the private operators have postponed their decisions to buy the cables till the price stabilizes. However, the requirement for the Optical Fibre Cables is likely to go up after sometime when the situation stabilizes.
4. Your Company is trying to aggressively face the market situation. Because of the difficult domestic market, your Company is also trying to tap the export market through TCIL or directly. TTL had recently submitted a tender through TCIL for supply of about 12,000 Kms of OFC to Algeria, where TCIL is the lowest. Aggressive marketing is being done to ensure that TTL gets this order.
5. Your Company had planned to enhance the installed capacity of the Optical Fibre Cable factory, but the decision in this regard will be taken after assessing the future market situation.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis is provided elsewhere in this annual report.

DIRECTORS

During the year under review, M/s.Telecommunications Consultants India Ltd. (TCIL), has nominated Shri B.L.Arora, Senior General Manager (BCN), TCIL on deputation as Managing Director of TTL in the place of Shri V. Partha Sarathy with effect from 13th December 2001. The Directors place on record their appreciation for the invaluable services rendered by Shri V. Partha Sarathy during his tenure as Managing Director of the Company.

Department of Telecommunications (DoT) had nominated Shri N. Parameshwaran, Dy. Director General (LR), DoT, New Delhi and Shri. M.K. Jain, Dy. Director General (IR), DoT, New Delhi as Directors on the Board of TTL in the place of Shri Ashok Kumar and Shri R.K. Kaul. The Board took note of the appointment at their meeting held on 29.01.2002.

TCIL had nominated Shri S. K. Verma, Executive Director (BD), TCIL, New Delhi as Director on the Board of TTL. The Board took note of the appointment at their meeting held on 22.04.2002.

TCIL had nominated Shri S.K. Tandon, Chairman and Managing Director, TCIL as Director on the Board of TTL in the place of Shri A.S. Bansal. The Board took note of the appointment at their meeting held on 29.07.2002. The Directors place on record their appreciation for the invaluable guidance and advice given by Shri A.S. Bansal 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 Tsutomu Aoki, Shri T. Willington and Shri A.K. Chandra Shekhar, Directors, will retire from the Directorship of the Company by rotation and being eligible offers themselves for re-appointment.

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

Your Directors hereby confirm that:

- i. In the preparation of the annual accounts, the applicable accounting standards had been followed.
- ii. 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, 2002, and of the profit of the Company for the year ended on that date.
- iii. 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.
- iv. They have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

Your Company and its Board is committed to achieving the highest standards of Corporate Governance. Given the importance that your company assigns to Corporate Governance, a detailed report on Corporate Governance has been separately presented.

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), (a) 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 2001-02 by the Comptroller and Auditor General of India.

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 2002 is being annexed.

ACKNOWLEDGEMENTS

The Directors wish to place on record their sincere appreciation for the support and assistance received from Government of India, Government of Tamilnadu 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 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

B.L. ARORA
Managing Director

Chennai
26th August, 2002

T. WILLINGTON
Director

TAMILNADU TELECOMMUNICATIONS LIMITED**ANNEXURE TO THE DIRECTORS' REPORT**

Disclosure of particulars as per 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**

- On recommendation of M/s. Energy Consultancy Service who have conducted the Energy Audit, the existing 315 KVA isolation transformer for the lighting load has been disconnected from the circuit.
- The contracted maximum demand of the factory has been reduced from 1500 KVA to 1250 KVA. Subsequent to the reduction in maximum demand, all the machines have been scheduled to run in such a way that the actual maximum demand reached is maintained below 1250 KVA.
- The use of lighting in unwanted areas has been avoided thereby avoiding wastage of power.
- The functioning of thermocouples, temperature controllers and heaters are monitored regularly in order to avoid unwanted loss of energy.
- As per energy conservation audit report, we have implemented modification/development works in our air compressor system like proper ventilation arrangement in suction line of compressors, intercooler & aftercooler, complete servicing work in order to improve overall compressor efficiency.
- As per energy conservation audit report, we have arrested major air leakage areas and provided control valve with pressure regulator in sheathing lines to reduce air consumption and wastages.
- Renovation & complete reconditioning work has been carried out in our chiller plant (50TR capacity + stand by) to supply chilled water to Tandem Lines / Sheathing Lines in order to improve quality of product and operation, which reduces product failures and improves overall efficiency of machinery / equipments.
- Preventive maintenance, predictive maintenance and condition monitoring techniques have been effectively implemented in plant & machineries, which will reduce the wear & tear and consequently avoid wastage of energy.

OFC FACTORY

- By providing auto power factor correction meter at sub-station, we are able to maintain power factor at 0.99.
- Considering the consumption analysis the maximum power demand reduced from 650 KVA to 550 KVA.
- Preventive maintenance schedules are carried out regularly on all the machineries, to reduce frictional and other losses thereby keeping the power requirement to minimum extent possible.
- Regular checks are being carried on pneumatic lines of compressed air and all leakage, if any, are arrested. In addition, moisture separators, auto drain valves, heat exchanges of air compressors are serviced regularly to improve the efficiency of operation thereby reducing power requirement and running time.
- 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.
- Usage of frequency control drives in the machine reduced the power consumption in the plant.

b) Additional Investment proposals

The maximum demand connected at JFTC factory is proposed to be further reduced to 900 KVA, thus reducing the recurring maximum demand charges further. Initially, we have to invest Rs.2,10,000 to Tamil Nadu Electricity Board for the reduction. After effecting this reduction, the savings per month shall be Rs.1,05,000.

c) Impact of the above measures

- Disconnection of 315 KVA isolation transformer from the lighting circuit has led to a saving of about 11,340 units / year which is Rs.36,288 per year.
- Reduction of contracted maximum demand from 1500 to 1250 KVA at JFTC factory and from 650 KVA to 550 KVA at OFC factory has saved us an amount of Rs.1,05,000 per month (Rs.300 x 350).
- Reduced energy losses.
- Effective utilisation of machineries.
- Improved efficiency of machines.

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; initiatives taken to increase exports, development of new export markets for products and services and export plans:

Continuous efforts are being made to procure export orders through TCIL as well as directly. A major thrust is being given to tap the export market.

- b) Total Foreign Exchange Used and Earned: (Rs in lakhs)

| | 2001-02 | 2000-01 |
|--------|---------|---------|
| Used | 4057.42 | 1768.83 |
| Earned | 53.41 | 22.22 |

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 & Development (R & D)

1. Specific areas in which R & D activities were carried out by the Company

JFTC FACTORY

- Due to non-functioning of counter in CPU of Tandem Line-II an external counter for counting is utilised. Without this arrangement, it would not have been possible to use this CPU in Tandem Line - II.
- The winding of drawmet circulating pumps in Tandem Lines I & II were failing frequently due to penetration of water into the motor. To avoid this frequent failure of winding, a separate monoblock pumpset was purchased & used in the Tandem lines. Now, the winding failures have been reduced drastically.

- The digital DC drive of bow motor (Siemens make) in Twinning VI had failed and was replaced with an internally available analog DC drive.
- The imported blanket type heaters of the jelly filling unit in Drum Twister Line - I (which had come along with the De-Angeli machine) have failed and were replaced with local make curve bend heaters, after suitable modification.
- Designed & developed an aluminium alloy impeller unit for our Sheathing Line - I material blower (imported) assembly for transferring the LDPE material from Hopper to Extruder.
- Design & development of jelly remelting assembly for reusing the spill over jelly on our shopfloor.
- Development & modification work on the damaged 100 Nos. of process bobbins (dia. 500 mm flange type) in order to use in Twinning machines and avoided procurement of new bobbins.
- We have reduced the drum size to 75 cm flange dia, for the production of 5 pair / 0.5 (UA) PIJF Cable.
- The AC drives (Siemens make - Micromaster) for the traverse motors in Sheathing / Jacketing Line - II take up were frequently giving problem on account of which valuable man & machine hours were lost earlier. Now the AC drive & motor have been replaced with spare DC drives (De-Angeli make) and DC motors respectively after which, the traverse problems have been considerably reduced.

OFC FACTORY

- Development of optical fibre cable design and manufacture upto 96 fiber count for duct and direct burial application.
- Development of Mono-tube design of optical fibre cable upto 12F.
- Process improvement whereby the size of the cable is reduced, thereby reduction in the cost of Raw Material.

2. Benefits derived as a result of the above R&D

JFTC FACTORY

- Using a separate counter in place of S5-100U PLC, costed only Rs.5,000/-. New CPU would have costed Rs.70,000/-. thereby saving of Rs.65,000/-.
- We have spent Rs.10,000/- towards the rewinding of failed motors of drawmet circulation pumps in the year 2000-01. For the last year, no money was spent towards rewinding, due to the installation of a separate monoblock pumps costing Rs.8000/- for the two tandem lines.
- New digital drive for the bow motor of Twinning VI would be costing Rs.1.5 lakhs, whereas the machine was put into operation with an internally available analog drive.
- Indigenous heaters for Drum Twister jelly filling unit costed only Rs.2,000/-. Imported items would have costed atleast Rs.30,000/-, thereby saving of Rs.28,000/-.
- Indigenous impeller costed only Rs.6,500/-, whereas the new unit with pump would have costed Rs.30,000/-. Thus, there is saving of about Rs.23,500/-.
- By using jelly remelting tank, on an average we can re-use 10 kgs / day costing about Rs.200 per day.
- Repair & modification of bobbins costed Rs.7,500. The new purchase would have costed Rs.1,50,000/-, thereby saving Rs.1,42,500/-.

- By using 75 cm dia flange for 5 pair / 0.5 mm (UA) cable, we have reduced the cost in procurement of drum. The present cost is Rs.600 per drum, which was purchased earlier at Rs.950 per drum. As we are accommodating more drums in the truck, while despatching, transportation cost also got reduced.

OFC FACTORY

- Increased productivity, reduced rejection, improved quality and optimized output of machine.
- Enhanced product range.
- Drastic reduction in the cost of extruder tools.

3. Future plan of action

JFTC FACTORY

In view of larger demand in the export market, diversification plans to manufacture Foam Skin Cable are being undertaken on one of our Tandem Insulating lines. Similarly, there is a plan to manufacture Aerial Cables also.

OFC FACTORY

- Manufacture of ribbon type cables upto 288 fibre count.
- Manufacture of optical fibre cable accessories.
- Manufacture of composite optical fibre cables for back bone network.
- Enhancement of plant capacity to 24000 cable kms per annum with addition of another Sheathing Line, and Loose Tube & Sheathing Line.
- Manufacture of Aerial/ADSS optical fibre cables.

4. Expenditure on R&D

JFTC FACTORY

The expenditure on all the above R&D works was Rs.0.29 lakhs only.

OFC FACTORY

The expenditure on all the above R&D works was about Rs.0.5 lakhs only.

B. Technology, absorption, adaptation and innovation

JFTC FACTORY

First time in the history of Tamilnadu Telecommunications Limited, we have taken up the manufacture of 2400 pair / 0.4 mm (UA) cables and exported to Bhutan Telecom, along with the various other higher sizes such as 1800 pair, 1200 pair etc. against the orders placed by them on TTL.

OFC FACTORY

- Designed and developed extrusion tools in-house, which has resulted in a saving of approximately Rs.2,00,000 to the company.
- Designed and fabricated longitudinal Aramid Yarn / E Glass Applicator, which has resulted in a saving of approximately Rs.1,00,000 to the company.

CORPORATE GOVERNANCE

The fundamental objective of Corporate Governance is not mere fulfillment of the requirements of law but in ensuring commitment of the board in managing the company in a transparent manner for maximising the shareholder value in the long term. Your Company's philosophy on Corporate Governance culture envisages always to provide true and fair presentation of the affairs of the Company at the highest levels of transparency, accountability and equity, in all facets of its operations, and in all its inter-actions with its stakeholders, including shareholders, employees, the Government and lenders. This has been followed in true spirit.

BOARD OF DIRECTORS

The Board of Directors consists of 11 Members, the majority of whom are Independent Directors. The Chairman of the Board is a non-executive Director. Four Directors are representatives of TCIL, Three Directors are representatives of TIDCO, Two Directors are representatives of Fujikura Ltd. and Two Directors are representatives of DoT, Government of India. The day-to-day management of the Company is conducted by the Managing Director subject to the supervision and control of the Board of Directors.

During the financial year 2001-02, the Board met seven times (as against the minimum requirement of 4 times) on the following dates, namely, 04th April 2001, 10th May 2001, 11th July 2001, 6th August 2001, 28th September 2001, 5th November 2001 and 29th January 2002. The maximum time gap between any two meetings was not more than three calendar months.

The following table gives attendance of directors at the Board Meetings and at the last Annual General Meeting, number of membership held by directors in the board / committees:

| Name | Attendance Particulars | | Number of Directorship and Committee Membership / Chairmanship | | |
|--|------------------------|----------|--|----------------------|------------------------|
| | Board Meetings | Last AGM | Other Directorship | Committee Membership | Committee Chairmanship |
| Shri M. Madhavan Nambiar, IAS | 7 | Yes | 14 | - | - |
| Shri B.L. Arora * | 5 | Yes | - | 4 | 2 |
| Shri V. Partha Sarathy ** | 6 | Yes | - | 4 | 2 |
| Shri A.S. Bansal | 6 | Yes | 6 | - | - |
| Shri A.K. Chandra Shekhar | 6 | Yes | 5 | 2 | 1 |
| Shri T. Willington | 7 | Yes | 12 | 3 | - |
| Shri S. Susai | 6 | Yes | 6 | 3 | 1 |
| Shri N. Parameshwaran | 1 out of 1 | No | - | 1 | - |
| Shri M.K. Jain | 0 out of 1 | No | - | - | - |
| Shri Tsutomu Aoki | 1 | Yes | - | - | - |
| Shri Yoichi Nagahama | 0 | No | - | - | - |
| Shri Kanwal Monga (Alternate Director to Shri Yoichi Nagahama) | 6 | Yes | 7 | 2 | - |
| Shri Sadao Hashimoto (Alternate Director to Shri Tsutomu Aoki) | 1 | No | - | - | - |

* Shri B. L. Arora assumed charge as Managing Director from 13th December 2001

** Shri V. Partha Sarathy, relinquished the charge from the post of Managing Director from 13th December 2001 and 6 Board Meetings were held during his tenure in the year 2001-02.

AUDIT COMMITTEE

The Audit Committee comprises of 4 (Four) Directors, namely, Shri A.K. Chandra Shekhar as Chairman, Shri B.L. Arora, Shri S. Susai and Shri Kanwal Monga as the members of the Committee. Company Secretary is the Secretary of the Committee.

REMUNERATION COMMITTEE

No remuneration either by way of sitting fees or in any other form is paid to Directors. As such, there has been no need to constitute a Remuneration Committee.

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Shareholders' / Investors' Grievance Committee of the Company comprises of 3 (Three) Directors, namely, Shri S. Susai as Chairman, Shri B.L. Arora and Shri T. Willington as the members of the said Committee. Company Secretary is the Secretary of the Committee. The Committee reviews the status of shareholders complaints. As per the information available there has been no serious complaint/grievance pending as on this date.

SHARE TRANSFER COMMITTEE

The Share Transfer Committee comprises of 3 (Three) Directors, namely, Shri B.L. Arora as Chairman, Shri T. Willington and Shri S. Susai as members of the Committee. Company Secretary is the Secretary of the Committee. The Committee was authorised by Board to approve all the share transfer and allied matters on monthly basis.