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| CS | <input checked="" type="checkbox"/> | | DPY | NA |
| RO | NA | | DIV | NEB |
| TRA | NA | | AC | <input checked="" type="checkbox"/> |
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FIFTH ANNUAL REPORT

1997 - 98

Report for Q-FLEX CABLES LTD.

S. Namend Company Secretary.



Q-FLEX CABLES LTD.

Q-FLEX CABLES LTD.

Dear Shareholder,

We are planning to provide transport facilities from TAMBARAM to our Plant. The vehicle will be available to pick up you on 18th September, 1998 between 9.15 A.M. and 9.45 A.M. in front of Hotel Henkala, Tambaram.

To make necessary transport arrangements, please confirm by post on or before 12.9.98 whether you are attending Annual General Meeting.

Thanking you,

Yours faithfully,
for **Q - FLEX CABLES LTD.,**

Sd/-

S. RAMADURAI
COMPANY SECRETARY.

BOARD OF DIRECTORS Mr.P.A.JOYKUTTY
Chairman&Managing Director
Mrs.Annamma Joy
Mr.Thomas P.Joy
Mr.N.Karupiah
Director (Finance)
Mr.V.Nagarajan
Director (Technical)
Mr.R.Sathasivam
Director (Marketing)
Mr.Santhosh Varughese
Director (Works)

MANAGEMENT TEAM Mr.P.A.JOYKUTTY
Chairman&Managing Director
Mr.N.Karupiah
Director (Finance)
Mr.V.Nagarajan
Director (Technical)
Mr.R.Sathasivam
Director (Marketing)
Mr.Santhosh Varughese
Director (Works)
Mr.S.Ramadurai
Company Secretary

AUDITORS M/s. M.R.RAMACHANDRAN
& CO.,
Chartered Accountants,
9/1, Lynwood Avenue
Mahalingapuram,
Chennai - 600 034.

BANKERS **Catholic Syrian Bank Ltd**
Industrial Finance Branch
Mount Road, Chennai-2
State Bank of India
SIDCO Industrial
Estate Branch
Ambattur, Chennai-98

REGISTERED OFFICE 237, SIDCO Industrial Estate
Ambattur, Chennai-98

MARKETING OFFICE 78, New Avadi Road,
Kilpauk, Chennai 600 010.

FACTORY Vengadamangalam Road
Kandigai, Melakottaiyur,
Chennai-48

Q-FLEX CABLES LTD.

NOTICE FOR THE FIFTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Fifth Annual General Meeting** of the Company will be held at the Company's Factory at VENGADAMANGALAM ROAD, KANDIGAI, MELAKOTTAIYUR, CHENNAI-48 on Friday, the 18th September, 1998 at 10.30 A.M. to transact the following Business:

ORDINARY BUSINESS :

1. To receive consider and adopt the Profit and Loss Account for the year ended 31st March, 1998 and the Balance Sheet as on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr.N.Karuppiah who retires by rotation and being eligible, offers himself for re-election.
3. To appoint a Director in place of Mr.V.Nagarajan who retires by rotation and being eligible offers himself for re-election.
4. To appoint Auditors and to fix their remuneration:

Messrs M.R.Ramachandran & Company, Chartered Accountants, Chennai, retire and are eligible for reappointment.

SPECIAL BUSINESS :

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions if any of the Companies Act, 1956 to extend the equitable mortgage of Company's land & factory buildings by the Board of Directors in favour of CATHOLIC SYRIAN BANK LTD to secure:

- (a) ODBD Limit of Rs.25 Lakhs and Cheque Purchase/WAUE facility of Rs.5 Lakhs sanctioned by Catholic Syrian Bank Ltd.
- (b) together with interest thereon at respective agreed rates and other monies payable by the Company to Catholic Syrian Bank Ltd under their respective Letters of Sanction/Memorandum of Terms and Conditions entered into/to be

entered by the Company in respect of the said LC Limit."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with Catholic Syrian Bank Ltd the documents for creating the aforesaid mortgage and or charge and to do all such acts and things as may be necessary for giving effect to the above resolution".

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

"RESOLVED that in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr.Santosh Varughese, who was appointed by the Board of Directors as an Additional Director of the Company and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing the candidature of Mr.Santosh Varughese for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

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

"RESOLVED that pursuant to Section 269,309,311 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the appointment and terms of remuneration of Mr.Santosh Varughese, as Wholtime Director of the Company designated as Director (Works) for a period of five years with effect from 1st April, 1998 upon the terms and conditions including remuneration as set out hereunder:

- (a) SALARY : Rs.11000/- per month including all other allowances.
- (b) PERQUISITES:

MEDICAL REIMBURESEMENT :
Reimbursement of expenses

Q-FLEX CABLES LTD.

- incurred for self and family subject to ceiling of Rs.2000/- per annum.
- II PROVIDENT FUND : Company's Contribution towards Provident Fund as per the rules of the Company but subject to statutory limits.
- III LEAVE TRAVEL CONCESSION: Entitled for Leave Travel Concession for self and family subject to the ceiling of Rs.2000/- per annum.
- IV PROVISION OF CAR & TELEPHONE : Entitled for provision of Car and Telephone at residence and the same will not be considered as perquisites. The personal long distance calls on telephone and use of car for private purpose will be billed by the Company.
- V In the event of the loss or inadequacy of profits in any financial year he shall be paid remuneration by the way of Salary and perquisites as specified above.
8. To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution :
- "RESOLVED that in accordance with the provisions of Section 310 of the Companies Act, 1956 and other applicable provisions if any, the Company hereby accords its approval to the revision in terms of remuneration payable to Mr.N.Karupiah, Director(Finance) with effect from 1st April, 1998 as set out hereunder:
- SALARY : Rs.17500/- per month including all other Allowances."
- Provident Fund : Company's contribution towards provident fund as per the rules of the Company but subject to statutory limits.
9. To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution :
- "RESOLVED that in accordance with the provisions of Section 310 of the Companies Act, 1956 and other applicable provisions if any, the Company hereby accords its approval to the revision in terms of remuneration payable to Mr.V.Nagarajan, Director(Technical) with effect from 1st April, 1998 as set out hereunder:
- SALARY: Rs.18500/- per month including all other Allowances."
- Provident Fund : Company's contribution towards provident fund as per the rules of the Company but subject to statutory limits.
10. To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution :
- "RESOLVED that in accordance with the provisions of Section 310 of the Companies Act, 1956 and other applicable provisions if any, the Company hereby accords its approval to the revision in terms of remuneration payable to Mr.R.Sathasivam, Director(Marketing) with effect from 1st April, 1998 as set out hereunder:
- SALARY: Rs.16500/- per month including all other Allowances."
- Provident Fund : Company's contribution towards provident fund as per the rules of the Company but subject to statutory limits.
- (BY ORDER OF THE BOARD)
for Q-FLEX CABLES LTD
- Place : Chennai
Date : 27.06.1998
- S. RAMADURAI**
COMPANY SECRETARY.
- NOTES**
1. Explanatory statement is annexed to the Notice of the Fifth Annual General Meeting of the Company as required by Section 173(2) of the Companies Act, 1956 in respect of Items 5 to 10.
 2. ANY MEMEBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXIES SHOULD,

Q-FLEX CABLES LTD.

HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT 237, SIDCO INDUSTRIAL ESTATE, AMBATTUR, CHENNAI-600 098 NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

3. The Register of Members of the Company will remain closed from 19th August 1998 to 02nd September 1998 (both days inclusive).
4. *Members/Proxies should bring the attendance slip duly filled in for attending the Meeting.*
5. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days upto the date of the Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 ANNEXED TO THE NOTICE FOR THE FIFTH ANNUAL GENERAL MEETING

ITEM NO.5

The Company had availed Inland LC Limit of Rs.45 Lakhs from Catholic Syrian Bank Ltd. The Bank while sanctioning the LC limit have inter alia stipulated a condition that the above LC Limit should be secured by Equitable mortgage of Company's Land and Factory Building. To enable the Company to create security, approval of shareholders under Section 293(1) (a) of the Companies Act, 1956 is required. Hence the proposed resolution.

Copy of letter of sanction from Catholic Syrian Bank Ltd is available for inspection at the Registered Office of the Company between 9.00 a.m. and 5.30 p.m. on any working day prior to the date of the meeting and will also be available for inspection at the meeting.

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

ITEM NO.6

The Board of Directors appointed Mr.Santosh Varughese as Additional Director of the Company with effect from 1st April, 1998 pursuant to Article 103 of the Articles of Association of the Company. In terms of Section 260 of the Companies Act, 1956 read

with Article 103 of the Articles of Association of the Company, Mr.Santosh Varughese will hold office of Additional Director upto the date of the forthcoming Annual General Meeting. The Company has received a Notice in writing with the requisite deposit from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr.Santosh Varughese for appointment as Director of the Company. Consent in writing has been received from Mr.Santosh Varughese to act as Director of the Company, if appointed.

The Board considers that having regard to his wide knowledge and experience, it will be in the interest of the Company to appoint Mr.Santosh Varughese as a Director of the Company.

None of the Directors except Mr.Santosh Varughese, Mr.P.A.Joykutty, Mrs.Annamma Joy, Mr.Thomas P Joy is interested in the above Resolution.

The Board recommends the resolution set out at Item No.6 of the Notice for approval of the shareholders.

ITEM NO.7

Mr.Santosh Varughese has been appointed as Whole time Director with effect from 1st April 1998 designated as Director-Works as per the terms and conditions set out in the Resolution.

The appointment and remuneration of Mr.Santosh Varughese Wholetime Director of the Company require the approval of the members of the Company in general meeting in terms of Schedule XIII of the Companies Act, 1956 and the remuneration payable also requires the approval of the Company in general meeting under Section 309 of the Act.

In view of his wide experience, the Board considers that the appointment of Mr.Santosh Varughese as Wholetime Director of your Company will be beneficial to your Company and accordingly recommends the acceptance of Resolution set out in items 8.

Mr.Santosh Varughese, Mr.P.A.Joykutty, Mrs.Annamma Joy and Mr.Thomas P.Joy are concerned or interested in the relative Resolution concerning his appointment. Save as aforesaid no Director of your Company is concerned or interested in the Resolution.

This may also be regarded as an abstract of terms of appointment of Mr.Santosh Varughese as Wholetime Director of the Company and

Q-FLEX CABLES LTD.

Memorandum of interest under Section 302 of the Act.

ITEM NO.8 TO 10

The terms of remuneration payable to the following Directors have been revised as under:

1. Mr.N.KARUPPIAH, DIRECTOR(FINANCE):
SALARY: Rs.17500/- per month from Rs.9450/- per month with effect from 1st April, 1998
2. Mr.V.NAGARAJAN, DIRECTOR(TECHNICAL):
SALARY: Rs.18500/- per month from Rs.10500/- per month with effect from 1st April, 1998.
3. Mr.R.SATHASIVAM, DIRECTOR (MARKETING) : SALARY: Rs.16500/- per month from Rs.8450/- per month with effect from 1st April, 1998.

The Government of India during September, 1997 announced revision in the contribution to be made to the Provident Fund Scheme from 10% to 12% which was implemented by the Company.

As the increase in contribution to Provident Fund in respect of Wholetime Directors would involve alteration of terms of their appointment earlier approved by the Shareholders, the approval of shareholders is sought.

All other terms of remuneration remain the same as approved at the Fourth Annual General Meeting.

The revision in remuneration to Whole-time Directors is within the guidelines laid down in Schedule XIII of the Companies Act, 1956 and require your approval. Hence the proposed resolution.

The explanatory statement together with the accompanying notice is and should be treated as an abstract of variation in terms of appointment of Mr.N.Karuppiah, Director (Finance), Mr.V.Nagarajan, Director(Technical) and Mr.R.Sathasivam, Director (Marketing) and memorandum of interest required to be sent to the shareholders under Section 302 of the Companies Act,1956.

Mr.N.Karuppiah, Mr.V.Nagarajan and Mr.R.Sathasivam are concerned or interested in the relative resolutions revising their remuneration.

(BY ORDER OF THE BOARD)
for Q-FLEX CABLES LTD

Chennai
27-6-98

S. RAMADURAI
COMPANY SECRETARY

Q-FLEX CABLES LTD.

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Fifth Annual Report together with the Audited Accounts for the year ended 31st March 1998.

FINANCIAL RESULTS

| | 1997-98 | 1996-97 |
|---|---------------|---------|
| | (Rs.in Lakhs) | |
| Profit before interest and Depreciation | 56.80 | 81.81 |
| Less: Interest | 37.20 | 39.08 |
| Profit before Depreciation | 19.60 | 42.73 |
| Less: Depreciation | 71.02 | 70.72 |
| | (51.42) | (27.99) |
| Less:Preliminary exp.written off | 6.42 | 6.42 |
| Net Loss carried to Balance Sheet | (57.84) | (34.41) |

DIVIDEND

In the absence of profit, no dividend is proposed to be declared.

OPERATIONS:

During the year under review, your company has achieved turnover of Rs.727.54 Lakhs registering a growth of 130% over the previous year's turnover of Rs.316.26 Lakhs. Due to sluggishness in the market coupled with slowdown in the economy, the projected turnover could not be achieved. Now, the market has started slowly picking up, Directors expect good results in the coming years.

The Management is also concentrating on the Quality, Cost Reduction and Efficiency parts of Production. Steps have already been taken for the implementation

of ISO 9002 System and the Certification is expected in September 1998.

PERSONNEL

As per the requirement of section 217 (2A) of the Companies Act,1956, your directors hereby state that no person has been employed who has been drawing remuneration of Rs.25,000/- or more per month or part thereof or Rs.3,00,000/-or more in the aggregate if employed throughout the year and no such person has been employed who is a relative of any Director of the company.

CONSERVATION OF ENERGY ETC.

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is furnished in the Annexure.

DIRECTORS

Under Article 111 of the Articles of Association of the Company, Mr.N.Karuppiah and Mr.V.Nagarajan retire by rotation at the ensuing Annual General Meeting of the Company and are eligible for re-appointment.

AUDITORS

M/s.M.R.Ramachandran & Co., the Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

LISTING AGREEMENT

Information as required under Clause 43 of the Listing Agreement is furnished as under:

PROJECTIONS Vs PERFORMANCE

| SL NO | PARTICULARS | PROJECTIONS AS PER PROSPECTUS dt.6.11.95. 97-98 | ACTUALS 97-98 |
|-------|---|---|---------------|
| | | | (Rs. in Lacs) |
| 1. | Sales | 2123.53 | * 727.54 |
| 2. | Profit before depreciation and Interest | 570.32 | 56.80 |
| 3. | Net Profit/Loss | 310.52 | (57.84) |

Notes:

- * Recession in Industry and partial non-receipt of allotment money affected the performance of the Company in achieving the Projected level.

Q-FLEX CABLES LTD.

ACKNOWLEDGEMENT

The Directors are thankful to Catholic Syrian Bank Ltd., Industrial Finance Branch, Chennai-2, State Bank of India, Sidco Industrial Estate Branch, Ambattur, Chennai-98, and Suppliers for continued assistance and co-operation.

The Directors also wish to place on record their

appreciation of the dedication and excellent contribution made by the employees in realising the objectives of the Company.

For and on behalf of the Board of Directors

Chennai

27.06.98

P.A.JOYKUTTY

Chairman and Managing Director

ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31.3.1998

Information pursuant to the Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

A. Conservation of Energy : Not applicable

B. Technology absorption : Particulars given in Form B annexed.

C. Foreign Exchange earnings and outgo :

i) Activities relating to exports, initiatives taken to increase export development of new export

market for products and services and export plans:

We have exported 2,95,625 Metres of PVC Insulated Cables during the year.

ii) Total Foreign exchange used and earned:

| | Current year | Previous year |
|------------------|--------------|---------------|
| Used Rs./Lakhs | 1.82 | 3.30 |
| Earned Rs./Lakhs | 7.09 | 1.38 |

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

Research and Development (R&D):

- Specific areas in which R&D carried out by the Company
- Benefits derieved as a result of above R&D
- Future plan of actions
- Expenditure on R&D
 - Capital
 - Recurring
 - Total
 - Total R&D expenditure as a percentage of total turnover

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Technology absorption, adaptation and innovation:

- Efforts in brief, made towards technology absorption, adaptation and innovation
- Benefits derieved as a result of above efforts e.g. product improvement, cost reduction, product development, import substitution etc.,
- In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:
 - Technolgoey imported
 - Year of import
 - Has technology been fully absorbed
 - If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.

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Q-FLEX CABLES LTD.**AUDITORS' REPORT FOR THE YEAR ENDED 31.03.1998**

We have audited the attached Balance Sheet of M/s.Q-Flex Cables Limited as at 31st March 1998 and the annexed Profit and loss account for the year ended 31.03.1998 and report that:

01. As required by the Manufacturing and Other Companies (Auditors' Report) Order 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act 1956, and on the basis of such checks of the books and records as we considered appropriate and the information and explanations given to us during the course of the audit we enclose in the Annexure a statement of the matters specified in paragraphs 4 and 5 of the said order.

02. Further to our comments in the Annexure referred to in paragraph 1 above.

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

(b) In our opinion proper books of accounts as required by law have been kept by the

Company in so far as appears from examination of such books.

(c) The Balance Sheet referred to in this report is in agreement with the books of accounts.

(d) In our opinion and to the best of our information and according to the explanations given to us the said balance sheet read together with the and subject to the notes and the schedules attached thereto give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view;

(i) In so far as it relates to the Balance Sheet of the state of affairs of the company as at 31.03.1998.

(ii) In so far as it relates to the Profit & Loss Account, of the loss of the company for the year ended on that date.

For M.R.RAMACHANDRAN & CO.,
Chartered Accountants

Place: CHENNAI
Date : 27-6-98

M.V.BALACHANDRAN
Partner

ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

01. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All assets have been physically verified by the management during the year. No material discrepancies were noticed on verification.

02. No fixed assets have been revalued during the year.

03. The stock of finished goods, work-in-progress, stores and spare parts and raw materials have been physically verified by the management at reasonable intervals during the year.

04. The Procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the company and nature of the business.

05. No material discrepancies were noticed on verification between the physical stocks and the book records.

06. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles.

07. During the year under consideration, though the Company has taken loans, interest free and unsecured from parties listed in the register maintained under section 301, the company has not taken any loans from Companies under the same management as defined under sub - section (1B) of section 370 of Companies Act 1956.

08. During the year under consideration, the Company has not granted loans, secured or unsecured to Companies, firms or other parties listed in the register maintained u/s 301 and/or companies under the same management as defined under sub-section (1B) of section 370 of the Companies Act, 1956 except that