

# **SIXTH ANNUAL REPORT**

**1998-99**

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**Q-FLEX CABLES LTD.**

## Q-FLEX CABLES LTD.

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### BOARD OF DIRECTORS

Mr. P.A.JOYKUTTY  
*Chairman & Managing Director*  
 Mrs. Annamma Joy  
 Mr. Thomas P Joy  
*Executive Director*  
 Mr. N.Karuppiah  
*Director (Finance)*  
 Mr.V. Nagarajan  
*Director (Technical)*  
 Mr. R. Sathasivam  
*Director (Marketing)*

### MANAGEMENT TEAM

Mr.P.A.JOYKUTTY  
*Managing Director*  
 Mr. Thomas P Joy  
*Executive Director*  
 Mr. N.Karuppiah  
*Director (Finance)*  
 Mr.V.Nagarajan  
*Director (Technical)*  
 Mr.R.Sathasivam  
*Director (Marketing)*  
 Mr.S.Ramadurai  
*Company Secretary*

### AUDITORS<sup>1</sup>

**M/s. M.B.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

### MARKETING OFFICE

78, New Avadi Road,  
 Kilpauk, Chennai - 600 010.

### REGISTERED OFFICE & FACTORY

Vengadamangalam Road,  
 Kandigai, Melakottaiyur,  
 Chennai - 48.

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# Q-FLEX CABLES LTD.

## NOTICE FOR THE SIXTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Sixth Annual General Meeting** of the Company will be held at the Company's Factory at VENGADAMANGALAM ROAD, KANDIGAI, MELAKOTTAIYUR, CHENNAI-48 on Friday, the 27th August, 1999 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, 1999 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 Mrs. Annamma Joy who retires by rotation and being eligible, offers herself for re-election.
3. To appoint a Director in place of Mr. R. Sathasivam 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 re-appointment.

### 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 293 (1) (a) and other applicable provisions if any of the Companies Act, 1956 to extend the equitable mortgage of Company's land and factory buildings by the Board of Directors in favour of CATHOLIC

SYRIAN BANK LTD to secure :

- (a) Enhanced Limit of Rs.85 lakhs ;
- (b) Bank Guarantee limit of Rs.25 lakhs sanctioned by Catholic Syrian Bank Ltd.
- (c) 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 and Bank Guarantee 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 pursuant to Section 269, 309, 311 and other applicable provisions, if any of the Companies Act, 1956 the Company hereby approves the appointment and terms of remuneration of Mr. Thomas P. Joy, Executive Director for a period of five years with effect from 1st April, 1999 upon the terms and conditions including remuneration as set out hereunder :

- (a) SALARY : Rs.15,000/- per month including all other allowances.
- (b) PERQUISITES :

## Q-FLEX CABLES LTD.

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| <p>I MEDICAL REIMBURSEMENT : Reimbursement of expenses incurred for self and family subject to ceiling of Rs.2000/- per annum.</p> <p>II PROVIDENT FUND : Company's Contribution towards Provident Fund as per the rules of the Company.</p> <p>III LEAVE TRAVEL CONCESSION : Entitled for Leave Travel Concession for self and family subject to the ceiling of Rs.2000/- per annum.</p> <p>IV PROVISION OF CAR &amp; 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 for car for private purpose will be billed by the Company.</p> <p>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".</p> | <p>PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXIES SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT VENGADAMANGALAM ROAD, KANDIGAI, MELAKOTTAIYUR, CHENNAI-600 048 NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.</p> <p>3. The Register of Members of the Company will remain closed from 25th August 1999 to 27th August, 1999 (both days inclusive)</p> <p>4. Members/Proxies should bring the attendance slip duly filled in for attending the Meeting.</p> <p>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.</p> |
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### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 ANNEXED TO THE NOTICE FOR THE SIXTH ANNUAL GENERAL MEETING

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

Place : Chennai                      **S. RAMADURAI**  
Date : 31-05-1999                  COMPANY SECRETARY

#### NOTES

- 1 Explanatory statement is annexed to the Notice of the Sixth Annual General Meeting of the Company as required by Section 173(2) of the Companies Act, 1956 in respect of Items 5 to 7.
2. ANY MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A

#### ITEM NO.5

The Company had availed Inland LC Limit of Rs.85 Lakhs and Rs.25 Lakhs Bank Guarantee Limit from Catholic Syrian Bank Ltd. The Bank while sanctioning the LC Limit and BG Limit have inter alia stipulated a condition that the above LC Limit and BG 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

## Q-FLEX CABLES LTD.

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

Mr.Thomas P.Joy has been appointed as whole time Director with effect from 1st April 1999 designated as Executive Director as per the terms and conditions set out in the Resolution.

The appointment and remuneration of Mr.Thomas P.Joy as Wholetime Director of the Company requires 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.Thomas P.Joy as Wholetime Director of your Company will be beneficial to your Company and accordingly recommends the acceptance of Resolution set out in item 6.

Mr. P.A.Joykutti, 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.Thomas P.Joy as Wholetime Director of the Company and Memorandum of interest under Section 302 of the Act.

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

Place : Chennai  
Date : 31-05-1999

**S. RAMADURAI**  
COMPANY SECRETARY

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# Q-FLEX CABLES LTD.

## DIRECTOR'S REPORT

Your Directors have pleasure in presenting the Sixth Annual Report together with the Audited Accounts for the year ended 31st March, 1999.

### FINANCIAL RESULTS

	1998-99	1997-98
	(Rs. in Lakhs)	
Profit before Interest and Depreciation	145.81	56.80
Less : Interest	43.80	37.20
Profit before Depreciation	102.01	19.60
Less : Depreciation	23.50	71.02
	78.51	(51.42)
Less : Preliminary exp. written off	6.42	6.42
Net/Loss carried to B/S	72.09	(57.84)

### DIVIDEND

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

### OPERATIONS :

During the year under review, your company has achieved turnover of Rs.889.29 Lakhs registering a growth of 22.38% over the previous year's turnover of Rs.727.54 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. We are happy to inform you that your company has obtained ISO 9002 Certification from Underwriters Laboratories Inc. (USA). In fact, your company is the first Cable manufacturing company in India to get ISO 9002 Certification from Underwriters Laboratories Inc. (USA). The Product Certification from UL is expected during the current year.

### 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.50,000/- or more per month or part thereof or Rs.6,00,000/- 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

Mr. Santosh Varughese, Director-Works resigned with effect from 1-4-99. The Board places on record its appreciation of the valuable services rendered by Mr.Santosh Varughese. Under Article 111 of the Articles of Association of the Company, Mrs.Annamma Joy and Mr.R.Sathasivam 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.

### Y2K COMPLAINEE

The Company has addressed the Y2K compliance issue and has taken the requisite steps to ensure that its computer operations are not effected by the advent of the year 2000. Y2K compliance has been achieved in respect of hardware, software and operating systems. The Company has also

## Q-FLEX CABLES LTD.

drawn up Contingency Plans to take care of any unforeseen eventualities arising from Y2K Phenomenon. Information as required under Clause 43 of the Listing Agreement is furnished as under :

### LISTING AGREEMENT

#### PROJECTIONS Vs PERFORMANCE

SL NO	PARTICULARS	PROJECTIONS AS PER PROSPECTUS dt 6.11.95 98-99	ACTUALS 98-99 (Rs. in Lacs)
1.	Sales	2506.95	* 889.29
2.	Profit before depreciation and Interest	640.17	145.81
3.	Net Profit/Loss	342.93	72.09

#### Notes :

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

### 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.

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

**P.A.JOYKUTTY**

The Directors also wish to place on record their

31-05-99

Chairman & Managing Director

### ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31-3-1999

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

to increase export development of new export market for products and services and export plans :

A.Conservation of Energy : Not applicable

We have exported 416625 Metres of PVC Insulated Cables during the year.

B.Technical absorption : Particulars given in Form B annexed

ii) Total Foreign exchange used and earned :

C.Foreign Exchange earnings and outgo

	Current Year	Previous Year
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i) Activities relating to exports, initiative taken

Used Rs./Lakhs	5.79	1.82
Earned Rs./Lakhs	12.60	7.09

## Q-FLEX CABLES LTD.

### FORM B

#### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

##### Research and Development (R & D) :

1. Specific areas in which R & D carried out by the Company :
2. Benefits derived as a result of above R & D :
3. Future plan of actions : NIL
4. Expenditure on R & D
  - (a) Capital
  - (b) Recurring
  - (c) Total
  - (d) Total R & D expenditure as a percentage of total turnover

##### Technology absorption, adaptation and innovation :

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



## Q-FLEX CABLES LTD.

### AUDITORS' REPORT FOR THE YEAR ENDED 31-03-1999

We have audited the attached Balance Sheet of M/s.Q-Flex Cables Limited as at 31st March, 1999 and the annexed Profit and Loss account for the year ended 31-3-1999 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 proper.

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 on accounts 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 31-03-1999.

(ii) In so far as it relates to the Profit and Loss Account of the Profit of the Company for the year ended on that date.

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

Place : Chennai

**M.V.BALACHANDRAN**

Date: 31-05-99

(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 asset have been physically verified by the management during the year. No material discrepancies were noticed on verification.

02. Fixed assets have not been revalued during the year. The company has however changed the method of depreciation from written down value method to straight line method and the

rates of depreciation have been adopted as per Schedule - XIV of The Companies Act, 1956. The profits of the Company are consequently overstated to the extent of Rs.104.58 lakhs.

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

04. The Procedures of physical verification of