

SEVENTH ANNUAL REPORT

1999-2000

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**Q-FLEX CABLES AND
SOFTWARES LTD.**

Q-FLEX CABLES AND SOFTWARES LTD.

BOARD OF DIRECTORS

Mr. P.A.JOYKUTTY
Chairman & Managing Director
 Mrs. Annamma Joy
 Mr. Thomas P Joy
Executive Director
 Mr. George P. Joy
Director - Information Systems
 Mr. N.Karuppiah
Director (Finance)
 Mr.V. Nagarajan
Director (Technical)
 Mr. A.K.S. Nair
Director (Marketing)

MANAGEMENT TEAM

Mr.P.A.JOYKUTTY
Managing Director
 Mr. Thomas P Joy
Executive Director
 Mr. George P. Joy
Director - Information Systems
 Mr. N.Karuppiah
Director (Finance)
 Mr.V.Nagarajan
Director (Technical)
 Mr.A.K.S.Nair
Director (Marketing)

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
 Thousand Lights Branch, Chennai - 6

MARKETING OFFICE

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

REGISTERED OFFICE

237, SIDCO Industrial Estate,
 Ambattur, Chennai - 98.

FACTORY

Vengadamangalam Road, Kandigai,
 Melakottaiyur, Chennai - 48.

Q-FLEX CABLES AND SOFTWARES LTD.

NOTICE FOR THE SEVENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Seventh Annual General Meeting** of the Company will be held at the Company's Factory at VENGADA MANGALAM ROAD, KANDIGAI, MELAKOTTAIYUR, CHENNAI - 600 048 on Wednesday, the 27th September, 2000 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, 2000 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.Karuppiyah 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 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 ODBD Limit of Rs.100 lakhs ;
- (b) Enhanced Cheque Purchase/WAVE Limit of Rs.10 Lakhs ;
- (c) Enhanced LC Limit of Rs.100 Lakhs 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 Limits".

"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 310 and other applicable provisions, if any of the Companies Act, 1956 the Company hereby approves the revision of terms of remuneration to Mr.PA.Joykutty, Managing Director with effect from 1st April, 2000 as set out hereunder :

SALARY : Rs.30,000/- per month including all other allowances."

7. 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 310

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and other applicable provisions, if any of the Companies Act, 1956 the Company hereby approves the revision of terms of remuneration to Mr.Thomas P.Joy, Executive Director with effect from 1st April, 2000 as set out hereunder :

SALARY : Rs.20,000/- per month including all other allowances."

8. 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 310 and other applicable provisions, if any of the Companies Act, 1956 the Company hereby approves the revision of terms of remuneration to Mr.George P.Joy, Director - Information Systems with effect from 1st April, 2000 as set out hereunder :

SALARY : Rs.15,000/- per month including all other allowances."

9. 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 310 and other applicable provisions, if any of the Companies Act, 1956 the Company hereby approves the revision of terms of remuneration to Mr.N. Karuppiah, Director-Finance with effect from 1st April, 2000 as set out hereunder :

SALARY : Rs.20,000/- per month including all other allowances."

10. 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 310

and other applicable provisions, if any of the Companies Act, 1956 the Company hereby approves the revision of terms of remuneration to Mr.V.Nagarajan, Director Technical with effect from 1st April, 2000 as set out hereunder :

SALARY : Rs.21,000/- per month including all other allowances."

11. 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 310 and other applicable provisions, if any of the Companies Act, 1956 the Company hereby approves the revision of terms of remuneration to Mr.A.K.S.Nair, Director Marketing with effect from 1st April, 2000 as set out hereunder :

SALARY : Rs.20,000/- per month including all other allowances."

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

"RESOLVED that in pursuant to Section 299 and other applicable provisions, if any of the Companies Act, 1956 the Company hereby approves the permanent transfer of Brand Name "Q-FLEX" for the consideration of Rs.35/- Lakhs from "M/s.ASIA CABLES."

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

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

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1. **Article 2 of the Articles of Association shall be altered to include the following definition at appropriate places :**

- ❖ "Beneficial Owner" shall mean beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.
- ❖ "Depositories Act, 1996" shall include any statutory modification or re-enactment thereof.
- ❖ "Depository" shall mean a Depository as defined in Clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.
- ❖ "Registered Owner" means a Depository whose name is entered as such in the records of the Company.
- ❖ "Security" means such security as may be specified by the Securities and Exchange Board of India from time to time.
- ❖ "Member" means the duly registered holder from time to time of the shares of the company and includes the beneficial owner as defined in Depositories Act, 1996.
- ❖ "SEBI" means Securities and Exchange Board of India.

2. **Under the heading SHARE AND DEBENTURE CERTIFICATE, after Article 17(2) of the Articles of Association of the Company, a new Article 17(3) for Dematerialisation of Securities shall be inserted.**

- 17(3) (a) Dematerialisation of Securities - The Company shall be entitled to dematerialise its existing shares, debentures, and other securities, rematerialise its shares, debentures, and other securities held in the Depository and / or offer its fresh

shares and debentures and other securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.

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

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

- (c) Securities in depositories to be in fungible

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

(d) Rights of Depositories and Beneficial Owners

- (i) Notwithstanding anything to the contrary contained in the Act or this Article, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owners.
- (ii) Save as otherwise provided in (i) above, the depository as the registered owner of the securities shall not have any Voting rights or any other rights in respect of the securities held by it.
- (iii) The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

3. Under the heading TRANSFER OF SHARES, after Article 45 of the Articles of Association of the Company, a new Article 45(A) for Service of Documents etc., with respect to Dematerialisation of Securities and a new Article 45(B) for Nomination of Shares shall be inserted.

45(A)(1) Service of documents - Notwithstanding anything in the Act or this Article to the contrary, where securities are held in a depository, the records of the beneficial

ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or discs.

- (2) Transfer of Securities - Nothing contained in Section 108 of the Act shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.
- (3) Register and Index of Beneficial Owners - For the purpose of this Article, the Register and Index of Members and Debenture holders shall be deemed to include the Register and Index of Beneficial Owners maintained under the Depositories Act, 1996 by every Depository in respect of Securities issued by the company.

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

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

Place : Chennai
Date : 30-06-2000

S. RAMADURAI
COMPANY SECRETARY

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NOTES

1. Explanatory statement is annexed to the Notice of the Seventh Annual General Meeting of the Company as required by Section 173(2) of the Companies Act, 1956 in respect of Items 5 to 13.
2. ANY MEMBER 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, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AND ALSO AT FACTORY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Register of Members of the Company will remain closed from 25th September 2000 to 27th September, 2000 (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.
6. Members are requested to send the nomination form duly filled in.

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

ITEM NO.5

The Company had availed the following enhanced limits from Catholic Syrian Bank Ltd. :-

1. ODBD Limit of Rs.100 lakhs
2. Cheque purchase/WAUE Limit of Rs.10 Lakhs
3. LC Limit of Rs.100 lakhs

The Bank while sanctioning the above limits have inter alia stipulated a condition that the above limits should be secured by extended 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 to 11

The remuneration of the following directors have been revised with effect from 1st April, 2000 :-

1. Mr.P.A.Joykutty, Managing Director from Rs.20,000/- to Rs.30,000/-
2. Mr.Thomas P.Joy, Executive Director from Rs.15,000/- to Rs.20,000/-
3. Mr.George P.Joy, Director - Information Systems from Rs.10,000/- to Rs.15,000/-
4. Mr.N.Karuppiyah, Director - Finance from Rs.17,500/- to Rs.20,000/-
5. Mr.V.Nagarajan, Director - Technical from Rs.18,500/- to Rs.21,000/-
6. Mr.A.K.S.Nair, Director - Marketing from Rs.10,000/- to Rs.20,000/-

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The above Directors are concerned or interested in the relative resolution concerning their revision of remuneration. This may also be regarded as Memorandum of interest under Section 302 of the Act.

ITEM NO.12 :

The Members are aware that M/s.Asia Cables had temporarily transferred brand Name "Q-FLEX" to your company for a period of 3 years in the year 1995. Now they are willing to Transfer the brand name permanently to your company for a consideration of Rs.35 lakhs.

As the permanent transfer of brand name will be beneficial to the interests of the company, the board recommends the resolution for adoption.

Mr.PA.Joy Kutty and Mrs.Annamma Joy are concerned or interested in the above resolution.

None of the other directors of your company is interested or concerned in the resolution.

ITEM NO.13 :

As per Companies (Amendment) Act, 1999 and Depositories Act, 1996, it is proposed to introduce a new article in the Articles of Association of the Company to provide for dematerialisation of shares and nomination facility in accordance with the newly enacted provisions of the above Acts.

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

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

Place : Chennai
Date : 30-06-2000

S. RAMADURAI
COMPANY SECRETARY



Q-FLEX CABLES AND SOFTWARES 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

| | 1999-2000 | 1998-1999 |
|---|----------------|-----------|
| | (Rs. in Lakhs) | |
| Profit before Interest and Depreciation | 99.03 | 145.81 |
| Less : Interest | 43.37 | 43.80 |
| Profit before Depreciation | 55.66 | 102.01 |
| Less : Depreciation | 26.61 | 23.50 |
| | 29.05 | 78.51 |
| Less : Preliminary exp. written off | 6.42 | 6.42 |
| Net Profit carried to B/S | 22.63 | 72.09 |

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.1031.29 Lakhs registering a growth of 15.97% over the previous year's turnover of Rs.889.29 Lakhs. Now, the market has started slowly picking up, Directors expect good results in the coming years. The Directors also expect substantial earnings from the Software Division of the Company.

The Management is also concentrating on the Quality, Cost Reduction and Efficiency parts of Production. The Product Certification from Underwriters Laboratories Inc. (USA) is expected during the current year.

PERSONNEL :

During the period under review, no employee was in receipt of remuneration in excess of limits laid down under Section 217(2A) of the Companies Act, 1956.

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. R.Sathasivam, Director-Marketing resigned with effect from 07-03-2000. The Board places on record its appreciation of the valuable services rendered by Mr.R.Sathasivam. 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.

Y2K COMPLAINE

The Company has successfully complied with Y2K issue and all the operating systems of the company are functioning normally.

ACKNOWLEDGEMENT :

The Directors are thankful to Catholic Syrian Bank Ltd., Industrial Finance Branch, Chennai-2, State Bank of India, Thousand Lights Branch, Chennai-6, 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

30-06-2000

P.A.JOYKUTTY

Chairman & Managing Director

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ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31-3-2000

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.

A.Conservation of Energy : Not applicable

B.Technical absorption : Particulars given in Form B annexed

C.Foreign Exchange :
earnings and outgo

i) Activities relating to exports, initiative taken

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

We have exported 197525 Metres of PVC Insulated Cables during the year.

ii) Total Foreign exchange used and earned :

| | Current Year | Previous Year |
|------------------|-----------------|------------------|
| Used Rs./Lakhs | 6.33 | 5.79 |
| Earned Rs./Lakhs | 8.56 | 12.60 |

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

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.

Technology absorption, adaptation and innovation :

1. Efforts in brief, made towards technology absorption, adaptation and innovation