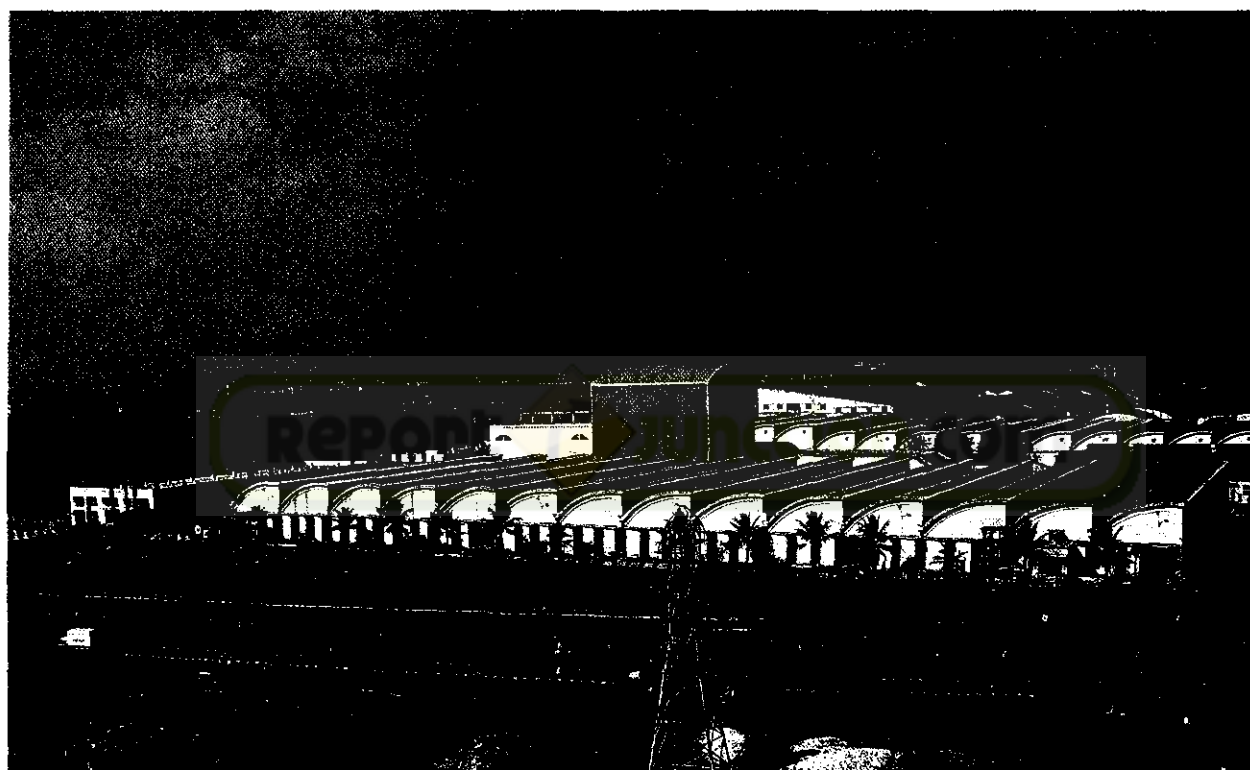


# Cable Corporation of India Ltd.

43rd Annual Report and Accounts

**1999-2000**



## Highlights

PARTICULARS		1999-2000	1998-99	1997-98	1996-97	1995-96
SALES	Rs. Crores	187.8	186.9	228.9	240.1	224.0
PROFIT/(LOSS) BEFORE TAX	Rs. Crores	(27.1)	(13.4)	0.5	20.2	41.8
PROFIT/(LOSS) AFTER TAX	Rs. Crores	(26.4)	(13.4)	0.5	16.7	31.3
PROFIT/(LOSS) BEFORE TAX AS % OF SALES		(14.4)	(7.2)	0.2	8.4	18.7
PROFIT/(LOSS) AFTER TAX AS % OF SALES		(14.1)	(7.2)	0.2	6.9	14.0
NET WORTH PER SHARE	Rs.	71.3	90.8	100.9	101.4	109.1
EARNINGS PER SHARE	Rs.	—	—	0.1	12.4	34.8
DIVIDEND PER SHARE	Rs.	—	—	1.0	5.0	5.0
DEBT/EQUITY RATIO		1.4:1	0.9:1	0.8:1	0.5:1	0.4:1
CURRENT RATIO		3.1:1	2.9:1	3.7:1	2.9:1	3.5:1
TOTAL LIABILITIES/NET WORTH		1.8:1	1.3:1	1.1:1	0.9:1	1.1:1
NUMBER OF EMPLOYEES		1080	1270	1240	1223	1213
NUMBER OF SHAREHOLDERS		13415	12176	12156	12714	5604

## Board of Directors

### *Chairman & Managing Director*

Mr. Hiten A. Khatau

### *Directors*

Mrs. Krishna A. Khatau

Mr. D. E. Udawadia

Mr. M. L. Bhakta

Mr. Y. C. Amin

Mr. Hoshang S. Billimoria

Mr. Maitreya V. Doshi

Mrs. N. H. Khatau

Mr. U. Mahesh Rao

Mr. T. S. Sastri, *Director - Finance & Commercial*

Mr. Deepak Verma (*Nominee of ICICI*)

## Company Secretary

Mr. P. V. Ramaswamy

## Bankers

State Bank of India

United Bank of India

State Bank of Patiala

Credit Agricole Indosuez

The Bank of Nova Scotia

## Auditors

Sorab S. Engineer & Co.,

Chartered Accountants

## Solicitors

Kanga & Co.

Udwadia, Udeshi & Berjis

## Cost Auditor

A. V. Ramana Rao

## Registrars & Transfer Agents

M/s. Intime Spectrum Registry Pvt. Ltd.

## Registered Office

Laxmi Building, 4th Floor,  
6, Shoorji Vallabhdas Marg,  
Ballard Estate,  
Mumbai - 400 001.

## Regional Offices

Mumbai, Calcutta, Chennai, Delhi

## Works

Borivli, Mumbai,  
Sinnar, Nashik

# Directors' Report

Your Directors hereby present the Forty Third Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the financial year ended 31st March, 2000.

## 1. PROFIT/LOSS AND APPROPRIATIONS:

	Current Year (Rs. in lakhs)	Previous Year
(Loss) before Tax	(2710.22)	(1343.41)
Less: Excess Provision of Income Tax of earlier years written back	74.44	—
<b>(Loss) after Tax for the year</b>	<b>(2635.78)</b>	<b>(1343.41)</b>
Add: Balance brought forward from previous year	(1022.04)	393.56
Less : Interim Dividend on 5,25,000 12.5% Redeemable Cumulative Preference Shares of Rs. 100/ each Tax @ 10% on the Dividend	— —	65.63 6.56
	<b>(3657.82)</b>	<b>(1022.04)</b>
Add: Withdrawn from General Reserve	<b>3657.82</b>	—
Balance available for Appropriation	—	<b>(1022.04)</b>

## 2. DIVIDENDS:

After reviewing the working of the Company and considering the outlook for the current year, your Directors do not recommend any dividend on Equity Shares for the year ended 31st March, 2000. With regard to the Dividend on Preference Shares, the company has made an application to the Central Government for payment of dividend out of the general reserves and the same is under consideration.

## 3. OPERATIONS:

The year under review has continued to be a very difficult one due to sluggish market conditions and delayed power projects, which resulted in low capacity utilisation and brought down margins to unprecedented levels, with a direct bearing on the profitability. Since the operations were below breakeven level, the company had to record a loss during the year under review.

Higher interest burden on borrowings for financing working

capital requirements further eroded the profit margin. The company has taken various cost reduction measures at all levels to bring down process wastage and overhead expenditure, the benefit of which would be reflected in the results of subsequent years.

## 4. CURRENT YEAR'S OUTLOOK AND FUTURE PROSPECTS:

Signs of recovery are visible with increase in enquiries from Power, Utility and Industrial Sectors now. Exports prospects are also showing promise. Because of good inflow of enquiries, opportunities in project business, exports, expected improvement in margins and volumes as well as on account of gains from cost reduction taken so far, it is expected that the loss making trend would be controlled in the near future.

## 5. INDUSTRIAL RELATIONS:

The industrial relations situation continued to remain generally peaceful during the year.

## 6. COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

Pursuant to the aforesaid rules, your Board of Directors is pleased to furnish the prescribed details, which are given in Annexure "A" attached hereto.

## 7. PARTICULARS OF EMPLOYEES:

The particulars of employees as required to be furnished pursuant to the provisions of Section 217(2A) of the Companies Act, 1956, are given in Annexure "B" attached hereto, in respect of those employees who were in receipt of the remuneration in excess of the limits prescribed by the Central Government.

## 8. JOINT VENTURE:

Your company has established a Joint Venture with M/s Sumitomo Electric Industries Limited, Japan for manufacture of Cable

Accessories of EHV cables. With this joint venture, your company need not depend on any imports for Cable Accessories of EHV cables and will also be the first cable Company in India to offer and supply complete power cable system upto 230 kv including engineering and installation.

#### 9. SUBSIDIARY COMPANY:

Pursuant to Section 212 of the Companies Act, 1956, the Statement and the audited accounts with the Auditors' Reports thereon of the Subsidiary Company for the period ended 30th September, 1999 are annexed hereto.

#### 10. DEPOSITORY SYSTEM:

Trading of the Company's Equity Shares in Demat form has been made compulsory for institutional holdings by the Securities & Exchange Board of India (SEBI) with effect from 22nd May, 2000.

#### 11. DIRECTORS:

Mr. Kalyan Chakravarti, Executive Director of the Company, retired from the Company with effect from 31st January, 2000. Your Directors

have inducted Mr. Deepak Verma as a Nominee Director of ICICI Ltd. which has extended loans to the Company.

Under Article 128 of the Articles of Association of the Company Mr. Y C Amin, Mr. M V Doshi and Mr. H S Billimoria retire by rotation and being eligible for re-appointment, they agree to continue as Directors, if appointed.

#### 12. AUDITORS' REPORT:

The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further explanation under Section 217(3) of the Companies Act, 1956.

#### 13. AUDITORS:

The Auditors of the Company, M/s Sorab S Engineer & Co., are eligible for re-appointment and have expressed their willingness to serve, if appointed.

#### 14. STATUS ON Y2K:

The steps initiated in-house ensured smooth transition for all the computerised systems, to the new

millennium.

#### 15. ACKNOWLEDGEMENTS:

Your Directors desire to record their sincere appreciation of the efforts put in by all the employees of the Company.

The Directors also take this opportunity to thank the Company's Collaborators, the Financial Institutions, Solicitors, Debenture Trustees and the Company's Bankers for their invaluable guidance and support.

Finally, the Directors convey their gratitude to all the Shareholders, Debenture-holders, Warrantholders and Fixed Deposit holders for their continued support, especially in what has been a difficult year for the company.

On behalf of the Board of Directors,

**H. A. KHATAU**

*Chairman & Managing Director*

*Mumbai*

*Dated: 27th July, 2000.*

## Annexure to Directors' Report

Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988.

### A. CONSERVATION OF ENERGY:

#### (a) Energy Conservation measures taken:

1. Automation to avoid idle running of field coils and blowers in DC motors of Wire Drawing, Stranding, Extruders & Armouring machines.
2. Fixing of energy meters of all the major manufacturing machines to monitor and control the energy consumption.
3. Voltage optimisation achieved by reducing the tap setting from 5 to 4 on one transformer.
4. Energy efficient lighting installed in office areas, factory and canteen.
5. Modification of steam line drive to utilise flash steam for heating of bitumen tanks.
6. Fuel magnetiser used on boiler, improving the steam generation ratio.
7. Optimised compound air operating pressure.
8. Rationalised the number of cooling tower in operation based on outlet water temperature.
9. Power factor of MSEB line consistently maintained at 0.99.
10. Energy meters have been fixed for 2 nos. critical machines (Extruder and Compressor)
11. Electronic ballast had been provided at selective places in the office to reduce power consumption and to increase the life of tube lights.

#### (b) Additional investments and proposals:

1. Continuation of phased programme of replacement of mechanical aterial drives and AC commutator motor drives by DC drives for Armouring and Extruding machines.
2. Maximum demand reduced by 1000 KVA, thereby achieving reduction in energy bill.
3. Fixing of energy meters for all the machines and analysis of power consumption per machine.
4. Replacement of existing and inefficient V-belt drives by modern timer belts.
5. Explore use of fuel magnetiser of LPG and forklift trucks.
6. Substitute use of compressed air in extruders for wiping by cheaper methods.
7. Substitute electrical heating by steam heaters in rubber extruders.

#### (c) Impact of various measures on cost of production.

Energy conservation measures implemented has marginal effect on overall energy bills and cost of production.

#### (d) Total energy consumption and energy consumption per unit of production as per Form "A" of the Annexure in respect of industries specified in the Schedule:

The requirement of giving details under this sub-head does not apply to the Company.

### B. TECHNICAL ABSORPTION:

#### (e) Efforts made in technology absorption as per Form "B" are as under:

Form for Disclosure of Particulars with respect to absorption:

Research & Development (R & D):

1. Specific areas in which R & D is carried out by the Company:  
Research and Development activities in areas of Cable Technology, Analytical Research and Product Development are being carried out by the Company.
2. Benefits derived as a result of the above R & D:  
Product development catering to specific customer requirements, process improvements, material development, standardisation and technology absorption.
3. Future plan of action:  
In future, R & D activities will be directed in improving productivity and demands related to export and speciality cables in addition to Extra High Voltage cables.
4. Expenditure on R & D:

	(Rs. '000)
(a) Capital :	—
(b) Recurring :	32,11
(c) Total :	32,11
(d) Total R & D expenditure as a percentage of total turnover :	0.16%

#### Technology Absorption, Adaptation and Innovation:

1. Efforts, in brief made towards technology absorption, adaptation and innovation.
2. Benefits derived as a result of the above.

Efforts/Projects	Benefits Derived
i) Improvement in Process Technology of PVC Compound manufacturing	Process Technology
ii) Rationalisation of Thermoplastic/Elastomeric Cable compounds	Process Development
iii) Product Audit of XLPE and PVC cables	Process Technology
iv) Development of new products to meet specific Requirements of customers	Product Development

5. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information is furnished:

A	B	C	D
Technology imported	Year of Import	Has the technology been fully absorbed	If absorbed, areas where this has not taken place, reasons thereof and future plan of action
For Project Engineering Technology and know-how with regard to laying and installation of Extra High Voltage (EHV) Cables Systems	1997	—	This technology is adapted to various projects in India and abroad.

## C. FOREIGN EXCHANGE EARNINGS AND OUTGOINGS:

- (f) The Company continues to explore new avenues for export of its cables. Information with regard to foreign exchange earnings and outgoings is contained in the notes to the accounts, under Schedule 9, Items 14 and 15, respectively.

Mumbai

Dated: 27th July, 2000

## Annexure "B" to Directors' Report

Statement Pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 and forming part of the Directors' Report for the year ended on March 31, 2000.

Sr. No.	Name	Designation & Nature of duties	Remuneration Rs.	Qualification	Date of Commencement of Employment	Age in Years	Experience in yrs.	Last Employment Name of the Company & Designation
1.	Mr. G D Bhingarkar	Exec. Vice President (Personnel & IR)	778832	BA,DLW,LLM	01.07.1998	50	30	Exide Industries Ltd. Vice President-HRM
2.	Mr. T S Hariharan	Director - Operations	839839	B.Sc.,MBA, BL	12.03.1997	55	32	Apollo Tyres Ltd. Profit Centre Head
3.	Mr. Hiten A Khatau	Chairman & Managing Director	1122000	B.Com. (Hons.) A.C.A.	23.01.1995	41	19	—
4.	Mr. B Mitra	Exec. Vice President Nashik Works	697350	B.Tech. (Hons.)	01.10.1997	54	32	Finolex Cables Ltd. Vice President Works
5.	Mr. T S Sastri	Director - Finance & Commercial	731909	B.Sc., ACA, CISA	23.09.1998	49	25	Hindustan Dorr Oliver Ltd. Sr. Vice President - Finance & Corp. Serv.
6.	Mr. P K Talapatra	Exec. Vice President (Sales & Marketing)	612473	B.E., MBA	18.12.1998	53	29	Bradma of India Ltd. Vice President
<b>Part of the Year</b>								
7.	Mr. Kalyan Chakravarti	Executive Director	1089201	B.Tech.(Hons.) F.I.E., C.E. PMD (Harvard)	15.06.1995	59	37	Larsen & Toubro Ltd. General Manager
8.	Mr. S R Padmanabhan	General Manager Technical	292202	B.E. (Electrical)	15.10.1960	60	38	—
9.	Mr. A H Pereira	General Manager Development	663138	M.Sc.	01.12.1964	60	34	—
10.	Mr. A M Ponshe	General Manager Finance & Accounts	473774	B.Com., CA,CS	04.05.1995	40	12	Crompton Greaves Ltd. Exec. Assistant to President
11.	Mr. A S Purandare	Exec. Vice President (Sales & Marketing)	341889	B.E.(Electrical)	01.10.1980	60	37	Siemens India Ltd. Asst. Production Manager

### NOTES:

- The nature of employment in respect of all employees except Mr. H A Khatau, Mr. T S Hariharan and Mr. T S Sastri, whose appointments are contractual, is non-contractual.
- Other terms and conditions:
  - All non-contractual employment are subject to rules and regulations of the Company relating to service conditions in force from time to time.
  - Contractual employment is subject to special rules and regulations relating to salary, commission, medical treatment etc. as per terms of appointment letters.
- None of the employees mentioned above is related to any Director of the Company, except Mr. H A Khatau, who is related to Mrs. K A Khatau & Mrs. N H Khatau.



## Report of The Auditors

TO THE MEMBERS OF CABLE CORPORATION OF INDIA LTD.

We have audited the attached Balance Sheet of CABLE CORPORATION OF INDIA LIMITED, as at 31st March, 2000 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto, and report that:-

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
2. 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 account as required by law have been kept by the Company so far as appears from our examination of the books;

(c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;

(d) in our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;

Attention is invited to the following:

(i) Note no 21 regarding under provision of Rs. 27,715 thousands on account of the accrued liability for gratuity resulting in loss for the year being lower to that extent.

(e) Subject to the above, in our opinion and to the best of our information and according to the explanations given to us,

the said accounts, read together with Note no 24 regarding credit of Rs. 116,450 thousands taken to Profit and Loss account being gain on Assignment of Loan Obligations and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:-

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2000  
and

(ii) in the case of the Profit and Loss Account, of the Loss for the year ended on that date.

For SORAB S. ENGINEER & CO.  
Chartered Accountants

N. D. ANKLESARIA  
Partner

Mumbai,  
Dated: 29th June, 2000

### Annexure To Auditors' Report

Referred to in paragraph 1 of our report of even date on the accounts for the year ended 31st March, 2000 of Cable Corporation of India Limited.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets except those in respect of Plant & Machinery installed prior to 1st January, 1967. The Fixed Assets have been physically verified by the Management during the year. We are informed that no material discrepancies were noticed by the Management on such verification.
2. None of the fixed assets have been revalued during the year.

3. The stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the Management. In our opinion, the frequency of the verification is reasonable.

4. In our opinion and according to the information and explanations given to us the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

5. No material discrepancies have been noticed on physical verification of stocks as compared to book records.

6. 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 and is on the same basis as in the preceding year.

7. The Company has not taken any loans, secured or unsecured from companies, firms, or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and/or from the Companies under the same management as defined under sub-section (1-B) of Section 370 of the Companies Act, 1956.

8. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956



- and/or to the Companies under the same management as defined under sub-section (1-B) of Section 370 of the Companies Act, 1956.
9. The parties to whom the loans or advances in the nature of loans have been given by the Company are repaying the principal amounts as stipulated and are also regular in the payment of interest.
  10. In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipments and other assets, and for the sale of goods.
  11. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials and services or the prices at which transactions for similar goods, materials or services have been made with other parties or as available with the Company.
  12. According to the information and explanations given to us, the Company has a procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
  13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Rules framed thereunder with regard to the deposits accepted from the public.
  14. In our opinion, reasonable records have been maintained by the Company for sale and disposal of realisable scraps. We are informed that the Company does not generate any by-product.
  15. The Company has an internal audit system which in our opinion, is commensurate with its size and nature of its business.
  16. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of electrical cables manufactured by the Company. We are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of these records.
  17. According to the records of the Company, Provident Fund and Employees' State Insurance dues have generally been regularly deposited during the year with the appropriate authorities.
  18. According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth-tax, sales-tax, customs duty and excise duty were outstanding as at 31.03.2000 for a period of more than six months from the date they became payable.
  19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
  20. The Company is not a sick industrial company within the meaning of Clause (o) of sub-section (1) of Section 3 of The Sick Industrial Companies (Special Provisions) Act, 1985.
  21. In relation to trading activity of the Company, damaged goods have been determined and provision for loss have been made in accounts.

For SORAB S. ENGINEER & CO.  
Chartered Accountants

N. D. ANKLESARIA  
Partner

Mumbai,  
Dated: 29th June, 2000

**BALANCE SHEET as at 31st March, 2000**

		(Rs. in thousands)	
Schedule		As at 31-03-2000	As at 31-03-1999
<b>I. SOURCES OF FUNDS</b>			
(1) Shareholders' Funds:			
(a) Capital	1	18,73,04	18,73,04
(b) Reserves and Surplus	2	84,04,97	110,40,75
		<b>102,78,01</b>	129,13,79
(2) Loan Funds:			
(a) Secured Loans	3	107,03,59	79,34,61
(b) Unsecured Loans	4	28,22,59	29,62,86
		<b>135,26,18</b>	108,97,47
<b>TOTAL</b>		<b>238,04,19</b>	<b>238,11,26</b>
<b>II. APPLICATION OF FUNDS</b>			
(1) Fixed Assets:	5		
(a) Gross Block		152,75,78	152,32,44
(b) Less: Depreciation		71,35,55	61,68,22
(c) Net Block		81,40,23	90,64,22
(d) Capital Work-in-progress		8,68,31	8,24,36
		<b>90,08,54</b>	98,88,58
(2) Investments	6	37,76,57	36,27,07
(3) Current Assets, Loans and Advances:	7		
(a) Inventories		36,56,29	35,75,71
(b) Sundry Debtors		51,24,41	60,87,47
(c) Cash and Bank Balances		12,83,89	8,24,33
(d) Other Current Assets		37,02	2,90,00
(e) Loans and Advances		57,42,28	47,79,44
		158,43,89	155,56,95
Less: Current Liabilities and Provisions:	8		
(a) Liabilities		57,26,33	58,03,07
(b) Provisions		(6,39,29)	(4,09,40)
		50,87,04	53,93,67
<b>Net Current Assets</b>		<b>107,56,85</b>	101,63,28
(4) Miscellaneous Expenditure to the extent not written off or adjusted:			
Technical Consultancy		40,14	60,21
Debenture Issue expenses deferred (See Note No. 17)		47,39	72,12
Deferred Revenue expenditure (See Note No. 1.10g)		1,74,70	—
		<b>2,62,23</b>	1,32,33
<b>TOTAL</b>		<b>238,04,19</b>	<b>238,11,26</b>
Notes forming part of the Balance Sheet and Profit and Loss Account	9		

As per our attached report of even date

For SORAB S. ENGINEER & CO.  
Chartered AccountantsN.D. ANKLESARIA  
Partner

Mumbai: 29th June, 2000

H.A. KHATAU  
Chairman &  
Managing DirectorP. V. RAMASWAMY  
General Manager — Legal &  
Company Secretary

Mumbai: 29th June, 2000

MRS. K.A. KHATAU  
MRS. N.H. KHATAU  
Y.C. AMIN  
D.E. UDWADIA  
M.V. DOSHI  
U. MAHESH RAO  
T.S. HARIHARAN  
T.S. SASTRI  
Directors