

NINTH ANNUAL REPORT 2001 - 2002



Q-FLEX CABLES AND SOFTWARES LTD.

G-FLEX CABLES AND SOFTWARES LTD.

BOARD OF DIRECTORS

Mr.P.A.JOYKUTTY
Chairman & Managing Director

Mr. Thomas P. Joy
Executive Director

Mr.George P. Joy
Director - Operations

Mr. N. Karupiah
Director - Finance

Mr. V. Nagarajan
Director - Technical

Mr. A.K.S. Nair
Director - Marketing

MANAGEMENT TEAM

Mr.P.A.JOYKUTTY
Chairman & Managing Director

Mr. Thomas P. Joy
Executive Director

Mr.George P. Joy
Director - Operations

Mr. N. Karupiah
Director - Finance

Mr. V. Nagarajan
Director - Technical

Mr. A.K.S. Nair
Director - Marketing

Mr.P.D.Krishna Prasad
Company Secretary

AUDITORS

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

BANKERS

The Catholic Syrian Bank Ltd.,
Industrial Finance Branch,
Mount Road, Chennai - 600 002.

MARKETING OFFICE

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

REGISTERED OFFICE

138, SIDCO Industrial Estate,
Ambattur, Chennai - 600 098.

FACTORY

3, Vengadamangalam Road, Kandigai,
Melakottaiyur, Chennai - 600 048.

G-FLEX CABLES AND SOFTWARES LTD.**NOTICE FOR THE NINTH ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Ninth Annual General Meeting of the Company will be held at the Company's Factory at VENGADAMANGALAM ROAD, KANDIGAI, MELAKOTTAIYUR, CHENNAI - 600 048 on Friday, the 27th September, 2002 at 10.00 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, 2002 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. Thomas P. Joy, who retires by rotation and being eligible, offers himself for re-election.
3. To appoint a Director in place of Mr. N.Karuppaih, 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 SPECIAL RESOLUTION:

(This item will be transacted through postal ballot as required under Section 192A of the Companies Act, 1956 and the Rules framed there under. The result of the postal ballot will be announced at the AGM)

"RESOLVED THAT pursuant to Section 17 and other applicable provisions, if any, of the Companies Act, 1956, sub-clause 9 of Clause III(A) of the Memorandum of Association of the Company be and is hereby deleted:-

To carry on the business of developing ERP Systems for Manufacturing Companies, to develop Client-server based applications, to provide Electronic Commerce solutions, to design and develop Intranet and Internet based solutions, Multi-media Communications and all other business connected with Information Systems".

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

(This item will be transacted through postal ballot as required under Section 192A of the Companies Act, 1956 and the Rules framed there under. The result of the postal ballot will be announced at the AGM)

"RESOLVED THAT pursuant to Section 17 and other applicable provisions, if any, of the Companies Act, 1956, a new sub-clause 11 of Clause III(C) of the Memorandum of Association of the Company be and is hereby inserted:-

To carry on the business of developing ERP Systems for Manufacturing Companies, to develop Client-server based applications, to provide Electronic Commerce solutions, to design and develop Intranet and Internet based solutions, Multi-media Communications and all other business connected with Information Systems".

"RESOLVED FURTHER THAT pursuant to the provisions of Section 149(2A) of the Companies Act, 1956 approval be given to the commencement by the Company, of the business as provided in sub-clause 11 of Clause III(C) of the Memorandum of Association of the Company.

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

(This item will be transacted through postal ballot as required under Section 192A of the Companies Act, 1956 and the Rules framed there under. The result of the postal ballot will be announced at the AGM)

"RESOLVED THAT pursuant to Section 17 and other applicable provisions, if any, of the Companies Act, 1956, the Situation Clause of Memorandum of Association shall be amended as under :-

The Registered Office of the Company shall be situated at VENGADAMANGALAM ROAD, KANDIGAI, MELAKOTTAIYUR, CHENNAI 600 048."

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

Q-FLEX CABLES AND SOFTWARES LTD.

"RESOLVED THAT pursuant to Section 21 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of concerned Government Authorities, the Name Clause of Memorandum of Association and Articles of Association shall be amended as under:-

The name of the Company is Q-FLEX CABLES LTD.

9. To consider and if thought fit, to pass with or without modification, the following resolution as SPECIAL RESOLUTION

"RESOLVED THAT pursuant to the provisions of Section 192A and all other applicable provisions of the Companies Act, 1956, the Articles of Association of the company be altered by adding a new Article No.98A :

98A : Passing of resolution by postal ballot -

Notwithstanding anything contained in the Articles of Association of the Company, the Company do adopt the mode of passing a resolution by the Members of the Company by means of a postal ballot and/or other ways as may be prescribed by the Central Government in this behalf instead of transacting such business in general meeting of the Company in respect of the following matters :

1. any business that can be transacted by the Company in general meeting; and
2. particularly, resolutions relating to such business as the Central Government may by notification, declare to be conducted only by postal ballot.

The Company shall comply with the procedure for such postal ballot and/or other ways prescribed by the Central Government in this regard."

(By Order of the Board)

for Q-FLEX CABLES AND SOFTWARES LTD.,

Place : Chennai

Date : 22-08-2002

P.D. KRISHNAPRASAD

Company Secretary

NOTES :

1. Explanatory statement is annexed to the Notice of the Ninth Annual General Meeting of the Company as required by Section 173(2) of the Companies Act, 1956 in respect of items 5 to 9.
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 OR AT THE FACTORY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 23rd September, 2002 to 27th September, 2002 (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 Explanatory Statement are open for inspection at the Company's Factory during office hours on all working days up to the date of the Annual General Meeting.
6. Members holding shares in physical form are requested to dematerialise the shares in electronic form to facilitate faster transfer and avoid rejections for bad deliveries. The share certificates may be sent directly to the Company Secretary at the Factory's address.
7. As per Section 192A of the Companies Act, 1956 read with rules made thereunder, the Special Resolutions for Amendment of Object Clause and Situation Clause of the Memorandum of Association of the Company as set out under item No.5 to 7 of the Notice shall be passed through postal ballot. Accordingly, the postal ballot form is enclosed. The members are requested to send the duly completed Postal ballot form in the business reply envelope to reach the scrutinizer not later than the close of working hours on Tuesday, the 24th September, 2002. For further details, members are requested to carefully read the instructions given in the Postal Ballot Form.

Q-FLEX CABLES AND SOFTWARES LTD.**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 ANNEXED TO THE NOTICE FOR THE NINTH ANNUAL GENERAL MEETING****ITEM NO.5**

As the members are aware, considering the present Software Industrial scenario, the Company desires to concentrate its core business of manufacture of Cables and Wires. Accordingly, it is necessary to suitably amend the Object Clause of the Memorandum of Association of the Company.

As per the provisions of the Companies Act, 1956, amendments to the Memorandum of Association require the approval by a special resolution of the shareholders in the General Meeting. The resolution set out in the Notice is recommended for approval of shareholders. None of the Directors of your Company is concerned or interested in the said resolution.

ITEM NO.6

The Company is planning to enter into the field of Information Technology at such times as the Board may deem fit in the interest of the Company. Accordingly, it is necessary to suitably amend the Object Clause of the Memorandum of Association of the Company.

As per the provisions of the Companies Act, 1956, amendments to the Memorandum of Association and commencement of new business require the approval by a special resolution of the shareholders in the General Meeting. The resolution set out in the Notice is recommended for approval of shareholders. None of the Directors of your Company is concerned or interested in the said resolution.

ITEM NO.7

It has been decided by the Board of Directors, for administrative convenience to shift the Registered Office from 138, SIDCO INDUSTRIAL

ESTATE, AMBATTUR, CHENNAI - 600 098 to VENGADAMANGALAM ROAD, KANDIGAI, MELAKOTTAIYUR, CHENNAI - 600 048. Hence the proposed Resolution.

As per the provisions of the Companies Act, 1956, amendments to the Memorandum of Association require the approval by a special resolution of the shareholders in the General Meeting. The resolution set out in the Notice is recommended for approval of shareholders. None of the Directors of your Company is concerned or interested in the said resolution.

ITEM NO.8

The Company is going to pursue manufacture of Cables and wires as the main object. Accordingly, the Board of Directors has decided to change the name of the Company as Q-FLEX CABLES LTD so as to reflect the main activity of the Company.

As per the provisions of the Companies Act, 1956, amendments to the Memorandum of Association require the approval by a special resolution of the shareholders in the General Meeting. The resolution set out in the Notice is recommended for approval of shareholders. None of the Directors of your Company is concerned or interested in the said resolution.

ITEM NO.9

As per Companies(Amendment) Act, 2000, it is proposed to include a new article in the Articles of Association of the Company to provide for passing of resolution by Postal Ballot in accordance with newly enacted provisions of the above Act. None of the Directors of your Company is concerned or interested in the said resolution.

(By Order of the Board)

for Q-FLEX CABLES AND SOFTWARES LTD.,

Place : Chennai
Date : 22.08.2002

P.D. KRISHNAPRASAD
Company Secretary

G-FLEX CABLES AND SOFTWARES LTD.**DIRECTOR'S REPORT**

Your Directors hereby present the Ninth Annual Report together with the Audited Accounts for the year ended 31st March, 2002.

FINANCIAL RESULTS

	2001-2002	2000-2001
	(Rs. in Lakhs)	
Profit before Interest and Depreciation	(38.84)	39.60
Less : Interest	72.47	68.47
Profit before Depreciation	(111.31)	(28.87)
Less : Depreciation	42.54	33.45
	(153.85)	(62.32)
Less : Preliminary exp. written off	9.92	9.91
Net Profit carried to Balance Sheet	(163.77)	(72.23)

DIVIDEND

In view of the loss incurred by the Company during the year under review, the Board of Directors could not recommend any dividend.

OPERATIONS

During the year under review, your Company has achieved a turnover of Rs.1110.93 Lakhs registering a decline of 5.72% as compared to previous year's turnover of Rs.1178.31 Lakhs. Due to sluggishness in the market coupled with slowdown in the economy, the performance of the Company have been affected adversely. Your Company has already initiated various cost reduction measures to improve the efficiency of operations and also planning to increase export turnover substantially. With these, Directors are confident of getting good results in the years to come.

PERSONNEL

No employee was in receipt of remuneration in excess of the limits specified under Section 217(2A) of the Companies Act, 1956.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

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. Thomas P Joy and Mr. N.Karuppiah retire by rotation at the ensuing Annual General Meeting of the Company and are eligible for re-appointment.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 217(2A) of the Companies Act, 1956 with respect to Director's Responsibility Statement, it is hereby confirmed that:

- (i) in preparation of the Annual Accounts for the financial year ended 31st March, 2002, all the applicable accounting standards have been followed.
- (ii) accounting policies were adopted and applied 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 or loss of the Company for the year ended on that date.
- (iii) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company

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and for preventing / detecting fraud and irregularities have been taken.

- (iv) the Annual Accounts have been prepared on a 'going concern' basis.

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 reappointment.

CORPORATE GOVERNANCE

The provisions of Clause 49 of the Listing Agreements with Stock Exchanges on Corporate Governance will be applicable to your Company from the financial year 2002-2003. Your Company will be implementing these requirements so as to ensure compliance by 31st March, 2003.

Place : Chennai

Date : 22.08.2002

DEMATERIALISATION OF SHARES

Your Company has already entered in to agreements with National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation of Shares with effect from July, 2001.

ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation of the dedication and excellent contribution made by the employees in realising the objects of the Company. The Directors would like to thank The Catholic Syrian Bank Ltd, Industrial Finance Branch, Chennai - 2, Suppliers and above all the Shareholders and valued Customers for their continued support and patronage.

(For and on behalf of the Board)

P.A. JOYKUTTY

Chairman & Managing Director

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Q-FLEX CABLES AND SOFTWARES LTD.**ANNEXURE TO DIRECTOR'S REPORT FOR THE YEAR ENDED 31st MARCH, 2002**

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 :

Energy conservation measures are being taken with in our Plant as an ongoing exercise.

B. TECHNICAL ABSORPTION :**FORM B****RESEARCH AND DEVELOPMENT**

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

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

3. Future plan of action :

4. Expenditure on R & D :

1. Capital

2. Recurring

3. Total

4. Total R & D expenditure as a
percentage of total turnover

2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc. Nil

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 : Nil

a) Technology imported

b) Year of import

c) Has technology been fully absorbed?

d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

i) Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans :

We have exported 1,81,684 Meters of PVC insulated cables and 75,000 Moulded Power Cords during the year.

ii) Total foreign exchange used and earned:

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

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

Used

Earned

Current
Year
(Rs. in Lakhs)

Previous
Year

5.43 38.79
64.96 29.24

(For and on behalf of the Board)

Place : Chennai
Date : 22.08.2002

P.A. JOYKUTTY
Chairman & Managing Director

Q-FLEX CABLES AND SOFTWARES LTD.**AUDITORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2002**

We have audited the attached Balance Sheet of Q-Flex Cables and Softwares Ltd. as at 31st March 2002 and also the Profit and Loss Account for the year ended on the date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standard generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

01. As required by the Manufacturing and Other Companies (Auditors' Report) Order 1988 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act 1956, 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 above, We report that :

(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, so far as appears from examination of those books.

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

(d) In our opinion the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the accounting standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956.

(e) On the basis of the written representations received from the Directors, as on 31st March 2002, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2002 from being appointed as a Director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.

(f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss account read with the Accounting Policies and Notes 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, 2002.

ii. In the case of the Profit & Loss Account, of the Loss of the Company for the year ended on that date.

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

M. RAMACHANDRA WARRIAR
Partner

Place : Chennai
Date : 22-08-2002