



Industrial Cables (India) Limited

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46th ANNUAL REPORT 2001-2002

Report  junction.com

INDUSTRIAL CABLES (INDIA) LIMITED**BOARD OF DIRECTORS****Chairman and Managing Director**

Sh. Devinder Singh Chaudhry

Directors

Sh. B. Phougat

Mrs. Sita Chaudhry

Sh. P. H. Vaishnav

Sh. Dilip Dhar (GIC Nominee)

Sh. R. K. Goel (IDBI Nominee)

Sh. Saroop Krishen

Company Secretary

Sh. Rakesh Yakhmi

Auditors

Messers Walker, Chandiook & Company

41-L, Connaught Circus

New Delhi.

Bankers

State Bank of Patiala

Oriental Bank of Commerce

State Bank of India

Punjab National Bank

Registered Office

S.C.O. No. 3, Sector-26,

Madhya Marg, Chandigarh

Works

Industrial Area, Rajpura (Punjab)

Subsidiary Companies

ICL Towers Limited

Goodstar Credit & Portfolio

Haryana Telecom Limited

46th ANNUAL REPORT**DIRECTORS' REPORT**

To
The Shareholders
The Directors hereby present before you the 46th Annual Report on the operations of the Company, together with the Audited Accounts for the year ended on 31st October, 2002.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	Year Ended on <u>31.10.2002</u>	Year Ended on <u>31.10.2001</u>
Turnover	6,303.63	7,342.93
Operating Profits (Loss)	(314.78)	(498.79)
Less : Depreciation	92.77	96.04
Profit/Loss after Depreciation	(407.55)	(594.83)
Less : Provision for Tax	-	-
Earlier Years Tax (Net)	-	10.08
Net Profit / (Loss) after Tax	(407.55)	(583.75)
Accumulated Losses	4,543.25	4,135.70

OPERATIONS**Manufacturing**

The Sales during the year under report is Rs. 5,292.08 Lacs as against Rs. 4,643.09 Lacs during the previous year. The working of the Manufacturing during the year under review has resulted in cash loss of Rs. ~~362.23~~ 362.23 lacs. Factors responsible for cash losses are lower turnover, High Financial Cost, besides competitive market conditions.

One Time Project-Construction

The Sales during the year under report is Rs. 1,015.28 lacs as against Rs. 2586.58 lacs during the previous year. The working of the One Time Project-Construction during the year under review has resulted in profit of Rs. 47.45 lacs.

DIVIDEND

In view of the loss for the year, your Directors regret their inability to recommend payment of any dividend for the year ended on 31st October, 2002.

REFERENCE TO BIFR

The Company was declared SICK by the Hon'ble Board for

Industrial and Financial Reconstruction (BIFR) vide their order dated 17-8-2001. A Draft Rehabilitation Scheme (DRS) based on Negotiated Settlement entered with Industrial Development Bank of India (IDBI) and covering concessions/reliefs from Secured Creditors, was submitted to IDBI i.e. the Operating Agency on 16.8.2002. IDBI convened a meeting of secured creditors on 31.10.2002 and discussed the DRS in detail. DRS is under finalisation with Operating Agency to be submitted to BIFR. Payment of interest as well as principal of 3rd and final instalment of E Series, 1st, 2nd and 3rd instalments of F and G series privately placed debentures is under consideration of BIFR.

FIXED DEPOSITS

During the year, the Company has not accepted any deposits from the Public under Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 and has made payment of all the matured Fixed Deposits.

INVESTMENTS

There is no change in investment of RS. 1,333.91 lacs during the year. Out of this major investment was in Telecom business, namely Haryana Telecom Limited (HTL). HTL was declared SICK by the Board for Industrial & Financial Reconstruction (BIFR) on 28-6-1999. Industrial Development Bank of India (IDBI) was appointed the Operating Agency. Hon'ble BIFR in its hearing held on 05-07-2001 approved the scheme for rehabilitation of HTL. Implementation of revival scheme approved by the BIFR is in progress. No provision is being made to diminution in value of investments.

MANAGEMENT AND PERSONNEL

During the year under report, there was no employee getting remuneration to the extent as laid down under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

DIRECTORS RESPONSIBILITY STATEMENT

In compliance of Section 217 (2AA) of the Companies

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 46TH ANNUAL GENERAL MEETING OF INDUSTRIAL CABLES (INDIA) LIMITED WILL BE HELD ON WEDNESDAY THE 30TH APRIL 2003 AT 9-00 AM AT THE REGISTERED OFFICE OF THE COMPANY AT SCO NO. 3, SECTOR-26, MADHYA MARG, CHANDIGARH TO TRANSACT THE FOLLOWING BUSINESS :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the year ended on 31st October 2002 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sh. P.H. Vaishnav who retires by rotation.
3. To appoint a Director in place of Sh. B. Phougat who retires by rotation.
4. To appoint a Director in place of Sh. Saroop Krishen who retires by rotation.
5. To consider and if thought fit to pass with or without modification(s), the following Resolution as an ordinary Resolution :-

"RESOLVED that the retiring Auditors of the Company, M/s. Walker, Chandiook & Co., Chartered Accountants, New Delhi, be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration and travelling and incidental expenses as decided by the Audit Committee."

By order of the Board

Place: Chandigarh

Date : 27-03-2003

(Rakesh Yakhmi)

Company Secretary

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a member. Proxies, in order to be effective, must be received by the Company at its Registered Office not less than 48 hours before the meeting. Form of proxy is enclosed.
2. Register of Members and Share Transfer Books of the Company will remain closed from 26th April 2003 to 30th April 2003 (both days inclusive).

3. Members, desirous of getting any information about the accounts and operations of the Company, are requested to submit their queries addressed to the Company Secretary at least 10 days in advance of the meeting so that the information called for can be made available at the meeting.
4. Members are requested to advise change in their address, if any, to the Company quoting their folio numbers.
5. Members are requested to bring their copy of Annual Report at the meeting.
6. It is notified for the information of Shareholders concerned that all the unclaimed dividend up to the year 1994-95 have been transferred by the Company to the General Revenue Account of the Central Government and the same can be claimed by such Shareholders from the Registrar of Companies, Jalandhar.

It is further notified that consequent upon the amendment to Section 205A of the Companies Act 1956 and the introduction of Section 205C by the Companies (Amendment) Act 1999, the amount of Dividend, Fixed Deposits and Debentures etc; which remained unclaimed and unpaid for a period of 7 years are required to be transferred/credited to the Investor Education and Protection Fund of the Central Government and no payments shall lie against the fund or the Company in respect of individual amount of deposits, dividend and debentures remaining unclaimed and unpaid for period of 7 years from the date they first become due for payment and no payment shall be made in respect of any such claim.

7. At the ensuing Annual General Meeting Sh. P.H. Vaishnav, Sh. B. Phougat and Sh. Saroop Krishen, Directors retire by rotation. The information/details to be provided for the aforesaid Directors under Corporate Governance code are as under :-

S. No	Name	Qualification	Brief resume & area of Experience	Other Directorship	Membership Company	Membership Committee
1	Sh. P.H. Vaishnav	IAS	He is retired IAS Officer and has held senior position in Punjab Govt. He retired as Chief Secretary to Govt; of Punjab	Mohan Fiber Products Ltd.	Industrial Cables (India) Ltd.	i) Audit Committee ii) Shareholders/ Investor Grievance Committee
2	Sh. B. Phougat	B. Com	He was the Managing Director of the Company from 1992 to 2000	--	--	--
3	Sh. Saroop Krishen	ICS	He is retired ICS Officer and has held senior position in Haryana Govt. He retired as Chief Secretary to Govt; of Haryana.	--	Industrial Cables (India) Ltd.	i) Share Transfer Committee ii) Shareholders/ Investor Grievance Committee.

INDUSTRIAL CABLES (INDIA) LIMITED

(Amendment) Act, 2000, it is hereby confirmed that :-

- In the preparation of the Annual Accounts, the applicable Accounting Standards had been followed alongwith proper explanation relating to material departures.
- The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the State of Affairs of the Company at the end of the Financial Year and of the profit or loss of the Company for that period.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors had considered the Annual Accounts on a going concern basis.

CORPORATE GOVERNANCE

As per the amended clause 49 of Listing Agreement with the Stock Exchanges, the Company will be required to comply with the requirements of Corporate Governance w.e.f. 31st March, 2003.

The Company will accordingly commence reporting on Corporate Governance to comply with the requirements of clause 49 of the Listing Agreement which has been made mandatory for the Accounting Year 2002-2003 and thereafter.

In the meantime, in order to comply with the provisions of Section 292A of the Companies Act, 1956, an Audit Committee consisting of 3 Non-executive and 1 Executive Directors has been constituted. Shareholders/Investors Grievance Committee consisting of 4 Directors has also been formed.

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 are given in Annexure-A.

SUBSIDIARIES

Consolidated Annual Accounts of the Subsidiaries of the Company are annexed alongwith Balance Sheet of the Company. M/s. Ambitious Investment and Finance Company, M/s. Chariot Investment and Finance Company, M/s. JMD Investment and Finance Company, M/s. Latest Investment and Finance Company and M/s. Alfa Beta Investment and Finance Company, subsidiaries of M/s. Goodstar Credit and Portfolio, a wholly owned Subsidiary of the Company have been amalgamated with it.

LISTING OF SECURITIES

The Equity Shares of the Company are listed at Delhi, Mumbai, Ludhiana and Jaipur Stock Exchanges. The Listing Fee for the year 2002-2003 has been paid to all the aforesaid Stock Exchanges.

DIRECTORS

Sh. P. H. Vaishnav, Sh. B. Phougat and Sh. Saroop Krishen retire by rotation.

AUDITORS

a) **Statutory Auditors** : M/s. Walker Chandiook & Company Chartered Accountants, New Delhi. Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting. They have confirmed their willingness to accept re-appointment and have confirmed their eligibility under section 224 (1B) of the Companies Act, 1956.

b) **Cost Auditors** : M/s. R. J. Goel & Company, Cost Accountants, New Delhi have been re-appointed as Cost Auditors to audit the Cost Accounts of the Company for the Financial Year ending on 31st October, 2003.

Auditors Reports

All other notes to Accounts and Auditors observations are self explanatory and therefore do not call for further comments.

ACKNOWLEDGEMENT

The Directors place on record their sincere appreciation for the co-operation extended by all concerned during the difficult period of Company's operations.

For and on behalf of the Board of Directors

PLACE : NEW DELHI

DEVINDER SINGH CHAUDHRY

DATE : 27.03.2003

CHAIRMAN

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ANNEXURE 'A' TO THE DIRECTORS' REPORT**A) CONSERVATION OF ENERGY**

1. Repaired Properzi Furnace and Recuprator to reduce fuel oil consumption.
2. Replenishing Diesel oil with LDO on DG Set to reduce the bill of fuel.
3. Water Level Controller installed on overhead water storage tank to avoid overflow of water and for automatic stoppage of the electric motor.
4. Lead Press Burner and vertical boiler also switched over to LDO in place of diesel oil for reducing the cost of fuel.
5. Steam Pipes insulation, wherever found defective, repaired to avoid any heat loss.
6. Overhauled all important electric motors for efficient working.
7. Power factor is still maintained above 0.92 by efficient use of controlling capacitor Banks.
8. Use of 36W Fluroscent Tube Light instead of 40W Fluroscent Tube Light is continued.

B) TECHNOLOGY ABSORPTION AND RESEARCH AND DEVELOPMENT (R & D)

1. Efforts are continuing to economise cost of PVC insulation and sheathing compounds used in various types of PVC and XLPE cables.
2. Economise cost of FRLS and FR type PVC compounds used in PVC and XLPE Cables.
3. R & D activities are going on to develop special type of Nuclear Radiation Resistant FRLS PVC Compound suitable for cables used in Nuclear Radiation hazardous environment.
4. Economise the cost of Packing Drums.

FUTURE PLAN OF ACTION

The Company is committed to upgrade Quality Assurance and manufacturing facilities and product developments to remain competitive in the market.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION - Nil**C) FOREIGN EXCHANGE EARNINGS AND OUTGO -**

Foreign Exchange amounting to Rs. Nil were earned and Rs. 1.01 lacs used during the year.

INDUSTRIAL CABLES (INDIA) LIMITED**AUDITORS' REPORT**

To the Members of
Industrial Cables (India) Limited

We have audited the attached Balance Sheet of Industrial Cables (India) Limited ("the Company") as at 31 October, 2002 and also the Profit and Loss Account for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date. 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 standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts 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.

As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 ("the Order") issued by the Central Government of India in terms of sub-section (4-A) of section 227 of the Companies Act, 1956, ("the Act"), we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

Further to our comments in the Annexure referred to above, we report that :

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. 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;
- iii. The Balance Sheet and the Profit and Loss Account dealt with by the report are in agreement with the books of account;

- iv.
 - a) As stated in note 1 in schedule 24, though the Company is a sick industrial company as per the provisions of Sick Industrial Companies (Special Provisions) Act, 1985, the accounts have been prepared on the concept that the Company will continue as a going concern.
 - b) As stated in note 4 in schedule 25, no provision for permanent diminution in the value of long term investments has been made in the accounts.
 - c) As stated in note 6 & 7 in schedule 25, no provision for interest on loans and deposits aggregating to Rs. 477.69 lacs has been made in the accounts.
- v. Subject to above in our opinion and to the best of our information and according to the explanations given to us, the financial statements read together with the notes thereon comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a) in the case of the Balance Sheet of the state of affairs of the Company as at 31 October, 2002;
 - b) in the case of the profit and loss account, of the loss for the year ended on that date; and
 - c) in the case of the cash flow statement, of the cash flows for the year ended on that date.
- vi. On the basis of written declarations received from the directors and taken on record by the board of directors, we report that none of the directors is disqualified as at 31 October, 2002 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Walker, Chandlok & Co.
Chartered Accountants

Place : New Delhi
Dated : 27.03.2003

Vinod Chandlok
Partner

46th ANNUAL REPORT**ANNEXURE TO THE AUDITORS' REPORT**

Annexure to the Auditors' Report of even date to the members of Industrial Cables (India) Limited on the Financial Statements for the year ended 31 October, 2002.

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed asset which have been physically verified according to a phased programme of verification by the management. In our opinion the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. No discrepancy was noticed between the physical verification and the book records;
- ii) There has been no revaluation of fixed assets during the year;
- iii) The stock of finished products, stores, spare parts, raw materials, packing materials and other items have been physically verified at reasonable intervals by the management during/at the end of the year;
- iv) In our opinion, the procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;
- v) The discrepancies noticed on physical verification of stock were not material as compared to the book records and have been properly dealt with in the books of account;
- vi) In our opinion, the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- vii) The Company has taken interest free unsecured loans from Companies listed in the register maintained under section 301 of the Act. The

terms and conditions of the loans are not prima facie prejudicial to the interest of the company. The Company has not taken any loan, secured or unsecured, from firms or other parties listed in the register maintained under section 301 of the Act. We are informed that there are no bodies corporate under the same management as defined under sub section (1B) of the Section 370 of the Act.

- viii) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Act. We are informed that there are no bodies corporate under the same management as defined under sub-section (1B) of Section 370 of the Act;
- ix) Amounts due from subsidiary companies shown under 'Loans and Advances' in schedule 12 are interest free and without stipulations as to repayment;
- x) In our opinion, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for purchase of stores, raw materials and packing materials, including components, plant and machinery, equipment and other assets and with regard to sale of goods;
- xi) As per the records of the Company examined by us there are no transactions for purchase of goods, material and sale of goods, materials and services made by the Company in pursuance of contracts or arrangements required to be entered in the register maintained under section 301 of the Act and aggregating during the year to Rs. 50,000/- or more in respect of each party;
- xii) As explained to us, the Company has a system of determination of unserviceable or damaged stores, raw materials and finished products and in our

INDUSTRIAL CABLES (INDIA) LIMITED

- opinion, adequate provision for the loss so determined has been made in the accounts;
- xiii) The Company has not accepted any deposit from public during the year under review. Out of Deposits amounting to Rs. 17.84 lacs claimed but not repaid as at 31 October, 2002, have been repaid subsequent to the year end.
- xiv) In our opinion and according to the information and explanations given to us, the Company has maintained reasonable records for the sale and disposal of scrap and the Company's operations do not generate any by-product;
- xv) The Company has an internal audit system which in our opinion, is commensurate with the size and nature of its business, internal audit is being done by an outside agency;
- xvi) We have broadly reviewed the books of account maintained by the Company in respect of cable manufacturing facilities pursuant to the order made by the Central Government for the maintenance of cost records as prescribed under clause (d) of sub-section (1) of section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we are not required to and have not made a detailed examination of the records;
- xvii) 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;
- xviii) According to the records of the Company there are no undisputed amounts payable in respect of income tax, wealth tax, sales-tax, customs duty and excise duty as at 31 October, 2002 which are outstanding for a period of more than six months from the date the same became payable.
- xix) According to the information and explanations given to us and the records examined by us, no personal expenses have been charged to revenue account, other than those payable to the directors or employees under contractual obligations or in accordance with generally accepted business practice;
- xx) The Company has been declared a sick industrial company by the Board for Industrial and Financial Reconstruction within the meaning of Clause (O) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985;
- xxi) In respect of service activities, the nature of jobs carried out do not require consumption of material and stores or warrant allocation of man-hours to relative jobs.

**For Walker, Chandlok & Co.
Chartered Accountants**

Place : New Delhi
Dated : 27.03.2003

Vinod Chandlok
Partner