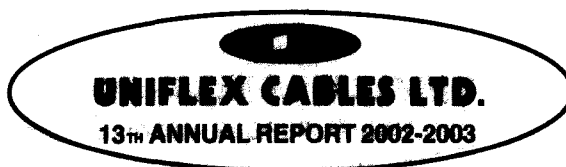


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UNIFLEX CABLES LTD.



BOARD OF DIRECTORS

Shri Bijay Singh Baid
Chairman & Managing Director
Shri Jay Kumar Baid
Executive Director
Shri Ajay Kumar Baid
Executive Director
Shri Premchand Goliya
Director
Shri Raghunath Rai Kumar
Director
Shri B.L. Gupta
Director (Nominee of I.D.B.I.)
Shri Kranti Sinha
Director
Shri Sanjay Kumar Baid
Executive Director.

COMPANY SECRETARY

Shri Sanjive Arora

AUDIT COMMITTEE

Shri Premchand Goliya
Chairman
Shri R.R. Kumar
Shri B.L. Gupta
Shri Kranti Sinha

REMUNERATION COMMITTEE

Shri Kranti Sinha
Chairman
Shri B.L. Gupta
Shri Premchand Goliya

SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

Shri R. R. Kumar
Chairman
Shri Bijay Singh Baid
Shri Sanjay Kumar Baid
Shri B. L. Gupta

AUDITORS

Rashmi Zaveri & Co.
PNB House, 4th Floor, Sir P.M. Road
Fort, Mumbai - 400 001.

BANKERS

Union Bank of India
State Bank of India
Development Credit Bank Ltd.
UTI Bank

REGISTERED OFFICE

Chandra Mahal, First Floor,
241, Shamaldas Gandhi Marg,
Mumbai - 400 002.
Tel.: 2209 2121/2201 5511

HEAD OFFICE

11, Jorawar Bhavan,
93, M. Karve Road, Marine Lines,
Mumbai - 400 020.
Tel. : 2201 4141/2206 5151

WORKS

158-163, G.I.D.C.
Umbergaon - 396 171
Dist.: Valsad, Gujarat.
Tel.: (0260) 2562412/2563412

E-MAIL

uniflex@vsnl.com

WEB SITE

www.unicab.com

REGISTRAR & TRANSFER AGENT

Hyderabad Office : Karvy Consultants Ltd.
Karvy House, 46, Avenue 4, Street No.1
Banjara Hills, Hyderabad - 500 034.
Tel. No. : 040-23312454 / 23320251/751/752
Fax No. : 040-23311968
E-mail : mailmanager@karvy.com
Website : www.karvy.com

Mumbai Office : Karvy Consultants Ltd.
7, Andheri Industrial Estate, Off. Veera Desai Road
Andheri (W), Mumbai - 400 053.
Tel.: 26730799 / 26730843 Fax: 26730152

Karvy Consultants Ltd.
16/22, Bake House, Ground Floor,
Maharashtra Chamber of Commerce Lane,
Opp. Great Western Building,
Fort, Mumbai - 400 023.
Tel.: 56381746/47/48/49/50 Fax: 56331155

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UNIFLEX CABLES LTD.**13TH ANNUAL REPORT 2002-2003****NOTICE**

NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting of the Members of the Company will be held on Friday the 5th day of September, 2003, at 2.00 p.m. at Terapanth Bhavan, Opp. Convent School, Thakur Complex, Kandivali (E), Mumbai - 400 101 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2003, the Profit and Loss Account for the financial year ended on that date and the Reports of Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri Jay Kumar Baid, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Ajay Kumar Baid, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution.

"RESOLVED THAT Shri Kranti Sinha, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. The following Ordinary Resolution will be voted upon through a Postal Ballot.

"RESOLVED THAT pursuant to Section 293(1)(a) of the Companies Act, 1956, and subject to the approvals, if applicable or required under any Statutes/Rules/Regulations or any other law for the time being in force and subject to approval of the Financial Institutions/Banks and any other authorities and subject to such terms and conditions as may be approved by them, the consent of Uniflex Cables Ltd. (the Company) be and is hereby accorded to the Board of Directors to sell, transfer and dispose of the Silvassa Plant of the Company and all related assets except machineries together with all licences, permits, consents and approvals whatsoever and all the rights and benefits attached thereto, to one or more persons, companies or

entities at such price and on such terms and conditions, at such time and in such manner as may be decided by the Board of Directors of the Company, in its absolute discretion, including the receipt of consideration therefore in cash or any other manner, to finalise the terms and conditions, the means, methods or modes in respect thereof, and to finalise and execute all required documents, including schemes of arrangements, agreements, deeds and other documents.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such other acts, deeds, matters and things as may be deemed necessary and expedient in their discretion and in the best interest of the Company, including the power to delegate, to give effect to this Resolution."

(The papers in this connection will be sent separately to all Members).

By order of the Board of Directors

SANJIVE ARORA
Company Secretary

Place : Mumbai
Dated : 28th June, 2003

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956**ITEM NO. 5**

Shri Kranti Sinha was co-opted as an Additional Director of the Company with effect from 28-06-2003, pursuant to Section 260 of the Companies Act, 1956, read with Article 147 of Memorandum & Articles of Association of the Company. Mr. Sinha holds office of Director up to the date of the ensuing Annual General Meeting. The Company has received notice in writing from a member along with a deposit of Rs. 500/- proposing the candidature of Mr. Sinha for the office of Director under the provisions of Section 257 of the Companies Act, 1956. None of the Directors of the Company other than Mr. Sinha is interested in this resolution.

The Board recommends the resolution set forth in Item No. 5 for the approval of the Company.

ITEM NO. 6

The Company set up a small Cable Plant at Bhilad - Silvassa Road, Village Athal, Silvassa in the Union Territory of Dadra &

UNIFLEX CABLES LTD.**13TH ANNUAL REPORT 2002-2003****NOTICE....(Contd.)**

Nagar Haveli trying to cater to the Bharat Sanchar Nigam Ltd's. (BSNL) business especially of the Jelly Filled Telecom Cables (JFTC). The Company's telecom business is mainly from BSNL which offers the composite price to the industry for supply of cables i.e. inclusive of all the statutory levies including the Sales Tax. Therefore any upward revision in the Sales Tax adversely affects the margins of doing business with BSNL. Further with the corporatisation of BSNL it stopped issuing the D Forms and exposed the Company to Sales Tax rate of 10% instead of 4%. As the business with the BSNL was substantial, Company thought it prudent to take advantage of establishing a unit for Jelly Filled Telecom Cables in tax exemption zone.

However with the fast changing scenario in the telecom cables where the requirement of JFTC cable has been substantially reduced and consequently the order quantum and the requirement of BSNL for this cable has been slashed and with the possibility of introduction of Value Added Tax (VAT) whereby the inter-state tax will be around 2% in all the states or union territories the advantage of having a bigger setup in tax exemption zone will be diluted.

Moreover as the Company's liquidity position is under stress and the offer from the buying party seems to be reasonable, to ease the pressure on the liquidity the Board of Directors reconsidered and re-evaluated the commercial viability of the Silvassa Plant and approved the selling of the land and building of Silvassa plant under the present circumstances. The amount which will be realised from the assignment / surrender / transfer of the land alongwith the Building will improve the liquidity position of the Company. It is anticipated that the gross realisation from the assignment / surrender / transfer of the said land & building will not be less than the aggregate book value of the said assets i.e. Rs. 3.08 Crores as at 31.03.2003 in line with applicable accounting standard issued by Institute of Chartered Accountants of India. The employees of the Silvassa Plant will be absorbed at Umbergaon or relocated at rental premises at Silvassa where the Company intends to shift its operations.

As required under Section 192A of the Act read with Companies (passing of the Resolution by Postal Ballot) Rules, 2001, the Resolution for the disposal of the Company's Silvassa plant is required to be approved by the shareholders by way of Postal Ballot. It is proposed to seek Members' consent by way of Postal Ballot for disposal of the Silvassa plant under section 293(1)(a) read with Section 192A of the Companies Act, 1956, on such terms as the Board considers in the best interest of the Company.

The Directors of the Company may be deemed to be concerned or interested in the resolution as set out in the Notice pursuant to Section 192A of the Companies Act, 1956 to the extent of shares held by them in the Company.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The Register of Members and the Share Transfer books of the Company will remain closed from Saturday the 30th day of August, 2003 to Friday the 5th day of September, 2003 (both days inclusive).
3. Members are aware that the Company's share transfer agent M/s Karvy Consultants Ltd. have shifted the processing of the work related with share transfers etc. from their Mumbai office to Hyderabad office therefore all communications related with physical shares should only be addressed to :

M/s. Karvy Consultants Ltd.

(Unit : Uniflex Cables Ltd.)

Karvy House, 46, Avenue 4, Street No.1,

Banjara Hills, Hyderabad – 500 034.

Tel. No. : 040 - 23312454 / 23320251 / 751/752

Fax No. : 040 – 23311968

E-mail : mailmanager@karvy.com

Website : www.karvy.com

However they will continue to accept the physical delivery of the shares meant for transfer etc. at their Mumbai office/s.

4. The members are requested to :
 - a. Intimate changes, if any, in their registered address at an early date.
 - b. Quote ledger folio number, DP ID No./Client ID No. in all their correspondence.
 - c. Intimate about consolidation of folios, if share holdings are under multiple folios.

UNIFLEX CABLES LTD.**13TH ANNUAL REPORT 2002-2003****NOTICE....(Contd.)**

- d. Bring their copies of the Annual Report and the Attendance Slips with them at the Annual General Meeting.
 - e. Members who hold shares in dematerialized form are requested to bring their DP ID and Client ID numbers for easy identification of attendance at the meeting.
5. Pursuant to the provisions of Section 205-C of the Companies Act, 1956, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund. Thereafter, members shall not be able to register their claim in respect of their unencashed dividends. Members who have not yet encashed their dividend warrant(s) for the financial year ended 31st March, 1996 and onwards are requested to make their claims to the Company, without any delay.
 6. As per the provisions of the amended Companies Act, 1956, the facility for making nominations is now available to the shareholders in respect of the Equity Shares held by them. Shareholders who desire to avail of this facility may send their request for nomination in the prescribed Form 2B duly filled in and signed to the Company's Registered Office address. The facility would be made available folio wise to individual shareholders including joint holders.
 7. Members requiring any information about the accounts are requested to write to the Company at least one week before the date of the meeting.
 8. Only registered members carrying the Attendance Slip and the holders of valid proxies registered with the Company will be permitted to attend the meeting.
 9. The Equity Shares of the Company are listed at the following Stock Exchanges :

The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 (Regional Stock Exchange), The Calcutta Stock Exchange Association Ltd., 7, Lyons Range, Kolkata -700 001 and The Stock Exchange - Ahmedabad, Kamdhenu Complex, Opp. Sahajanand College, Panjarapole, Ahmedabad-380 015.

Annual Listing Fees to each of the above Stock Exchanges has been paid by the Company.
 10. The Securities & Exchange Board of India (SEBI) has included the equity shares of the Company in the list in which trading is compulsory in dematerialized form from 28th August, 2000.
 11. The Company's ISIN number for dematerialization purposes with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) is INE - 146B01011.
 12. At the ensuing Annual General Meeting, Shri Jay Kumar Baid & Shri Ajay Kumar Baid retire by rotation and being eligible offer themselves for reappointment. The information or details pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the statement on Corporate Governance published in this Annual Report.

By order of the Board of Directors

SANJIVE ARORA
Company SecretaryPlace : Mumbai
Dated : 28th June, 2003

UNIFLEX CABLES LTD.**13TH ANNUAL REPORT 2002-2003****DIRECTORS' REPORT****To The Members,**

Your Directors hereby present the Thirteenth Annual Report on the business and operations of the Company and Audited Accounts for the year ended 31st March, 2003.

A. FINANCIAL RESULTS

	31-Mar-03	31-Mar-02
	Rs. in Lacs	Rs. in Lacs
Operating Profit	93.36	1509.39
Less : Interest & Finance Charges	(1082.92)	(1495.67)
Profit before Depreciation & Tax	(989.56)	13.72
Less : Depreciation	(498.71)	(492.17)
Profit/(Loss) before Taxes	(1488.27)	(478.45)
Less : Provision for Tax	—	(82.62)
Add : Deferred taxation for the year	(7.47)	258.61
Profit/(Loss) after Taxes	(1495.74)	(302.46)
Short provision for taxes for earlier years	(30.51)	(39.67)
Balance brought forward from earlier years	—	—
Balance available for appropriations	(1526.25)	(342.13)
Less : Appropriations		
- Transfer from General Reserve	149.04	147.53
- Transfer from Debenture Redemption Reserve	—	194.60
Balance carried forward to Balance Sheet	(1377.21)	—

The Company during the year incurred a loss of Rs. 1495.74 lacs. Therefore the Directors have decided not to declare any dividend for the year.

B. REVIEW OF OPERATIONS

The Company as well as the industry had to face another tough year as the situation became very difficult especially in the telecom cable segment. The main buyer of telecom cable Bharat Sanchar Nigam Ltd. (BSNL) reduced the order size for JFTC cables. The realisation price of the cable also took a beating and continued its downward spiral. The situation in the power cable sector improved slightly and Company due to its multiple product range could take benefit of that. The Company also reaped the benefit of its foray into exports as the order sizes started to swell and the Company for the first time in its history recorded an export turnover of US\$ 2 million. The members will be pleased to know that the Company also successfully launched an OFC cable for cable TV operators which has been very well accepted in the market.

The overall turnover of the Company was Rs. 10575.70 lacs which was reduced due to delay in release of order by BSNL as well as non remunerative prices pushed by BSNL this also led to pressure on margins. In spite of delay in orders and uninspiring performance in the first half the Company managed to improve the turnover in the second half due to its concerted efforts. The figures for PBDT for the current year are Rs. (989.56) lacs and the corresponding figure for the previous year are Rs. 13.72 lacs respectively.

C. FUTURE OUTLOOK

The future look promising for power cables as the Government has huge spending plans for this segment. The government has cleared a scheme involving an expenditure of Rs.40,000 Crores under the Accelerated Power Development Programme (APDP) to bolster the health of electricity boards. With the electricity reforms on the track things can only look better. In the telecom cables also the situation looks promising as the order size for telecom cables is anticipated to be bigger than compared to last year. In the export segment also the Company has many orders in the pipeline and negotiations are already on which may concretise in the near future.

The Company is also disposing of land and building of Silvassa Plant in view of cost containment. The implementation of VAT in future which will also dilute its utility. The inflow will also help in improving the liquidity crunch in the Company.

In this regard Company is also sending a notice to all its share holders under section 192A of the Companies act 1956 read with the Companies (passing of the Resolution by Postal Ballot) Rules, 2001 for seeking their consent.

D. CORPORATE GOVERNANCE

The Directors fully support the principles of corporate governance and to follow the spirit of the same has implemented the requirements of Clause 49 of the Listing Agreement. The Company already has in place the following committees.

At present the Audit Committee comprises of the following independent Directors viz. Shri Premchand Goliya, Shri R. R. Kumar, Shri B.L. Gupta and Shri Kranti Sinha. Shri Premchand Goliya is the Chairman of Audit Committee.

The Remuneration Committee comprises of the following Independent Directors viz. Shri Kranti Sinha, Shri B.L. Gupta and Shri Premchand Goliya. Shri Kranti Sinha is the Chairman of Remuneration Committee.

The Shareholders / Investors Grievance Committee comprises of the following Directors viz. Shri R. R. Kumar, Shri Bijay Singh Baid, Shri Sanjay Kumar Baid and Shri B. L. Gupta. Shri R.R. Kumar is its Chairman.

UNIFLEX CABLES LTD.**13TH ANNUAL REPORT 2002-2003****DIRECTORS' REPORT....(Contd.)****E. RESPONSIBILITY STATEMENT**

The Directors acknowledge that the financial statements are prepared in conformity with the accounting standards issued by the Institute of Chartered Accountants of India and the requirements of the Companies Act, 1956, to the extent applicable to the Company; on the historical cost convention; as a going concern and on the accrual basis. There are no material departures from prescribed accounting standards in the adoption of the accounting standards. The accounting policies used in the preparation of the financial statements have been consistently applied, except where otherwise stated in the notes on accounts.

The Board of Directors and the Management of Uniflex Cables Ltd. accept responsibility for the integrity and objectivity of these financial statements. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs and loss for the year. To ensure this, the Company has taken proper and sufficient care in installing a system of internal control and accounting records; for safeguarding assets and, for preventing and detecting frauds as well as other irregularities; which is reviewed, evaluated and updated on an ongoing basis. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company have been followed.

F. DEPOSITS

Your Company has not accepted any fixed deposit from public within the meaning of Section 58-A of the Companies Act and rules made thereunder as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

G. DIRECTORS

In accordance with the provisions of The Companies Act, 1956 and the Articles of Association of the Company Shri Jay Kumar Baid and Shri Ajay Kumar Baid are Directors who retire by rotation and being eligible have offered themselves for reappointment.

The Nominee Director of Life Insurance Corporation of India (LICI) Shri Kranti Sinha was also withdrawn from the Board of the Company by LICI w.e.f. 03.05.2003. The Board puts on record its appreciation and gratitude for the unstinted co-operation and valuable advice tendered by Mr. Kranti Sinha all through his stint as Nominee Director of LICI. Shri Kranti Sinha has retired from the service of the Corporation. Your Directors inducted Mr. Sinha as an Additional Director of the Company in his individual

capacity. His appointment requires the approval of the members at the ensuing Annual General Meeting.

H. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as per 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 and forming part of the Directors' Report for the period ended 31st March, 2003 is given in the enclosed annexure.

I. PARTICULARS OF EMPLOYEES

There were no employees whose remuneration were in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975, as amended.

J. AUDITORS

The auditors, M/s. Rashmi Zaveri & Co. Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if reappointed.

M/s. T.M. Rathi, Cost Accountants have been reappointed as Cost Auditors for Cost Audit in respect of cables.

K. AUDITORS' REPORT

The observations contained in the Auditor's Report are self explanatory and, therefore, no comments are called for separately.

L. ACKNOWLEDGEMENT

Your Directors thank the Company's Customers, Vendors, Shareholders, Financial Institutions, Bankers and Government Departments for their continued support during the year. Your Directors place on record their appreciation of the contribution made by employees at all levels.

For and on behalf of the Board

BIJAY SINGH BAID

Chairman & Managing Director

Place: Mumbai

Date : 28th June, 2003

UNIFLEX CABLES LTD.13TH ANNUAL REPORT 2002-2003**ANNEXURE TO THE DIRECTORS' REPORT****FORM A****Conservation of Energy****a. Energy Conservation measures taken :**

1. On recommendation of Energy auditors, who conducted the Energy audit, Company has provided a load sharing 11 KV transformer in parallel to the existing transformer to avoid peak load to control maximum demand.
2. Regular calibration of instruments like temperature controller, air valves, pressure gauges has been carried out to avoid wastage of power.

b. Additional investments and proposals, if any, being implemented for reduction of consumption of power :

No further investments other than above.

c. Impact of the measures at (a) and (b) above for reduction of energy consumption and subsequent impact on the cost of production of goods :

Demand load controlled resulting in lower electricity bills.

d. Total energy consumption and energy consumption per unit of production as per Form A in respect of industries specified in the schedule thereto :

Not Applicable.

FORM B**Form for disclosure of particulars with respect to absorption, Research and Development (R & D)****1. Specific areas in which R & D is carried out by the Company :**

- Foam Skin Jelly Filled and Fibre Optic cables developed for export markets.

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

- Good Export orders expected by Company for coming years.

3. Future plan of action :

To improve designs of all types of cables to derive maximum cost reduction with customer satisfaction.

4. Expenditure on R & D :

Expenditure on R & D have not been accounted for separately.

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

Constant improvement in every area of cable manufacturing.

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

The products of the Company are well accepted in the market and with its constant efforts Company is doing continuous product improvement, productivity improvement and cost control.

3. Imported Technology :

Nil

FORM C**Foreign Exchange Earnings and Outgo****Rs.in Lacs**

a) Foreign Exchange Earnings	:	965.30
b) Foreign Exchange outgo	:	
i) On Import of Raw Material		1072.55
ii) On Import of Capital Goods		NIL
iii) On Expenditure		135.56

For and on behalf of the Board

BIJAY SINGH BAID*Chairman & Managing Director*

Place : Mumbai

Date : 28th June, 2003

UNIFLEX CABLES LTD.**13TH ANNUAL REPORT 2002-2003****MANAGEMENT DISCUSSION AND ANALYSIS****Forward-Looking Statements**

This report contains forward-looking statements which may be identified by their use of words like "plans," "expects," "will," "anticipates," "believes," "intends," "projects," "estimates" or other words of similar meaning. All statements that address expectations or projections about the future, including, but not limited to, statements about the Company's strategy for growth, product development, market position, expenditures and financial results are forward-looking statements.

Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievements, could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis, of any subsequent developments, information or events.

Overall review

The Company at present is engaged in manufacturing and marketing of Power and Telecom Cables. The product profile of the Company consist of the following cables:

- **Power Cables**

- High Voltage XLPE Cable

- Special Elastomeric (Rubber) Cable

- Fluoroplastic Cable

- PVC Armoured/Unarmoured Cable

- **Telecom Cables**

- Optical Fibre Cable (OFC)

- Jelly Filled Telecommunication Cable (JFTC)

Opportunities and Threats

The Company envisage good opportunities in power cable segment as well as in exports. The Company is an established player in power and telecom segment. The Company also explored the export market and has got good response for its products. With a newly gained experience of export market Company foresee good opportunities in the export segment and expects that the export division will contribute steadily in the overall turnover profile of the Company.

The threat faced by the cable industry is its ever increasing capacity and the low entry barrier. Further the cable industry is mainly dependent upon the Government spending, the power development program and the new power projects. In the telecom segment also the plans of Bharat Sanchar Nigam Ltd. (BSNL) and

Mahanagar Telephone Nigam Ltd. (MTNL) to a large extent decides the contours of the telecom cable segment.

As in the past, Uniflex faces normal market competition in its business. However the Company's foray into both telecom and power cables make it very strong player and safeguard its interest from fluctuating market scenario.

Segment wise performance

The Company mainly operates in two segments i.e. Power and Telecom cables.

The Segment wise performance of the Company have been mentioned in the part(C)Point no 7 of Notes to the accounts as per schedule 'P'.

Outlook

The telecom is one of the prime movers of the economy. Our country is having the eighth largest network in the world wide range of services like Basic, cellular, internet, paging, VSAT etc. The network is growing annually at an average rate of approximately 22 percent for basic services and more than 100 percent for cellular and internet services. The lines added to basic services network over the last 5 years are one and a half time that of added over the preceding 5 decades. The current teledensity of approx. 4.0 percent proposed (as per New Telecom Policy 1999) to be increased to 7 percent (75 million telephone connections) by 2005 and 15 percent (175 million telephone connections) by 2010. By the end of 10th Plan (2007) a teledensity of 11.5 is anticipated. This translates into an investment requirement of approximately US\$ 37 billion by 2005 and approx. US\$ 69 billion by 2010. In the power cable segment also situation is changing very fast the Government has cleared schemes involving an expenditure of Rs.40,000 Crores under the Accelerated Power Development Programme (APDP) to bolster the health of electricity boards. Out of this Rs. 20,000 crores would go towards technical upgradation and Rs. 20,000 crores would be distributed as incentive to encourage and expedite the reforms programme of various states. The Electricity Bill 2001 also provides for foreign investments in the power sector. The Government will also commission four mega power projects in the northern states having a total installed capacity of 4590 megawatts by the year 2004. The Government intends to double the target generation capacity by 2012. This spells good prospects for the power cable sector.

Risks and Concerns

The major turnover of the Company comes from telecom cables and for this business the Company is mainly dependent upon Bharat Sanchar Nigam Ltd. (BSNL) & Mahanagar Telecom Nigam Ltd. (MTNL). Any adverse change in their order quantum has an impact on the Company's performance. However the Company is continuously following suitable strategies to reduce its

UNIFLEX CABLES LTD.**13TH ANNUAL REPORT 2002-2003****MANAGEMENT DISCUSSION AND ANALYSIS....(Contd.)**

dependence on these two buyers for telecom cables.

Keeping this in view the Company also started exploring the export market in a big way and has got major break through. This will help modify the risk profile by eliminating and significantly reducing key business risks and developing and implementing strategies to achieve the maximum possible degree of insulations from these risks. The Company has insured its assets against a wide range of risks, as part of its overall risk management strategies.

Internal Control Systems and their Adequacy

Uniflex has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that transactions are authorised, recorded and reported correctly.

The internal control systems are supplemented by an extensive programme of internal audits, reviews by management and documented policies, guidelines and procedures. The internal control systems are designed to ensure that the financial and other records are reliable, for preparing financial statements and other data and for maintaining accountability of assets.

Uniflex has strong and independent internal audit systems, covering on a continuous basis, the entire gamut of operations and services spanning all locations, businesses and functions.

Internal audit at Uniflex includes evaluation of all financial and operating system controls.

Internal audit findings and recommendations are reviewed by the top management and the Audit Committee of the Board.

Financial Performance with respect to Operational Performance

The Financial Statements have been prepared in compliance with the requirements of the Companies Act and the Accounting Standards issued by the Institute of Chartered Accountants of India.

Sales for the financial year 2002-2003 decreased by 46.84% over the previous financial year 2001-2002 to Rs.10575.70 lacs. The loss before tax has been increased from Rs. 478.45 lacs to Rs. 1488.27 lacs during the year.

Reserves and Surplus

Before adjusting the net loss, the Reserves & Surplus of the Company, currently stands at Rs.2346.96 lacs as compared to Rs.2496 lacs for the previous year.

Fixed Assets

During the year, the Company added Rs. 90.29 lacs in fixed assets.

Inventories

Inventories amounted to Rs. 2549.86 lacs as at 31-03-2003 as

against Rs. 2220.99 lacs as at previous year end. The inventories do not include any obsolete and unserviceable items.

Sundry Debtors

Sundry debtors amounted to Rs.2475.13 lacs as at 31-03-2003 as against Rs.4987.26 lacs as at 31-03-2002. These debtors are considered good and realisable.

Cash and Bank Balances

Cash and Bank with scheduled banks amounting to Rs.911.11 lacs essentially include the collections in transit for cheques which have been deposited in banks but not realized till 31-03-2003.

Loans and Advances

Loans and Advances as on 31-03-2003 Rs.781.92 lacs representing advances paid for raw materials, stores and services, loans and advances to employees, advance taxes, unutilised modvat, export entitlement benefit and Sundry Deposit etc.

Current Liabilities

Current liabilities amounting to Rs.3853.79 lacs include creditors for raw materials and other liabilities for miscellaneous taxes and duties payable to various Government Agencies.

Provisions

The Company has been accounting Leave Encashment Benefits on actual payment basis. During the year the Company has provided leave encashment liability amounting to Rs.2.50 lacs.

Uniflex continues to maintain its conservative financial profile. The Company is making efforts to reduce its interest cost and following up with Banks & Financial Institutions for reduction of the same. The Company is also exploring the possibilities to recast its high cost debts. The combinations of these measures will enable the Company to significantly reduce the cost of its debts and improve the bottom line of the Company.

Human Resources

Our people are our finest assets in meeting the demands of a challenging environment. Uniflex has combined a good mix of experience and youth among its employees. Uniflex Cables Ltd. is committed to enhance the quality of life of its employees by providing safe and clean working atmosphere. The Company has also helped in establishing an English medium school in Umbergaon which in the due course will be brought upto the level of secondary education.

Medical check ups are done for all the Staff & Workers at factory on regular intervals, facilities are also provided for check up of their family members. As at 31st March, 2003 the Company employed 414 permanent employees.