



# **UNIFLEX CABLES LTD.**



**14TH ANNUAL REPORT 2003-2004**



## 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 S. Ravi  
*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 S. Ravi  
Shri Kranti Sinha

## REMUNERATION COMMITTEE

Shri Kranti Sinha  
*Chairman*

Shri Premchand Goliya

## SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

Shri R. R. Kumar  
*Chairman*

Shri Bijay Singh Baid  
Shri Sanjay Kumar Baid

## AUDITORS

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

## BANKERS

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

## REGISTERED OFFICE

Chandra Mahal, First Floor,  
241, Shamaldas Gandhi Marg,  
Mumbai - 400 002.  
Tel.: 22092121 / 22015511

## HEAD OFFICE

11, Jorawar Bhavan,  
93, M. Karve Road, Marine Lines,  
Mumbai - 400 020.  
Tel.: 22014141 / 22095151

## WORKS

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

Survey No. 327/2, Jai Harsh Industrial Estate,  
Bldg. No. 1, Ground Floor, Village-Athal  
Bhilad - Silvassa Road, Silvassa  
(U.T. of D&N.H.)-396 235

## E-MAIL

uniflex@vsnl.com

## WEB SITE

www.unicab.com

## REGISTRAR & TRANSFER AGENT

**Hyderabad Office** : Karvy Computershare Pvt. Ltd.  
(Formerly known as 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.karvycomputershare.com

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

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## NOTICE

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of the Members of the Company will be held on Saturday the 25<sup>th</sup> day of September, 2004, at 12.00 p.m. at Terapanth Bhavan, Opp. Convent School, Thakur Complex, Kandivali (East), Mumbai-400101 to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March 2004, 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 Bijay Singh Baid, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Sanjay 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.

By order of the Board of Directors

**SANJIVE ARORA**  
Company Secretary

Place : Mumbai

Dated : 29<sup>th</sup> June, 2004

### 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 **Friday the 17<sup>th</sup> day of September, 2004 to Saturday the 25<sup>th</sup> day of September, 2004 (both days inclusive).**

3. Shareholders are requested to note that pursuant to the approval granted by the Securities and Exchange Board of India (SEBI), the license of the Registrar and Transfer Agents of the Company has been changed from Karvy Consultants Limited to Karvy Computershare Private Limited. Accordingly Karvy Computershare Private Limited, having their address at :

**M/s. Karvy Computershare Pvt. 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.karvycomputershare.com**

are the Registrar and Transfer Agents of the Company.

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.
  - 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 dematerialised form are requested to bring their DP ID and Client ID numbers for easy identification of attendance at the meeting.
5. The Company has already transferred all unclaimed dividends declared upto the financial year ended 31<sup>st</sup> March, 1996 to the **Investor Education and Protection Fund (IEPF)**. Shareholders who have so far not claimed or collected their dividends up to the aforesaid financial year are requested to claim their dividend from the Registrar of Companies, Maharashtra, Mumbai.



## NOTICE....(Contd.)

6. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31<sup>st</sup> March, 1997 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the **Investor Education and Protection Fund (IEPF)** established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Information in respect of such unclaimed dividend when due for transfer to the said Fund is given below :-

Financial year ended	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEP Fund
31.03.1997	23.09.1997	22.09.2004	21.10.2004
31.03.1998	18.09.1998	17.09.2005	15.10.2005
31.03.1999	27.08.1999	26.08.2006	25.09.2006
31.03.2000	22.09.2000	21.09.2007	20.10.2007

Shareholders who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s)/ pay orders/demand drafts by writing to the Company's Registered Office immediately. **Shareholders are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.**

7. 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.

8. Members requiring any information about the accounts are requested to write to the Company at least one week before the date of the meeting.
9. Only registered members carrying the Attendance Slip and the holders of valid proxies registered with the Company will be permitted to attend the meeting.
10. 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 of all the Stock Exchanges has been paid. The de-listing application of the Company to Ahmedabad and Calcutta Stock Exchanges is in an advanced stage of finalisation.

11. The Company's ISIN number for dematerialisation 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 Bijay Singh Baid & Shri Sanjay 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 Secretary

Place : Mumbai  
Dated : 29<sup>th</sup> June, 2004

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## DIRECTORS' REPORT

**To The Members,**

Your Directors hereby present the Fourteenth Annual Report on the business and operations of the Company and Audited Accounts for the year ended 31st March, 2004.

### A. FINANCIAL RESULTS

	31-Mar-04 Rs. in Lacs	31-Mar-03 Rs. in Lacs
Operating Profit	(940.03)	93.36
Less : Interest & Finance Charges	(1052.23)	(1082.92)
Profit before Depreciation & Tax	(1992.26)	(989.56)
Less : Depreciation	(478.45)	(498.71)
Profit/(Loss) before Taxes	(2470.71)	(1488.27)
Less : Provision for Tax	(0.20)	—
Add : Deferred taxation for the year	—	(7.47)
Profit/(Loss) after taxes	(2470.91)	(1495.74)
Less : Short Provision for taxes for earlier years	(176.00)	(30.51)
Add : Deferred Tax liability W/Back	542.63	—
Balance available for appropriations	(2104.28)	(1526.25)
Add : Transfer from General Reserve	—	149.04
Balance carried forward to		
Balance Sheet	(2104.28)	(1377.21)

The Company during the year incurred a loss of Rs.2470.91 Lacs. Therefore the directors have decided not to declare any dividend for the year.

### B. REVIEW OF OPERATIONS

The shareholders are aware that the cable industry is passing through a difficult time. The situation in the telecom cable industry is extremely tough due to the slackness in the business of BSNL, MTNL and private sector telecom operators who mainly procure the telecom cables. With the emphasis on wireless technology the overall order position of the telecom cable has drastically been reduced and the size of the business shrank considerably. In the export segment also the competition is very tough. The turnover of the Company during the year was Rs. 7730.17 lacs. The turnover reduced sharply due to non-finalisation of order of BSNL for telecom cables during the year. The power cable segment however has shown improvement. The overall quantum of the business in the power cable segment increased to Rs. 4057.83 lacs vis-à-vis Rs. 3664.61 lacs in the previous year. The figures for the PBDT for the current year are Rs. (1992.26) lacs and the corresponding figures for the previous year are Rs. (989.56) lacs.

#### Sick Industrial Company

In view of erosion of entire net worth, the Company has become a sick Company as per the Provisions of Sick Industrial Companies (Special Provisions) Act 1985. The Company is in the process of compliance in this regard.

### Corporate Debt Restructuring

The Company during the year conducted a major exercise of Corporate Debt Restructuring (CDR). Under CDR restructuring the average cost of the term loan of the Company has been brought down from 12.07% to 8.16% p.a. The average cost of working capital fund has also been brought down from 10.60% to 6.78% p.a. In the restructuring, Company also received the benefit of reduction in the margin money on L/Cs and B/Gs to 5% from 15% and 10% respectively. The commission charges on opening of L/Cs has also been reduced to 1%. Further CDR package also approved the restoration of the withdrawn credit limits of some of the consortium member Banks.

In this CDR package IDBI has reduced its rate of interest from 14% to 9% and 10.5% on its various loans. The Financial Institutions / Banks have funded the over dues and rescheduled the borrowings.

The Company has issued on 23<sup>rd</sup> June, 2004 fully paid up equity shares to the tune of Rs. 360 lacs to IDBI against their funded interest as per CDR package. The number of shares issued were 27,43,902 @ of Rs.13.12/- (i.e. Rs. 10/- face value + Rs. 3.12/- premium) as per SEBI Guidelines.

### De-listing

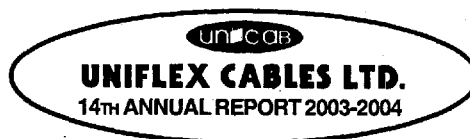
In accordance with the approval granted by the shareholders in the Extra Ordinary General Meeting of the Company held on 8<sup>th</sup> June, 2004, the Company has made an application for de-listing its shares from Ahmedabad and Calcutta Stock Exchanges. The de-listing from the Exchanges is at advanced stage and the approval is expected to be received in due course.

The Company's equity shares shall continue to remain listed on The Stock Exchange, Mumbai (BSE) which have nationwide trading terminals.

### C. FUTURE OUTLOOK

The Company's future growth will come from the revival of power cable segment and exports. In the power cable segment situation has improved tremendously. The demand for power is expected to increase at a CAGR of 6.3% over the next fifteen years. Based on the projections of demand made in the 16<sup>th</sup> Electric Power Survey additional generation capacity of over 1,00,000 MW need to be added to ensure "Power on Demand By 2012". This amounts to nearly doubling the existing capacity of around 1,00,000 MW in other words, the achievement of more than five decades need to be replicated in the next decade. This will ensure good business for companies in the power cable segment.

In the telecom cable segment however the situation remains volatile. The BSNL/MTNL's fixed network is likely to face increased competition from cellular / WLL services for voice telephony. This will result in erratic demand for telecom cables. Considering these facts the Company is contemplating to undertake remedial measures to the extent feasible for telecom cable segment.



## DIRECTORS' REPORT....(Contd.)

### 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 S. Ravi 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 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 and Shri Sanjay Kumar Baid. Shri R.R. Kumar is its Chairman.

### 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 complied with.

### 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 Bijay Singh Baid and Shri Sanjay Kumar Baid are Directors who retire by rotation and being eligible have offered themselves for reappointment.

The Nominee Director of Industrial Development Bank of India (IDBI) Shri B. L. Gupta was also withdrawn from the Board of the Company by IDBI w.e.f. 15.04.2004. In his place Shri S. Ravi was appointed on the Board of the Company. The Board puts on record its appreciation and gratitude for the unstinted co-operation and valuable advice tendered by Shri B.L. Gupta all through his stint as Nominee Director of IDBI.

### 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 31<sup>st</sup> March, 2004 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 re-appointed.

M/s. T.M. Rathi, Cost Accountant has been re-appointed 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 would like to express their grateful appreciation for the assistance and co-operation received from the Banks, Financial Institutions, CDR Cell, Government Authorities, Customers, Vendors and Shareholders during the year under review. Your Directors also wish to place on record their appreciation for the committed services of the Employees of the Company.

For and on behalf of the Board

**BIJAY SINGH BAID**  
Chairman & Managing Director

Place: Mumbai  
Date : 29<sup>th</sup> June, 2004



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## ANNEXURE TO THE DIRECTORS' REPORT

### FORM A

#### Conservation of Energy

**a. Energy Conservation measures taken :**

- i. On the recommendation of External Energy Auditor the Company installed one more 11 KV transformer to avoid oil losses and to meet peak load.
- ii. Company installed two new APFC (Automatic Power Factor Controller) panels.
- iii. Regular calibration of instruments like temperature controller, air valves and pressure gauges done to avoid wastage of power.
- iv. As per the suggestion of Energy Auditors AC drives were installed instead of normal DOL starters, proper ventilation arrangement in suction lines of all compressors provided to improve compressor efficiency.

**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 :**

- i. The maximum demand of electricity not crossed the limits, resulting in better power factor and less discharging of power capacitor.
- ii. Due to installation of new Capacitor Banks reduction of the load on previous APFC.
- iii. Installation of additional transformer resulted in saving of units / month.
- iv. Reduction in the energy losses due to regular maintenance and calibration of equipments.

**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 :**  
— Development of Automobile cables and undersea cables for Defence.
2. **Benefits derived as a result of the above R & D:**  
— Good 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.**  
Expansion of market for Company's products.
3. **Imported Technology :**  
Nil

### FORM C

#### Foreign Exchange Earnings and Outgo

	Rs. in Lacs
a) Foreign Exchange Earnings :	1651.81
b) Foreign Exchange outgo :	
i) On Import of Raw Material	571.52
ii) On Import of Capital Goods	NIL
iii) On Expenditure	106.10

For and on behalf of the Board

**BIJAY SINGH BAID**  
*Chairman & Managing Director*

Place : Mumbai  
 Date : 29<sup>th</sup> June, 2004

## 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 is manufacturing both power & telecom cables. The Company markets its cable under the brand name UNICAB which is a well-known brand in the industry today. During the year the power cable industry has shown signs of resurgence. The situation in the telecom cable industry is still lacklustre. The business in the telecom cable industry suffered due to delay in placement of orders by Bharat Sanchar Nigam Ltd. (BSNL). The Company's turnover also took a beating due to shortfall in the turnover on account of reduction in the telecom cable business. During the year the Company went through the Corporate Debt Restructuring (CDR) exercise which will have a significant impact on Company's working in the years to come.

### Opportunities and Threats

The Indian power sector is currently dominated by State / Central utilities. The installed generation capacity in the country at present is about 1,10,000 MW.

India is a power deficient country with an average energy shortage of about 7 per cent of total energy requirement and peak shortage of 12 per cent of peak capacity requirement.

To bridge this deficit and to cater to future demand, the country needs additional power generation capacity of approx. 1,00,000 MW over the next few years. This is equivalent to the entire existing generation capacity in the country. Apart from capacity, shortage, the power sector in the country is plagued by high transmission and distribution losses, lack of grid discipline, excessive workforce, ageing transmission and distribution systems and lack of commercial orientation. It is against this backdrop that Parliament has recently enacted the Electricity Act 2003, the single most important piece of legislation for the power sector in India. The Act aims at liberalising the power sector, by creating a vibrant and progressive legislative framework to facilitate India's accelerated economic growth.

Some of the key features of the Act, which would radically alter the power sector landscape include liberalisation of the generation

sector, introduction of competition in transmission and distribution through open access, mandatory unbundling of SEBs leading to privatisation, introduction of trading as a separate market function, preparation of national policies on tariff, rural electrification, renewable energy development, strengthening of the roles of regulatory commission, constitution of appellate tribunal and stringent anti-theft measures to curb the incidence of high commercial losses. All these measures will give a boost to power cable sector in the country which will provide good opportunities for business growth in the power cable segment.

The telecom cable sector continues to witness tough times. The capacity utilisation rates across companies are at low and uneconomical levels. The surplus capacity relative to demand, has led to lower realisations, making the business operations for telecom cable [both Jelly Filled Telecom Cable (JFTC) and Optical Fibre Cable (OFC)] companies unviable. This has taken its toll on revenues and profits of companies.

However there is expected to be some improvement in the OFC demand. The demand for OFC will also come from broadband service operators like BSNL and private companies who will start focusing on increasing networks to customers for their services in large cities and towns, where fibre will be taken up to the buildings. The demand for JFTC is largely dependent on orders from Bharat Sanchar Nigam Ltd. (BSNL). We estimate that demand from this segment to slide, as network rollouts will be undertaken using the CDMA based Wireless in Local Loop (WLL) technology.

### 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 5 of Notes to the Accounts as per schedule 'P'.

### Outlook

The demand for power cable is likely to be strong as the Electricity Act, 2003 will radically alter the power sector landscape. It will liberalise the generation sector, introduce the competition in transmission and distribution through open access, the mandatory unbundling of SEBs leading to privatisation, introduction of trading as a separate market function, preparation of national policies on tariff, rural electrification, renewable energy development, strengthening of the roles of regulatory commissions, constitution of appellate tribunal and stringent anti-theft measures to curb the incidence of high commercial losses will improve the demand for cables as well as other ancillary power equipments.

In the telecom cable segment the demand will have to come from the thrust on improving the teledensity in the rural segment and to a small extent from the replacement demand. The exports of JFTC foam skin cables which are used in other countries will also give opportunities for exports.

In the OFC segment demand from major public sector companies viz. GAIL, ONGC, Railtel, PGCIL, NTPC and the Roads Authority will continue to some extent. In the oil, gas, transportation and power segment the demand is expected to



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## MANAGEMENT DISCUSSION AND ANALYSIS....(Contd.)

continue as the companies will deploy their OFC networks to improve their communications and signalling systems and in the case of oil companies, to track oil leakages. With the policy on conditional access system expected in 2004-05, OFC demand for metro access is also expected to materialise.

### Risks and Concerns

The telecom cable segment continues to worry the cable manufacturers. The capacity utilisation rates across companies are at low uneconomical levels. The demand for JFTC is largely dependent on the orders from BSNL. It is expected that the demand from this segment is going to slide as network rollouts will be undertaking using the CDMA based Wireless in Local Loop (WLL) technology.

There are risks to the demand for Optical Fibre Cables (OFC) also as BSNL is still the single largest consumer of OFC in India. While access network deployment is expected to start from 2004-05, there could be delays if operators decide to postpone its deployment. Another trend that could emerge will be the increased leasing of excess bandwidth, thereby reducing the demand for backbone OFC, which is still not taking place in any big way.

The other area of concern is that the 80% of Company's investment is in telecom cable segment. In case the pressure on revenues as well as profits continue the Company will have to take some tough decisions in the future with regard to telecom cable plants.

### 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 2003-04 decreased by 27% over the previous financial year 2002-2003 to Rs. 7730.17 lacs. The loss before tax has been increased from Rs. 1488.27 lacs to Rs. 2470.71 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.

### Fixed Assets

During the year, the Company added Rs. 12.56 lacs in fixed assets.

### Inventories

Inventories amounted to Rs. 1860.19 lacs as at 31-03-2004 as against Rs. 2549.86 lacs as at previous year end. The inventories do not include any obsolete and unserviceable items.

### Sundry Debtors

Sundry debtors amounted to Rs. 1146.91 lacs as at 31-03-2004 as against Rs. 2475.13 lacs as at 31-03-2003. These debtors are considered good and realisable.

### Cash and Bank Balances

Cash and Bank with scheduled banks amounting to Rs.433.54 lacs essentially include the collections in transit for cheques which have been deposited in banks but not realized till 31- 03-2004.

### Loans and Advances

Loans and Advances as on 31-03-2004 Rs.507.69 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. 2520.27 lacs include creditors for raw materials and other liabilities for miscellaneous taxes and duties payable to various Government Agencies.

### Provisions

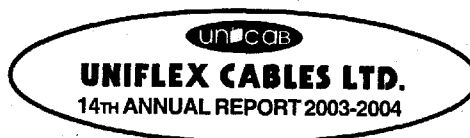
The Company has been accounting Leave Encashment Benefits on actual payment basis. During the year the Company made the provision for taxation and excise duty to the tune of Rs. 38.08 lacs.

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 31<sup>st</sup> March, 2004 the Company employed 412 permanent employees.



## CORPORATE GOVERNANCE REPORT

### (Pursuant to Clause 49 of the Listing Agreement)

Uniflex aspires to follow the best practices in the area of corporate governance and the principles of fair representation and full disclosure in all its dealings and communications.

Uniflex recognises communication as a key element of the overall corporate governance framework and therefore emphasises continuous, efficient and relevant communication to all external constituencies.

Uniflex's annual reports, results presentations and other forms of corporate and financial communications, provide extensive details and convey important information on a timely basis.

The corporate communications and investor relations functions are accorded the highest level of importance within the Company, with active ongoing monitoring by and involvement of the top management.

Uniflex provides timely corporate disclosure, with its scale and complexity of operations, regularly publish its audited annual results.

Uniflex communicates corporate, financial, product information, online, on its website, [www.unicab.com](http://www.unicab.com).

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Uniflex's philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations and in all its interactions with its stakeholders, including shareholders, employees, the government and lenders. Uniflex is committed to achieving the highest international standards of corporate governance.

Uniflex believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

### 2. BOARD OF DIRECTORS

The Board of Directors consists of 8 Directors. Composition and category of Directors is as follows :

Category	Name of the Directors
Chairman and Managing Director	Shri Bijay Singh Baid
Executive Directors	Shri Jay Kumar Baid
	Shri Ajay Kumar Baid
	Shri Sanjay Kumar Baid
Independent Directors	Shri Raghunath Rai Kumar
	Shri Premchand Goliya
	Shri S. Ravi
	(Nominee of I.D.B.I.)
	Shri Kranti Sinha*
* The nomination of Shri Kranti Sinha has since been withdrawn by LICICI w.e.f. 03-05-2003 however he is now on the board as an Independent Director.	

**Information under clause 49 VI A of the Listing Agreements regarding reappointment of Shri Bijay Singh Baid, Shri Sanjay Kumar Baid and the Nominated Director Shri S. Ravi.**

Shri Bijay Singh Baid, aged 64, is a seasoned Businessman who has more than 44 years of business experience. He has about 22 years of experience in the administration and management of cable manufacturing and its marketing to institutional customers like Defence, Railways, Shipbuilding Industry, Nuclear Power Corporation, BSNL & MTNL etc. He is also having rich experience of more than 18 years of textile industry.

Shri Sanjay Kumar Baid aged about 40 years is presently working as an Executive Director of the Company. He is a science graduate and has more than 20 years of experience of managing business. He is mainly looking after the Company's purchase related activities, general administration and investors related issues.