



UNIFLEX CABLES LTD.



15TH ANNUAL REPORT 2004-2005

UNIFLEX CABLES LTD.**15TH ANNUAL REPORT 2004-2005****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

Shri Sanjay Kumar Baid

*Executive Director***COMPANY SECRETARY**

Shri M. C. Bhalawat

AUDIT COMMITTEE

Shri Premchand Goliya

Chairman

Shri R.R. Kumar

Shri B. L. Gupta

REMUNERATION COMMITTEE

Shri B. L. Gupta

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, 4th 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 OFFICEChandra Mahal, First Floor,
241, Shamaldas Gandhi Marg,
Mumbai - 400 002.

Tel.: 22092121 / 22052525

HEAD OFFICEJyoti Wire House,
23 A Shah Industrial Estate,
Veera Desai Road, Andheri (West)

Mumbai - 400 053.

Tel.: 26740001/2/3

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**

info@uniflex.in

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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UNIFLEX CABLES LTD.**15TH ANNUAL REPORT 2004-2005****NOTICE**

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting of the Members of the Company will be held on Friday the 26th day of August, 2005, at 12:00 p.m. at Andheri Recreation Club, Near Bhavan's College, Andheri (W), Mumbai-400058 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2005, the Profit and Loss Account for the financial year ended on that date and the Reports of Directors' and Auditors' thereon.
2. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

"Resolved that Shri B. L. Gupta be and is hereby appointed as a Director of the Company".
3. To appoint a Director in place of Shri Jay Kumar Baid, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Ajay Kumar Baid, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint M/s. Rashmi Zaveri & Co., the retiring Auditor to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize Board of Directors to fix their remuneration.

By order of the Board of Directors

M. C. BHALAWAT
Company Secretary

Place : Mumbai

Dated : 28th June, 2005

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.
2. 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.

3. The Register of Members and the Share Transfer books of the Company will remain closed from **Thursday, the 18th day of August, 2005 to Friday the 26th day of August, 2005 (both days inclusive).**
4. 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 Ltd. to Karvy Computershare Private Ltd. Accordingly Karvy Computershare Pvt. Ltd., having their address at :

M/s. Karvy Computershare Pvt. Ltd.
Karvy House, 46, Avenue 4, Street No.1
Banjara Hills, Hyderabad – 500034.
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.

5. 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.
6. The Company has already transferred all unclaimed dividends declared upto the financial year ended 31st march, 1997 to the Investor Education and Protection Fund (IEPF). Shareholders who have so far not claimed or collected their dividends upto the aforesaid financial year are requested to claim their dividend from the Registrar of Companies, Maharashtra, Mumbai.
7. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 1998 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.

UNIFLEX CABLES LTD.**15TH ANNUAL REPORT 2004-2005****NOTICE....(Contd.)**

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
31.03.1998	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.**

8. 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.
9. Members requiring any information about the accounts are requested to write to the Company at least one week before the date of the meeting.
10. Only registered members carrying the Attendance Slip and the holders of valid proxies registered with the Company will be permitted to attend the meeting.
11. The Equity Shares of the Company are presently listed at the following Stock Exchanges :

The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001 (Regional Stock Exchange) and The Calcutta Stock Exchange Association Ltd., 7, Lyons Range, Kolkata-700001.

The Equity Shares of the Company have been de-listed from the Ahmedabad Stock Exchange w.e.f. 25/08/2004. Annual Listing Fees to the Stock Exchanges has been paid. The de-listing application at the Calcutta Stock Exchange is at advanced stage of finalisation.

12. The Company's ISIN number for dematerialisation purposes with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) is INE-146B01011.

Explanatory Statement, Pursuant to Section 173(2) of the Companies Act, 1956 – Item No. 2.

The Board of Directors at their meeting held on 18.05.2005 had appointed Shri B.L. Gupta as an Additional Director pursuant to Section 260 of the Companies Act, 1956. Shri B. L. Gupta holds office of the Director upto the date of this Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956, together with requisite deposit from a member of the Company proposing the name of Shri B. L. Gupta for appointment as a Director of the Company liable to retire by rotation. Your Directors recommend this resolution for your approval.

None of the Directors except Shri B.L. Gupta may be deemed to be concerned or interested in the proposed resolution.

13. At the ensuing Annual General Meeting, Shri Jay Kumar Baid & Shri Ajay Kumar Baid retires by rotation and being eligible offers 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.
14. During the year, the Company Secretary of the Company Shri Sanjive Arora resigned from the position of being Company Secretary and Shri Vijendra Jain, Finance Manager of the Company was appointed as Dy. General Manager – Finance & Company Secretary of the Company.

Shri Vijendra Jain, DGM – Finance & Company Secretary of the Company subsequently resigned from the above position and Shri M.C. Bhalawat has been appointed as new Company Secretary of the Company.

15. Securities and Exchange Board of India ("SEBI") has vide master Circular No. SEBI/CFD/DIL/CG/1/2004/12/10 dtd. 29th October, 2004 advised the Stock Exchanges to carry out amendment in the Listing Agreement with respect to "Corporate governance in listed companies" by replacement of the old Clause 49 with the revised Clause 49 as given in the aforesaid master Circular issued by SEBI. While the provisions of the revised Clause 49 were initially to come into force with effect from 1st April 2005, SEBI has subsequently vide Circular No. SEBI/CFD/DIL/CG/1/2005/29/3 dtd. 29th March, 2005 extended the time for implementation upto 31st December, 2005 so as to give companies enough time to implement the various compliance stipulated in the said revised Clause 49.

By order of the Board of Directors

M. C. BHALAWAT
Company Secretary

Place : Mumbai
Dated : 28th June, 2005

UNIFLEX CABLES LTD.**15TH ANNUAL REPORT 2004-2005****DIRECTORS' REPORT****To The Members,**

Your Directors hereby present the Fifteenth Annual Report on the business and operations of the Company and Audited Accounts for the year ended 31st March, 2005.

A. FINANCIAL RESULTS

	31-Mar-05 Rs. in Lacs	31-Mar-04 Rs. in Lacs
Operating Profit	(1284.70)	(940.03)
Less : Interest & Finance Charges	(771.00)	(1052.23)
Profit before Depreciation & Tax	(2055.70)	(1992.26)
Less : Depreciation	(456.52)	(478.45)
Profit/(Loss) before Taxes	(2512.22)	(2470.71)
Less : Provision for Tax	(0.01)	(0.20)
Profit/(Loss) after taxes	(2512.23)	(2470.91)
Less : Short Provision for taxes for earlier years	—	(176.00)
Add : Deferred Tax liability W/Back	—	542.63
Balance available for appropriations	(2512.23)	(2104.28)

The Company during the year incurred a loss of Rs. 2512.23 lacs. Therefore the Directors have decided not to declare any dividend for the year.

B. REVIEW OF OPERATIONS

The Company has to face another tough year as the situation became very difficult due to non-availability of working capital limit coupled with steep increase in raw material prices, inspite of strong order booking position in power cable division, Company could not achieve its targeted sales and also due to non economies of operations the Company incurred operational losses. Keeping the present constraint's the Company has already started looking for job work and are in the process of executing orders for leading cable companies which has indeed helped the Company at this juncture of time not only utilize its idle capacity but also enable to cover its fixed overheads expenses to some extent.

In telecom division out of the two divisions, JFTC, there is no major business and hence the same is planned to be disposed off and certain infrastructure will be used for power cable division. In OFC division the Company has achieved the sales turnover of approx. Rs. 4.13 Crores.

Share Capital

During the year the Company has issued 27,43,902 fresh Equity Shares of Rs. 10/- each fully paid up at a premium of Rs. 3.12 per shares to IDBI Ltd. pursuant to the CDR approved package in lieu of funded interest of Rs. 360 Lacs on 23.06.2004 on preferential basis.

Reference to BIFR

The Company has become a Sick Industrial Company under provision of Sick Industrial Companies (Special Provisions) Act 1985. The Company has filed reference with BIFR which stand registered as case No. 280/2004.

Corporate Debt Restructuring

During the year CDR package was implemented but non-restoration of limits by one of the consortium member Bank have jeopardized the whole restructuring. Now the CDR members has given notice to the Company to withdraw the package and the Company is in process of pursuing its lenders to continue the same and also the Company is in process of evaluating a long term solution to restructure its financials.

De-listing

In accordance with the approval granted by the shareholders in the Extra Ordinary General Meeting of the Company held on 8th June, 2004, the Company made an application for voluntary de-listing of its equity shares from Ahmedabad and Calcutta Stock Exchanges. Subsequently the equity shares were de-listed from Ahmedabad Stock Exchange w.e.f. 25.08.2004 and the application for de-listing at Calcutta Stock Exchange is at an advanced stage and the approval is expected to be received in due course.

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

C. FUTURE OUTLOOK

The Company will be focussing on its two division Power Cables & OFC. At present the demand for both divisions is on upbeat, the Company feels good long term prospects in these products. Steep fall in turnover has put lot of pressure on Company bottomline as such major cost restructuring exercise have already being initiated.

The Company's future growth will come mainly from the 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 16th 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 Company 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.

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. Shri B. L. Gupta was inducted as a member of the Committee w.e.f. 18.05.2005.

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. As Shri Kranti Sinha has resigned from the Board, Shri B.L. Gupta was inducted to the Committee as a Chairman.

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.

* The Nomination of Shri S. Ravi has since been withdrawn by IDBI w.e.f. 21.05.2005.

** Shri Kranti Sinha has resigned from the Board level and various committees on 27.01.2005.

UNIFLEX CABLES LTD.

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DIRECTORS' REPORT....(Contd.)**E. HUMAN RESOURCES**

As per policy, Company gives due importance to the employees, as they are considered as great assets of the Company. The Company is working to create a work place where every employee can exercise his full potential. The Company has been imparting internal training so as to improve their knowledge, technical skills and management techniques. Employee's involvement is encouraged and problem solving abilities are improved by motivating them.

The Board of Directors wishes to place on record their sincere appreciation to all the employees of the Company for their dedication, commitment and loyalty to the Company. Throughout the year, cordial relations prevailed between the management and employees.

F. 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.

G. 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.

H. 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 retires by rotation and being eligible have offered themselves for reappointment.

The Nominee Director of Industrial Development Bank of India (IDBI) Shri S. Ravi was withdrawn from the Board of the Company by IDBI w.e.f. 21.05.2005. The Board puts on record its appreciation and gratitude for the unstinted co-operation and valuable advice tendered by Shri S. Ravi.

I. 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, 2005 is given in the enclosed annexure.

J. 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.

K. 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.

L. AUDITORS' REPORT

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

Auditor's Para on Report	Management's reply
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- | | |
|-----|--|
| 6a. | The Management feels that on the basis of conservatism it is not necessary to create a deferred tax asset and has hence restricted the provision of deferred tax asset to the extent of deferred tax liability. |
| 6b. | The Management has done the valuation of fixed assets in December' 2003 and the market value is more than WDV as per books. Hence no provision for impairment of assets is required. |
| 6c. | The Company is in negotiation with the CDR members for restructuring and restoration of its sanctioned limit and as soon as the restoration is approved the necessary provision for interest will be made. |
| 6d. | The Company has gone into arbitration against Bank Guarantee invoked by Bank and expects decision in its favour. Hence no provision is made. |
| 6e. | Due to loss, no provision of interest on NCD amounting to Rs. 110.14 Lacs has been made in the books. |
| 6f. | The JFTC plant was partly functioning during the year and now the Company is in the initial stage of discussions to discontinue its operation and dispose it off. The necessary disclosures will be made as soon as the decision is finalized. |

M. 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 Shareholder 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 : 28th June, 2005

UNIFLEX CABLES LTD.

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ANNEXURE TO THE DIRECTORS' REPORT

FORM A

Conservation of Energy

a. Energy Conservation measures taken :

- i. Regular calibration of instruments like temperature controllers, air valves, pressure gauges have been undertaken to avoid wastage of power.
- ii. As per the suggestion of Energy Auditors AC drives are installed in place of normal DOL starters & proper ventilation arrangements are done in suction lines of all compressors to improve efficiency resulting in energy savings.
- iii. Company has changed its fuel grade by using a special centrifugal filter for the Diesel Generator sets which reduced the fuel consumption by 10% in value terms.
- iv. Company has commissioned cooling towers in place of chilling plants resulting saving of energy.

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

No further investments other than stated 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. Not measured
- ii. Not measured
- iii. Saving of 10% in fuel costs
- iv. Not measured

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 Heavy Tow Cables for Department of Research & Development Organisation (DRDO).

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 develop new cables of Marine applications.

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 Laacs

a) Foreign Exchange Earnings	366.38
b) Foreign Exchange outgo	
i) On Import of Raw Material	329.83
ii) On Import of Capital Goods	NIL
iii) On Expenditure	55.52

For and on behalf of the Board

BIJAY SINGH BAID

Chairman & Managing Director

Place : Mumbai

Date : 28th June, 2005

MANAGEMENT DISCUSSION AND ANALYSIS

Forward-Looking Statements

This report contains forward-looking 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 improvements. The situation in the telecom cable industry is still lackluster. The Company could not achieve its targeted figures due to lack of working capital. As per present scenario the Company will also look for job work to cover its overhead expenses. At present the Company intends to focus on power cables and OFC division which has very promising outlook.

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 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 focussing 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 6 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.

The accelerated offtake by BSNL & private sector operators in case of OFC has resulted in reasonable growth in OFC business as compared to very low base in the previous year. The OFC prices also witnessed an uptrend during the year.

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

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

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 2005-06, 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 which is not contributing significantly to the total revenue of the Company. In case the pressure on revenues as well as on profits continue, the Company will have to take some tough decisions in the future with regard to telecom cable plant.

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 and corrective measures are taken by the management in due course.

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 2004-05 decreased by 52.87% over the previous financial year 2003-2004 to Rs. 3642.87 lacs as Company could not achieve targeted sales due to lack of working capital fund. However the loss before tax was slightly down by 1.65% at Rs.2512.22 lacs as against Rs.2470.71 lacs reported last year as Company started job work for reputed cable manufacturer to cover its fixed overheads.

Reserves and Surplus

The Reserves & Surplus of the Company currently stand at Rs.2432.56 lacs.

Fixed Assets

During the year, the Company added Rs.12.43 lacs in fixed assets.

Inventories

Inventories stood at Rs.856.28 lacs as at 31-03-2005 as against Rs.1860.19 lacs as at previous year end. The inventories do not include any obsolete and unserviceable items.

Sundry Debtors

Sundry debtors amounted to Rs.822.14 lacs as at 31-03-2005 as against Rs. 1146.91 lacs as at 31-03-2004. These debtors are considered good and realisable.

Cash and Bank Balances

Cash and Bank balances with scheduled banks stood at Rs.232.75 lacs including cheques in hand as on 31.03.2005.

Loans and Advances

Loans and Advances as on 31-03-2005 Rs.221.19 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. 1273.74 lacs includes creditors and advance received from customers 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. 28.87 lacs.

Uniflex continues to maintain its conservative financial profile. The Company has made efforts to reduce its interest and financial cost and following up with Banks & Financial Institutions which has resulted in saving in the current year. The Company is also exploring the possibilities of long term solution 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 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.

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 15TH ANNUAL REPORT 2004-2005

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.

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 7 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** Shri B. L. Gupta***
* The nomination of Shri S. Ravi has since been withdrawn by IDBI w.e.f. 21-05-2005.	
** The Independent Director Shri Kranti Sinha has resigned from the Board on 27.01.2005.	
*** The Independent Director Shri B. L. Gupta has been appointed as Additional Director of the Company w.e.f. 18.05.2005.	

Information under clause 49 VI A of the Listing Agreements regarding reappointment of Shri Jay Kumar Baid, Shri Ajay Kumar Baid and the Independent Director Shri B. L. Gupta.

Shri Jay Kumar Baid, aged about 44, is presently working as an Executive Director of the Company. He is a Commerce Graduate, having more than 22 years of experience in the cable industry. He is primarily responsible in the marketing, Government tendering and Financial matters of the Company.

Shri Ajay Kumar Baid aged about 44, is presently working as an Executive Director of the Company. He is a science graduate, having more than 22 years of experience in the production of cables. He has developed several specialized cables and Elastomeric Cables to meet the stringent requirements of BSNL, MTNL, Defence, Railways, Ship Building Industries etc.

Shri B.L. Gupta aged about 67, is a self employed and is on the board of reputed company M/s. Amforge Industries Ltd. He has been appointed on the Board as an Additional Director of the Company w.e.f. 18.05.2005.