

UNISTAR[®]

ANNUAL REPORT
AND
ACCOUNTS
FOR THE
YEAR ENDED
31ST MARCH 1998

Universal
Cables
Limited





UNIVERSAL CABLES LIMITED

ANNUAL REPORT 1997-98

DIRECTORS

SMT. PRIYAMVADA BIRLA
SMT. RADHIKA BIRLA
SHRI D.P. GOENKA
SHRI A.M.M. ARUNACHALAM
SHRI R.M. DESAI
SHRI J. SINGHI
SHRI A.K. SINGHI
SHRI HARSH V. LODHA
SHRI V.D. JAIN

Chairman

Managing Director

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	✓
TRA	NA		AC	✓
AGM	✓	✓	SH	✓
YE	✓	✓		✓

PRESIDENT

SHRI D.R. BANSAL

AUDITORS

S.R. BATLIBOI & COMPANY
Chartered Accountants

SOLICITORS

KHAITAN & KHAITAN

BANKERS

STATE BANK OF INDIA

REGISTERED OFFICE

P.O. BIRLA VIKAS,
SATNA - 485 005 (M.P.)

◀ SMT. PRIYAMVADA BIRLA
Chairman



UNIVERSAL CABLES LIMITED

Directors' Report

TO THE SHAREHOLDERS

Your Directors have the pleasure of presenting their Annual Report, together with the Audited Accounts of the Company, for the year ended 31st March, 1998.

Accounts & Financial Matters

	31st March, 1998		31st March, 1997	
	Rupees in lacs	Rupees in lacs	Rupees in lacs	Rupees in lacs
Turnover for the year amounted to		20369.53		23093.45
The year's working shows a Gross Profit (after interest) of		988.44		1812.62
Out of which provisions have been made for				
Depreciation	430.87		404.10	
Taxation	160.00	590.87	650.00	1054.10
Thus, Net Profit after taxation is		397.57		758.52
To which is added :				
Profit & Loss A/c. b/f. from previous year	140.56		134.20	
Income tax Refund	27.20		—	
Excess Provision for Taxation written back	35.17	202.93	.51	134.71
Making a total disposable surplus of		600.50		893.23
Which the Directors have appropriated as follows :				
Provision for Proposed Dividend		240.46		320.61
Corporate Dividend Tax		24.04		32.06
Transfer to General Reserve		200.00		400.00
Balance carried forward to next year		136.00		140.56
		600.50		893.23
Your Directors recommend payment of dividend for the year on 1,60,30,355 Equity Shares of Rs. 10/- each fully paid-up @ Rs. 1.50 per share (i.e. 15 %)		240.46		320.61

General & Corporate Matters

The working of the Company was adversely affected by the continued severe demand recession triggered by more than a 50% shortfall in the power generation target of the eighth plan and slowing down of industrial growth. The price level of Cables and Capacitors fell very sharply due to severe internal and external competition. In fact a large quantity of cables is being imported, as domestic cable manufacturers are at a disadvantage compared to foreign manufacturers due to the discriminating duty structure imposed by Govt. of India. FICCI after a recent study recommended rationalisation of indirect taxes on capital goods to offset the disadvantage, ranging from 22.5% to 31.5%, suffered by domestic capital goods industries as compared to foreign suppliers.

As a result, the sales turnover of the Company declined from Rs. 230.93 Crores to Rs. 203.70 Crores and Gross profit was also lower at Rs. 9.88 crores from Rs. 18.13 crores as compared to previous year.

On the export front our search for new market areas continued and we have been able to secure a good order from South Africa after clearing a stringent pre-qualification scrutiny by South African Bureau of Standards.

The Govt. of India has published the draft ninth plan paper and the growth target has been fixed at 7% of GDP during the ninth plan period. Priority has been given for power generation and other infrastructural developments. The Plan also envisages higher industrial growth and larger capital outlay in both the public and private sector. We hope, these measures will improve the sagging demand for cables and capacitors.

NOTICE

TO THE SHAREHOLDERS

NOTICE is hereby given that the Fifty third Annual General Meeting of the Shareholders of the Company will be held at the Registered Office of the Company at Birla Vikas, Satna (M.P.) on Tuesday, the 11th August, 1998 at 3 p.m. for the following purposes :

1. To receive and consider the Report of Directors and to pass the Audited Accounts of the Company for the year ended 31st March, 1998;
2. To declare Dividend on Equity Shares;
3. To appoint Directors in place of Shri D.P. Goenka, Shri A.M.M. Arunachalam and Shri J. Singhi, who retire by rotation and being eligible, offer themselves for re-appointment;
4. To appoint Auditors and fix their remuneration and for this purpose to consider and if thought fit, to pass with or without modification the following Resolution as Special Resolution;

"RESOLVED that pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s S.R. Batliboi & Co., Chartered Accountants, the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Meeting upto the conclusion of the next Annual General Meeting of the Company and the Board of Directors of the Company be and is hereby authorised to fix their remuneration and sanction travelling and other incidental expenses that may be incurred by them in connection with the audit of accounts of the Company."

5. As special business to consider and if thought fit, to pass with or without modifications the following Resolutions;

(i) As an Ordinary Resolution :

"RESOLVED that pursuant to the provisions of Section 198, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956, and in accordance with the conditions specified in Schedule XIII of the Companies Act, 1956, consequent to statutory change in quantum of Company's contribution to Provident Fund of Shri V.D. Jain, Managing Director as per Provident Fund Scheme of the Company, the Company hereby notes, confirms and approves the change in terms of remuneration of Shri V.D. Jain, Managing Director, with effect from 22nd September, 1997 as set out in Supplemental Agreement dated 9th March, 1998 and circulated to the Shareholders pursuant to the provisions of Section 302 of the Companies Act, 1956 vide Abstract and Memorandum dated 9th March 1998."

(ii) As an Ordinary Resolution :

"RESOLVED that Smt. Radhika Birla, a Director of the Company who holds Office till the date of this Annual General Meeting under Article 140 of the Company's Articles of Association be and is hereby re-appointed as Director of the Company, liable to retire by rotation."

(iii) As an Ordinary Resolution :

"RESOLVED that Shri Harsh Vardhan Lodha, a Director of the Company who holds Office till the date of this Annual General Meeting under Article 140 of the Company's Articles of Association be and is hereby re-appointed as Director of the Company, liable to retire by rotation."

The Register of Members of the Company will remain closed from the 16th July, 1998 to the 11th August, 1998, both days inclusive.

Registered Office :

P.O. Birla Vikas,
Satna - 485 005 (M.P.)

Dated, the 24th day of April, 1998.

By Order of the Board

P.L. SHARMA
Secretary

NOTES :

1. The Directors recommend payment of Dividend for the year @ Rs. 1.50 per Share (i.e. 15%) on 1,60,30,355 Equity Shares of Rs. 10/- each fully paid up.

If dividend on shares as recommended by the Directors is declared at the meeting, the DIVIDEND WILL BE PAID TO THE REGISTERED SHAREHOLDERS whose names appear on the Company's Register of Members on the 11th August, 1998 or to their order or to their Bankers.

2. A member entitled to attend and vote at the above meeting is entitled to appoint a Proxy to attend and vote instead of himself and proxy need not be a member. Proxies in order to be effective must be received by the Company not less than 48 hours before the Meeting.

Shareholders are requested to notify to the Company any changes in their addresses.

3. AN EXPLANATORY STATEMENT IN RESPECT OF THE ABOVE ITEM OF SPECIAL BUSINESS IS ANNEXED HERETO.

UNIVERSAL CABLES LIMITED

EXPLANATORY STATEMENT**(Pursuant to Section 173 of the Companies Act, 1956)****Items of Special Business :**

- 5 (i) Consequent to statutory change in quantum of Company's contribution to Provident Fund of Shri V.D. Jain, Managing Director, as per Provident Fund Scheme of the Company, Board of Directors at its meeting held on 9th March, 1998 approved change in terms of remuneration of Shri V.D. Jain, Managing Director and in this respect, a Supplemental Agreement dated 9th March, 1998 was executed between the Company and Shri V.D. Jain. Change in terms of remuneration was within the limits prescribed under Section 309 of the Companies Act, 1956 and Schedule XIII of the Companies Act, 1956. Vide resolution No. 7 passed in the Fifty first Annual General Meeting of the Company held on 14th August, 1996, Board of Directors was authorised to change the terms of remuneration of Shri V.D. Jain, Managing Director.

Details of increase in remuneration/perquisites, was already circulated pursuant to the provisions of Section 302 of the Companies Act, 1956 vide Abstract and Memorandum dated 9th March, 1998.

The Board of Directors recommend the Shareholders to adopt the proposed resolution as an Ordinary Resolution.

A copy of the Supplemental Agreement dated 9th March, 1998 between the Company and Shri V.D. Jain is available for inspection by the Members of the Company at the Registered Office of the Company between 10 AM and 12 Noon on any working day excluding Sundays and Holidays and will also be available for inspection at the Meeting.

Except Shri V.D. Jain, no other Director of the Company is interested in the Resolution.

- 5 (ii) Smt. Radhika Birla and Shri Harsh Vardhan Lodha were co-opted as Additional Directors on the Board of the & Company under Article No. 140 of the Company's Articles of Association. They hold Office upto the date of the (iii) ensuing Annual General Meeting. The Company has received notices U/S. 257 of the Companies Act, 1956 proposing their candidature for the Office of the Director and they are eligible for re-appointment. Hence, your approval is sought to the proposed Resolutions.

Except Smt. Radhika Birla and Shri Harsh Vardhan Lodha no other Director of the Company is interested in the Resolutions.

Registered Office :

P.O. Birla Vikas,
Satna - 485005 (M.P.)

Dated, the 24th day of April, 1998.

By Order of the Board

P.L. SHARMA
Secretary

New Projects & Products

Universal-ABB Power Cables Ltd., a joint venture company promoted by the Company along with ABB has commenced production and the plant was formally inaugurated on March 21, 1998.

As regards the Companies earlier promoted by your Company, Vindhya Telelinks Limited has reported good results and the performance of Birla Ericsson Optical Limited has also been satisfactory.

Your Company has incurred a capital expenditure of Rs. 3.28 crores during the year for manufacture of new products, modernisation and upgradation of technology. The Company's R&D Deptt. is actively striving towards development and continuous improvement of new and existing products.

Industrial Relations

Industrial relations remained cordial throughout the year. The Board wishes to record its appreciation of the dedication, skill and painstaking efforts put in by all the Company's employees.

Acknowledgements

The Directors gratefully acknowledge the continuous support and assistance rendered by the financial institutions and the Company's bankers, State Bank of India. The Board also extends its warm appreciation to the Company's technical collaborator, ABB High Voltage Cables AB of Sweden, for their valuable technical assistance.

Directors

Mrs. Radhika Birla and Shri Harsh Vardhan Lodha were appointed as additional Directors of the Company with effect from 3rd September, 97 and 24th April, 98 respectively and, being eligible, are proposed to be re-appointed as Directors liable to retire by rotation in the ensuing Annual General Meeting.

Shri D.P. Goenka, Shri A.M.M. Arunachalam and Shri J. Singhi retire from the Board by rotation and, being eligible, offer themselves for re-appointment.

Auditors

M/s. S.R. Batliboi & Co., Chartered Accountants, retire as Auditors of the Company and, being eligible, offer themselves for re-appointment.

M/s. S. Gupta & Company, Cost Accountants, have been appointed as Cost Auditors for Cost Audit in respect of Cables.

Particulars of Employees

As required under Section 217(2A) of the Companies Act, 1956 and the Rules made therein, the particulars of the concerned employees are given in Annexure 'A' which is attached hereto and forms a part of this Directors' Report.

Energy Conservation, Technology Absorption, Foreign Exchange Earnings & Outgo

As required under Section 217(1)(e) of the Companies Act, 1956 and the Rules made therein, the concerned details relating to energy conservation, technology absorption, foreign exchange earnings and outgo are given in Annexure 'B' attached hereto, which forms a part of this Directors' Report.

Yours faithfully,

Registered Office:

P.O. Birla Vikas,
Satna-485 005 (M.P.)

Dated, the 24th day of April, 1998.

(MRS.) PRIYAMVADA BIRLA	Chairman
(MRS.) RADHIKA BIRLA	} Directors
A.K. SINGHI	
HARSH V. LODHA	
V.D. JAIN	Managing Director

UNIVERSAL CABLES LIMITED

ANNEXURE 'A'

PARTICULARS OF EMPLOYEES AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND THE RULES MADE THEREIN AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1998.

Name (Shri)	Designation	Remuneration received (Rs.)	Qualification	Experience (years)	Date of Commencement of Employment	Age (yrs)	Particulars of last Employment held (Concern/Place/Designation/Period of service)
V.D. Jain*	Managing Director	15,42,139	B.Com.	51	1-8-64	73	Indian Smelting & Refining Co.Ltd. Mumbai, General Manager (8 years)
D.R. Bansal	President	9,29,751	M.Sc.	36	1-8-64	58	Hindustan Gum & Chemicals Ltd. Bhiwani, Sales Incharge & Chief Chemist (2 years)
O.P. Gupta*	President (Commercial)	4,91,002	I.Sc., D.M.E.	40	6-3-65	65	Indian Smelting & Refining Co. Ltd. Mumbai, Assistant Engineer (7 years)
S.L. Kakkar	President (Works)	5,05,002	B.Sc. (Engg. Elec.) F.I.E. (I) Chartered Engineer	34	1-5-68	57	Indian Aluminium Cables Ltd. Faridabad, Factory Manager (1 year)
P.K. Sengupta*	President (Technical)	3,51,599	M.Tech.	42	1-8-80	64	Incab Industries Ltd. Jamshedpur, Development Manager (17 years)
J.M. Gupta	President (Marketing)	4,08,384	B.Sc. (Tex.)	37	1-1-66	58	Raj Textile Mills, Bhawani Mandi, Supervisor (2 years)
S.S. Raman*	Vice President (Technical)	3,33,076	B.Sc. (Hons.) D.I.I.Sc. (ET) F.I.E. (I)	39	24-1-79	63	Metal Fabricators of Zambia Ltd. Zambia, Technical Manager (6 years)
K.P. Mishra	Finance Controller	3,86,105	B.Com.	35	1-1-64	55	Soorah Jute Mills Ltd., Calcutta Stores Assistant (1 year)
H.L. Chawla*	Chief Resident Executive	3,78,119	M.A.	48	1-1-83	64	Indian Smelting & Refining Co. Ltd. New Delhi, Resident Executive (20 years)
V.N. Pansari*	Divisional Manager	3,39,775	I.Com.	42	1-4-64	64	Indian Smelting & Refining Co. Ltd. Mumbai, Purchase Officer (8 years)
J.S. Choudhary	Import Executive	3,18,002	M.A., B.Com.	37	7-6-61	59	None
P.K. Sen	General Manager (Engineering Services)	3,58,576	B.E. (Elec) A.M.I.M.A., F.I.E. (I) Chartered Engineer	36	7-1-65	56	Damodar Valley Corporation, Gola Distt. Hazaribagh, Bihar Assistant Engineer (2 years)
S.C. Vaidya	Project Manager	3,53,013	B.E. (Mech.)	27	14-10-70	49	None
S.D. Banerjee	Production Manager	3,29,284	Dip. in Elec. Engg.	33	6-7-65	52	None
R.N. Seth	Sales Manager (Capacitor)	3,19,505	B.E. (Hons.)	28	12-9-83	49	Khatau Junker Ltd. Mumbai Sales Manager (6 years)
S.N. Tiwari	Sr. Personnel Manager	3,39,344	I.A.	35	7-9-63	55	None
S.S. Kakkar	Divisional Manager	3,12,449	F.I.E. (Engr.)	35	24-10-68	57	Bharat Heavy Electricals Ltd., Bhopal Asst. Engineer (5 years)
M. Gandhi	General Manager Marketing	3,20,629	B.Sc.	36	13-8-69	56	Fort Gloster Indu. Ltd., Calcutta Asst. Incharge Rubber & PVC Deptt. (7 years)
Hari Shankar	Joint Divisional Manager	3,16,328	B.Sc., M.B.A.	36	16-8-84	58	Universal General Agencies, N.Delhi Marketing Manager (14 years)

UNIVERSAL CABLES LIMITED

ANNEXURE 'A' (Contd.)

PARTICULARS OF EMPLOYEES AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND THE RULES MADE THEREIN AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1998.

Name (Shri)	Designation	Remuneration received (Rs.)	Qualification	Experience (years)	Date of Commencement of Employment	Age (yrs)	Particulars of last Employment held (Concern/Place/Designation/Period of service)
R.S. Sharma	Manager (Properzi & Excise)	3,10,461	I.A.	40	1-7-63	58	Indian Smelting & Refining Co. Ltd. Mumbai, Asst. Stores Keeper (5 years)
R.C. Agrawal	Technical Manager	3,19,100	B.E. (Elec.)	30	3-11-77	53	Birla Corp Ltd. Chittor Asst. Engineer (2 years)
P.S. Ramachandran	Regional Manager	3,67,008	B.Sc. L.P.R.I. (London)	34	9-5-70	55	Shamsher Sterling Cable Corpn.Ltd. Mumbai, Technical Officer (6 years)
P. Rajan	Manager Electrical	3,04,779	M.Tech.(Elec.)	23	14-7-75	49	None
Jitendra Singh	Manager (Mech. Services)	3,00,498	B.E. (Mech.)	26	11-5-72	51	None
P.S. Salián	Export Executive	3,11,116	M.Com., L.L.M.	32	2-11-81	56	Champion Engg. Works (P) Ltd., Mumbai Marketing Manager (1 year)

- Notes : (i) Nature of employment : Employees whose names are marked with asterisks (*) are on contractual basis.
(ii) Other Terms & conditions : As per agreement and Company's Rules & Regulations.
(iii) None of the employee is a relative of any Director of the company.
(iv) Remuneration received includes Salary, Company's contribution to Provident Fund and Perquisites, but excludes contribution to Gratuity fund.
(v) Age is given in years completed as on the last day of the financial year.

(MRS.) PRIYAMVADA BIRLA	Chairman
(MRS.) RADHIKA BIRLA	} Directors
A.K. SINGHI	
HARSH V. LODHA	
V.D. JAIN	Managing Director

UNIVERSAL CABLES LIMITED

ANNEXURE 'B'

**STATEMENT OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY
ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO FORMING PART OF THE
DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1998.**

A. Conservation of Energy

An energy audit was conducted during the year 96-97 to identify the areas for conservation of energy and based on the recommendations of the Auditors energy conservation measures were implemented during the year which has resulted in good cost savings.

B. Technology Absorption**Research & Development**

- | | |
|---|---|
| 1. Specific areas in which R&D carried out by the Company | <p>Applied research in cables and capacitors technology for product development, process improvement and import substitution.</p> <p>R&D Department has developed following new types of Cables:</p> <ol style="list-style-type: none"> 1. "Agni Rakshak" cable with low flammability and flame propagation characteristics for fire safety application. 2. Degaussing Cable for "Frigates" being made for Indian Navy. 3. Pressure tight cable for under-water application. |
| 2. Benefits derived as a result of the above R&D | Import substitution, technological up-gradation and extension of product range. |
| 3. Future plan of action | <ol style="list-style-type: none"> 1) Development of Quad Cable for Railway Signalling. 2) Development of High Voltage EPDM cable for D.C. application. 3) Development of special Cables for transportation applications. |
| 4. Expenditure on R&D | |
| (a) Capital | Rs. 28.23 lacs |
| (b) Recurring | Rs. 50.80 lacs |
| (c) Total | Rs. 79.03 lacs |
| (d) Total R&D expenditure as a percentage of total turnover | 0.39% |