

uniSTAR

**ANNUAL REPORT
AND
ACCOUNTS
FOR THE
YEAR ENDED
31ST MARCH 1999**

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**Universal
Cable
Limited**



UNIVERSAL CABLES LIMITED

ANNUAL REPORT 1998-99

DIRECTORS

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

Chairman

Managing Director

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



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, 1999.

Accounts & Financial Matters

	31st March, 1999		31st March, 1998	
	Rupees in lacs	Rupees in lacs	Rupees in lacs	Rupees in lacs
Turnover for the year amounted to		16483.05		20552.89
The year's working shows a Gross Profit (after interest) of		638.29		988.44
Out of which provisions have been made for				
Depreciation	406.43		430.87	
Taxation	22.00	428.43	160.00	590.87
Thus, Net Profit after taxation is		209.86		397.57
To which is added :				
Profit & Loss A/c. b/f. from previous year	136.00		140.56	
Income tax Refund	-		27.20	
Excess Provision for Taxation written back	21.94	157.94	35.17	202.93
Making a total disposable surplus of		367.80		600.50
Which the Directors have appropriated as follows :				
Provision for Proposed Dividend		160.30		240.46
Corporate Dividend Tax		17.63		24.04
Transfer to General Reserve		5.25		200.00
Balance carried forward to next year		184.62		136.00
		367.80		600.50
Your Directors recommend payment of dividend for the year on 1,60,30,355 Equity Shares of Rs. 10/- each fully paid-up @ Re. 1/- per share (i.e. 10 %)		160.30		240.46

General & Corporate Matters

The working of the Company was adversely affected by continued demand recession and discriminatory duty structure on capital goods for project imports which encouraged large scale import of cables.

As a result, the sales turnover of the Company declined from Rs. 205.53 crores to Rs. 164.83 crores and gross profit was lower at Rs. 6.38 crores from Rs. 9.88 crores as compared to previous year.

In export front Company has been able to make some break through in new market areas and overall export performance also improved as compared to previous year.

Ninth plan envisages 40245 MW addition to power generation with investment of Rupees three lac crores. In the Union Budget for 1999-2000 some correction has been made in duty structure to give level playing field to indigenous cable makers as compared to foreign suppliers in the case of project import.

Govt. has also taken several measures to increase the rate of the industrial growth. We hope, these measures will help to boost the demand for cables and capacitors. So the future prospect for the Company appears to be bright.

All the hardware and software available in the Company have been tested & confirmed to be Y2K compliant

UNIVERSAL CABLES LIMITED

Rights Issue

In order to augment the Company's financial resources 40,07,589 Rights Shares of Rs. 10/- each at a premium of Rs. 10/- aggregating to Rs. 8.02 crores were issued. The Company has received full subscription and the issue was closed on April 15, 1999. The applications received are being scrutinised by the Registrars and allotment will be made in due course of time.

New Projects & Products

The Companies promoted by your Company both Vindhya Telelinks Ltd. and Birla Ericsson Optical Ltd. have reported much improved results as compared to the previous year.

In order to diversify the product range, the Company has planned to enter into the manufacture of Telecommunication Cables.

Your Company has incurred a capital expenditure of Rs. 3.43 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

We regret to report that the longest serving Director of the Company Shri A.M.M. Arunachalam passed away on 1st January, 1999. He was Director of the Company for 37 years and a towering personality. We will miss his presence and guidance very much. We record our sincere gratitude and deep appreciation for the valuable service rendered by him to the Company during his long association with the Company.

Shri V.D. Jain has been re-appointed as Managing Director of the Company for another five years from 1.4.1999 to 31.3.2004.

Smt. Priyamvada Birla, Smt. Radhika Birla and Shri A.K. 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 the 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, 1999.

(SMT.) PRIYAMVADA BIRLA

A.K. SINGHI

HARSH V. LODHA

V.D. JAIN

Chairman

} Directors

Managing Director

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, 1999.

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	13,35,816	B.Com.	52	1-8-64	74	Indian Smelting & Refining Co.Ltd. Mumbai, General Manager (8 years)
D.R. Bansal	President	10,24,324	M.Sc.	37	1-8-64	59	Hindustan Gum & Chemicals Ltd. Bhiwani, Sales Incharge & Chief Chemist (2 years)
P.K. Sen*	General Manager (Engineering Services)	7,21,434	B.E. (Elec) A.M.I.M.A., F.I.E.(I) Chartered Engineer	37	7-1-65	57	Damodar Valley Corporation, Gola District Hazaribagh, Bihar Assistant Engineer (2 years)
C.P. Thomas*	Area Manager	5,12,101	B.A. (Hons)	41	1-8-64	61	Indian Smelting & Refining Co.Ltd. Mumbai, Stenographer (2 years)

* Employed for part of the year

- Notes :** (i) Nature of employment : All appointments are non-contractual except that of the Managing Director.
- (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, Payment under Voluntary Retirement Scheme and Perquisites, but excludes contribution to Gratuity and Superannuation fund.
- (v) Age is given in years completed as on the last day of the financial year.

(SMT.) PRIYAMVADA BIRLA	Chairman
A.K. SINGHI	} Directors
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, 1999.**

A. Conservation of Energy

Efforts of conservation of energy through use of power saving devices as per the recommendations of Energy audit conducted last year continued during the year. This has resulted in good savings in energy.

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. Special thin wall and high performance power and control cables for rolling stock application. 2. EPR insulated Cadmium Copper Catenary Cable for over line structure in Electric traction. 3. End sealing caps for cables. 4. Airfield lighting cable, 5 KV grade for Defence. 5. High stress HV power capacitors. |
| 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 RF Co-axial cables with low loss characteristics. 2) Electro-optic mechanical tow cables for Naval ship. 3) Development of insulation and jacketing compounds with new generation polyethylene/ethylene Co-polymer produced using Metallocene catalyst for superior quality and processibility. |
| 4. Expenditure on R&D | |
| (a) Capital | Rs. 16.12 lacs |
| (b) Recurring | Rs. 54.41 lacs |
| (c) Total | Rs. 70.53 lacs |
| (d) Total R&D expenditure as a percentage of total turnover | 0.44% |
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Technology absorption, adaptation and innovation

- | | |
|---|---|
| 1. Efforts in brief, made towards technology absorption, adaptation and innovation. | Technology imported has been fully absorbed and adapted. Efforts for innovation through In-house R&D is continuing. |
| 2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc. | Improvement in quality and product development for new applications. |
| 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year). | |
| (a) Technology imported | Manufacture of high voltage crosslinked polythene insulated power cables. |
| (b) Year of import | 1993. |
| (c) Has the technology been fully absorbed? | Yes |
| (d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action | Not applicable. |

C. Foreign Exchange Earnings and outgo

Total foreign exchange earned	Rs. 301.32 lacs
Total foreign exchange used	Rs. 2,241.41 lacs.

(SMT.) PRIYAMVADA BIRLA	<i>Chairman</i>
A.K. SINGHI	} <i>Directors</i>
HARSH V. LODHA	
V.D. JAIN	<i>Managing Director</i>

UNIVERSAL CABLES LIMITED

Auditors' Report

TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Universal Cables Limited, as at 31st March, 1999 and also the attached Statement of Profit & Loss Account for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, we report that, in our opinion and to the best of our knowledge and belief and as per information and explanations furnished to us and the books and records examined by us in the normal course of audit :

1. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets. The Company has carried out physical verification of Fixed Assets at reasonable intervals and no material discrepancies have been noticed on such verification.
2. The fixed assets have not been revalued during the year under report.
3. (a) Physical verification has been conducted by the management at reasonable intervals in respect of finished goods, stores, spare parts and raw materials.
(b) The procedures followed by the management for such physical verification are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The discrepancies noticed on verification between the physical stock and book records were not material and have been properly dealt with in the books of account.
(d) On the basis of our examination, we are satisfied that the valuation of these stocks is fair and proper in accordance with normally accepted accounting principles except that, as per practice followed consistently excise duty on stock of Finished Goods lying in Bonded Warehouse has not been considered as part of cost (Refer Note No. 1 (g) in Schedule 22). The valuation of stock is on the same basis as in the previous year.
4. The terms and conditions of the Loans taken from Managing Director and a Company, as listed in the Register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
5. The terms and conditions of the unsecured loan given to a Company, as listed in the Register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
6. Loans and advances including interest free loans given to employees are being repaid wherever stipulated except for a sum of Rs. 58.50 lacs on account of loan given to a body corporate and interest amounting to Rs. 102.42 lacs thereon including Rs. 83.01 lacs (Refer Note No. 4 in Schedule 22) for which no credit has been taken. The said body corporate has become a Sick company and has been referred to BIFR. We understand that the Company is making efforts to recover the same. However, we are of the opinion that this amount is doubtful of recovery.
7. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials, plant and machinery, equipment and other assets and for the sale of goods.
8. According to the information and explanations given to us, the transactions of purchase of goods and materials, and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs. 50,000/- or more in respect of each party, have been made at prices which, in our opinion, are reasonable having regard to prevailing market prices for such goods, materials and services or the prices at which similar transactions have been made with other parties, and the Company's business needs and exigencies.
9. Adequate provision has been made in the accounts for unserviceable or damaged stores, spare parts, packing materials, raw materials and finished goods, as determined by the management.
10. Deposits accepted by the Company from the public are in compliance with provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, as well as the relevant directives of the Reserve Bank of India.
11. There are no saleable by-products. Adequate records are maintained for the sale, disposal or usage of realisable scrap and waste materials.
12. The Company has an internal audit system commensurate with its size and the nature of its business.
13. We have broadly reviewed the books of account maintained by the Company pursuant to the Order issued by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of Cables and are of the opinion that, prima facie, the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records.