
**ANNUAL REPORT
AND
ACCOUNTS
FOR THE
YEAR ENDED
31ST MARCH 2003**

**Universal
Cables
Limited**



UNIVERSAL CABLES LIMITED

ANNUAL REPORT 2002-2003

DIRECTORS

SMT. PRIYAMVADA BIRLA

Chairman

SMT. RADHIKA BIRLA

SHRI A.K. SINGHI

SHRI HARSH V. LODHA

SHRI V.D. JAIN

Managing Director

AUDIT COMMITTEE

SHRI A.K. SINGHI

Chairman

SMT. RADHIKA BIRLA

SHRI HARSH V. LODHA

PRESIDENT

SHRI D.R. BANSAL

AUDITORS

S.R. BATLIBOI & COMPANY

SOLICITORS

KHAITAN & KHAITAN

BANKERS

STATE BANK OF INDIA

REGISTERED OFFICE

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

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NOTICE

TO THE SHAREHOLDERS

NOTICE is hereby given that the Fifty Eighth 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 Thursday, the 10th July, 2003 at 3 P.M. to transact the following business :

1. To receive and consider the Directors' Report and to pass the Audited Accounts of the Company for the year ended 31st March, 2003;
2. To appoint Directors in place of Shri A. K. Singhi and Shri H. V. Lodha, who retire by rotation and being eligible, offer themselves for reappointment;
3. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

As Special Business :

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution :

"RESOLVED THAT subject to the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and other applicable statutory provisions, if any, the approval of the shareholders of the Company, be and is hereby granted to the Voluntary Delisting of the Equity Shares of the Company from Madhya Pradesh Stock Exchange and Calcutta Stock Exchange Association Ltd. and that the Board and/or any Committee thereof be and is hereby authorised to take all such necessary actions in this connection."

Registered Office :

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

By Order of the Board

A. Lakhotia
Company Secretary

Dated, the 3rd day of May, 2003

NOTES

1. 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 THE 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.
2. The Register of Members, Register of Beneficial Owners and Share Transfer Books of the Company will remain closed from 2nd July, 2003 to 10th July, 2003 (both days inclusive).
3. The Equity Shares of the Company will continue to be listed with the following Stock Exchanges after Voluntary Delisting, if approved by shareholders:
 - (i) The Stock Exchange, Mumbai
Phiroze Jejeebhoy Towers, Dalal Street,
Mumbai - 400 023
 - (ii) National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor, Plot No. C/1, G Block,
Bandra-Kurla Complex, Bandra East,
Mumbai - 400 051
4. Shareholders may please note that the Unpaid Dividend for the year 1995-96 would be transferred to the Investor Education & Protection Fund of the Central Government on 24th September, 2003, after which it cannot be claimed. As such shareholders who have not encashed or received the Dividend for 1995-96 may approach the Company for the same latest by 31st August, 2003.
5. Shareholders are requested to inform change of address and get their multiple folios in the same order of name consolidated at the earliest.
6. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business as aforesaid, is annexed to the Notice.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :

Item No. 4

As per the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, any Company may get voluntarily delisted from a Stock Exchange (including the Regional Stock Exchange), where it is listed after complying with the necessary provisions in this

behalf as contained in the said Guidelines. The Company has to take the prior approval of its shareholders by way of a Special Resolution passed in the general meeting. On its approval by the shareholders, the Company has to issue a Public Notice in the prescribed format containing all relevant information for the shareholders. Thereafter, the Company has to make an application to the stock exchange from where it is proposed to get delisted. The shares will be delisted after the approval of the application by the said stock exchange.

The Equity Shares of the Company are currently listed on Mumbai (BSE), National (NSE), Madhya Pradesh (MPSE) and Calcutta (CSE) Stock Exchanges. Most of the trading in the Company's Equity Shares is done on the BSE and NSE, which are having nationwide trading terminals. There is practically no trading of the Company's Equity Shares on MPSE and CSE. Accordingly, it is proposed to get voluntarily delisted from MPSE and CSE. If the Company continues to be listed on MPSE and CSE, it will result in unnecessary cost on account of listing fees to the said stock exchanges and compliances by the Company. Since the Company's Equity Shares will continue to be listed on BSE and NSE, which are having nationwide trading terminals, the trading facilities of the shareholders will not be affected in any way due to the said delisting.

Hence, the Directors of the Company recommend the approval of this Special Resolution by the shareholders of the Company.

None of the Directors is concerned or interested in this resolution in any manner.

INFORMATION UNDER CLAUSE 49 VIA OF THE LISTING AGREEMENTS REGARDING REAPPOINTMENT OF DIRECTORS UNDER ITEM NO. 2 OF THE NOTICE :

Shri A. K. Singhi :

Shri Atul Kumar Singhi, aged 46 years, was appointed as a Director of the Company on 21st August, 1986. He was last reappointed as the Director of the Company at its Annual General Meeting held on 8th June, 2001. Since then he has imparted his valuable guidance to the Board of Directors of the Company. Currently, he is the Managing Director of Indian Smelting & Refining Company Limited, Mumbai. He has 27 years experience in business and industry

He is widely knowledgeable in commercial and financial matters.

He is also the Director of Birla Financial Corporation Ltd., Optic Fibre Goa Ltd. and Industry House Ltd. He is the Chairman of the Audit Committee, Share Transfer and Shareholders'/Investors' Grievances Committee of Company. He is also an active member of the Share Transfer Committee of Birla Financial Corporation Ltd.

Shri H. V. Lodha :

Shri Harsh Vardhan Lodha, aged 36 years, was appointed as a Director of the Company on 24th April, 1998. He was last reappointed as Director of the Company at its Annual General Meeting held on 26th May, 2000. Since then he has been guiding the Board of Directors of the Company on financial matters. Currently, he is the partner of M/s Lodha & Company, Chartered Accountants, Kolkata. He has great experience in business and industry having served on the Boards of reputed companies.

He is a Chartered Accountant by profession. He is an expert on accounting and financial matters.

He is also the Director of the following companies :

- (i) Alfred Herbert (India) Ltd.
- (ii) Bihar Caustic & Chemicals Ltd.
- (iii) Birla Corporation Ltd.
- (iv) Birla-DLW Ltd.
- (v) Fenner (India) Ltd.
- (vi) HGI Industries Ltd.
- (vii) Jindal Steel & Power Ltd.
- (viii) OCL (India) Ltd.
- (ix) Sicpa India Ltd.
- (x) Swiss India Financial Services Co. Ltd.
- (xi) TI Diamond Chain Ltd.
- (xii) Thai Carbon Black Public Co. Ltd.

Besides, he is an alternate Director in various companies. He is the Chairman of the Audit Committees of Birla Corporation Ltd., OCL (India) Ltd. and Sicpa India Ltd., as well as the Share Transfer and Shareholders'/Investors' Grievance Committee of Birla Corporation Ltd. He is an active member of Audit Committees of the Company, Jindal Steel & Power Ltd., TI Diamond Chain Ltd., Fenner (India) Ltd., and Bihar Caustic & Chemicals Ltd.

Registered Office :

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

Dated, the 3rd day of May, 2003

By Order of the Board

A. Lakhotia
Company Secretary

Directors' Report

TO THE SHAREHOLDERS

Your Directors present their Annual Report, together with Audited Accounts of the Company, for the year ended 31st March, 2003.

Accounts & Financial Matters

	31st March, 2003		31st March, 2002	
	Rupees in lacs	Rupees in lacs	Rupees in lacs	Rupees in lacs
Turnover for the year amounted to		15715.84		19594.26
The year's working shows a Gross Profit/(Loss) (after interest) of		(126.31)		538.57
Provisions for :				
Depreciation	399.88		400.13	
Wealth Tax	1.00		1.00	
Prior Period Adjustments	67.81	468.69	688.41	1089.54
Thus Net (Loss) after taxation is		(595.00)		(550.97)
Additions :				
Deferred Tax Assets	187.75		151.63	
Excess Provision for Tax written back	0.44		-	
Income Tax Refund	6.65		-	
Transfer from General Reserve	400.16	595.00	399.34	550.97
Amount available for Appropriation		-		-

General & Corporate Matters

During the year under review, due to the poor demand of cables, the Company's performance was adversely affected. The cable industry is suffering due to poor demand and excess production capacity. This is resulting in cut-throat competition in which the orders are being accepted at highly unremunerative prices, putting severe pressure on margins. Under these situations, the total turnover was Rs. 157.16 crores as compared to Rs. 195.94 crores for the previous year. As a result, the Company suffered a Gross Loss before depreciation of Rs 1.26 crores as against a Gross Profit before depreciation of Rs. 5.39 crores in the previous year. After providing for depreciation, tax and prior period adjustments, the Net Loss for the year is Rs 5.95 crores as against Rs. 5.51 crores in the previous year.

The industrial growth continues to be slow and the economy persists to be financially tight. It is hoped that with better industrial growth and more investments in the power and telecom sectors in the coming years, the situation should improve.

New Projects & Products

Although, the Company's new unit at Goa for the manufacture of Optic Fibre Cables had started its commercial production, but it was also severely affected by poor demand.

The Company has incurred capital expenditure during the year for the manufacture of new products, modernisation and upgradation of technology. The Company's R&D department is actively pursuing development and improvement of new and existing products respectively.

Corporate Governance

The Company continues to believe in and accordingly upgrade itself with the concepts of Corporate Governance. The Company has successfully implemented a code of Corporate Governance in all its concerned operations comprehensively. Corporate Governance and Management Discussion & Analysis Reports form a part of this Annual Report. The Company has obtained a Certificate from the Auditors for implementation of Code of Corporate Governance.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors of your Company state as under :

- that in the preparation of Annual Accounts, applicable accounting standards have been followed.
- that the accounting policies are consistently applied and that reasonable and prudent judgement and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year.
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that the Directors have prepared the Annual Accounts on a going concern basis.

Industrial Relations

Industrial relations remained largely cordial during the year.

Directors

Shri A. K. Singhi and Shri H. V. Lodha retire from the Board and being eligible, offer themselves for reappointment. As required under the listing agreements, information relating to these Directors is annexed to the Notice of the forthcoming Annual General Meeting.

During the year, Shri J. Singhi resigned from the Board of Directors and the Board places its deep appreciation for the valuable guidance received from him.

Auditors

M/s S. R. Batliboi & Co., Chartered Accountants, retire as Auditors of the Company at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. Their appointment is proposed by the Board of Directors on the basis of recommendation by the Audit Committee.

M/s S. Gupta & Co., Cost Accountants have been appointed as Cost Auditors for the year 2003-04 in respect of Cables.

Auditors' Report

The notes to the accounts referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments.

Particulars of Employees

None of the employees of the Company, was in receipt of remuneration which requires disclosure under Section 217(2A) of the Companies Act, 1956 and the Rules made therein.

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 attached hereto, which forms a part of this Directors' Report.

Acknowledgements

Your Directors gratefully acknowledge the continuous support and assistance rendered by the Financial Institutions, Company's Bankers, State Bank of India, shareholders and customers.

Yours faithfully,

(SMT.) PRIYAMVADA BIRLA

Chairman

A. K. SINGHI

HARSH V. LODHA

} *Directors*

V. D. JAIN

Managing Director

Mumbai, the 3rd day of May, 2003

ANNEXURE

**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, 2003**

A. Conservation of Energy:

Measures implemented.

- i) Replaced continuous running 60/100 Watt filament type bulbs by 8 Watt/11 Watt Compact Florescent type Lamps (CFL) in most of the Recreation Centers, Community Hall, Residential accommodations and gate lighting of staff flats.
- ii) All idle running H.T. Transformers and L.T. Breakers are being switched off on Sundays & Holidays, thereby reducing the power losses of transformer and L.T. Cables.
- iii) Installed an automatic power factor controller at PIJF unit, which has resulted in achieving power factor upto 96-97%, thus saving in energy.
- iv) Provided single SoN type 250 Watt flood light fitting for the general lighting on Sundays and Holidays, in all the plant bays, instead of using the main lighting arrangements of the plant.
- v) By providing general awareness and culture regarding efficient use of electricity.

All these measures have resulted in energy saving.

B. Technology Absorption :

Research & Development

1. Specific areas in which R&D is carried out by the Company

Applied research in cables and capacitors technology for product development, process improvement and import substitution. R&D Department has developed following new types of Cables :

1. Radiation and Loss of Coolant Accident (LOCA) environment resistant cables suitable for use in reactor building of Nuclear Plants.
2. 120°C flexible elastomeric cables for use in traction machines.
3. Study of thermal endurance of various insulation materials.

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

Import substitution, technology up-gradation and extension of product range.

3. Future plan of action

1. Development of E-beam processed cable in collaboration with BARC, Mumbai.
2. Development of Low Smoke Zero Halogen (LSOH) Fire Survival (FS) cables for use in metros.
3. Development of degaussing cable for Indian Navy.

4. Expenditure on R&D

R & D expenditure has not been accounted for separately.

Technology absorption, adaptation and innovation

- 1 Efforts in brief, made towards technology absorption, adaptation and innovation. project with National Laboratories are continuing.
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year).
 - a) Technology imported

Technology imported has been fully absorbed and adapted. Efforts to develop new products through in-house R&D and collaborative

New cables have been developed to meet special requirement of customers.

- b) Year of import
- c) Has the technology been fully absorbed?
- d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.

For manufacturing of cross-linked Polythene Insulated Extra High Voltage Power cables.

1993

Yes.

Not applicable

C. Foreign Exchange Earnings and outgo

Total foreign exchange earned

Rs. 469.61 lacs

Total foreign exchange used

Rs. 1417.02 lacs

(SMT.) PRIYAMVADA BIRLA
A. K. SINGHI
HARSH V. LODHA
V. D. JAIN

Chairman

Directors

Managing Director

Mumbai, the 3rd day of May, 2003

Management Discussion And Analysis

Industry Structure and Developments

The Company continues to have a major presence in the Cable Industry, comprising of power, telephone and optic fibre cables. Besides, the Company has a presence in Capacitor industry also. Both Cable and Capacitor industry comprise of organised and unorganised sector. Due to the presence of unorganised sectors in both the industries excess production capacity and low price levels prevail in these industries. A brief discussion relating to both the industries in which the Company operates is given below:

Power Cables :

Power Cables are of different types, viz., Extra High Voltage, Medium Voltage, Low Voltage, Elastomeric and PVC Winding Wires. These are used for the transmission and distribution of electricity in power plants and other organisations/engineering industries like railways, shipping, refineries, etc. PVC Winding Wires are used for Submersible Pumps.

The Company is one of the major manufacturers of Power Cables in the country with a market share of about 20% in Extra High and Medium Voltage Cables segments.

The Low Voltage Cables segment, which caters to 60% of the total cables requirement, has nearly 500 companies in the small scale and unorganised sector. Hence, the Company has to face stiff competition in this segment. But the Company continues to be in business in this segment to cater to the demands of quality conscious customers. Moreover, it is important to remain in this segment since many customers like to cover their total cables requirement for different types of cables as a package. It also helps to widen the customer base and establish a brand image.

In the category of Elastomeric Cables, the Company has established a good name. The Company is manufacturing tailor-made, specialised and sophisticated cables to suit customer requirements.

The Company has been able to establish its name in the PVC Winding Wires segment and has a major market share.

The Company has wide experience in the cable industry due to technical know-how agreements with world renowned leaders in the industry like BICC, AEI and ABB. It is recognised for its supply to prestigious organisations and industries like Atomic Energy, Defence, Railways, Shipping, Refineries, etc. The Company follows ISO 9001 and 14001 specifications to ensure highest quality and environment friendliness in all its operations.

Telephone Cables :

Telephone Cables, consisting of Jelly Filled Telephone Cables (JFTC) and Optic Fibre Cables (OFC), is used in the telecom industry for providing connections between the telephone exchanges and the users.

However, due to the recent trend towards Wireless in Local Loop (WLL) technology, the offtake for JFTC is expected to decline sharply. Major users of telephone cables, like BSNL, Bharti, Reliance and Tata are planning to rely largely on WLL technology. Moreover, the price realisations from the government and private companies have declined drastically. Due to the stiff competition between the government companies like BSNL and private companies, their revenues have fallen sharply. Therefore the demand for telephone cables has reduced. As a result the telephone cables industry is facing extreme demand and price constraints.

In the OFC segment, the demand growth from BSNL, MTNL and other private companies using it, is also not very encouraging.

Capacitors :

The Capacitor industry consists of High Voltage Capacitors and Low Voltage Capacitors. In the High Voltage segment, the Company has a presence amongst other manufacturers like ABB, BHEL, Crompton, etc. In the Low Voltage Capacitors the Company has a major presence alongwith Siemens and other small manufacturers in the unorganised sector. The demand for the Capacitors comes mainly from Electricity Boards and new projects. Though the Electricity Boards are short of funds, but due to high power tariff, the demand from industries is growing.

Opportunities and Threats

Power & Telephone Cables :

The Union Budget 2003-04 provides for :

- Increased Central Plan Outlay for Power of more than Rs. 17,000 crores as against Revised Plan Outlay of nearly Rs. 13,000 crores for the previous year.
- Proposal to pass Electricity Bill, 2001, which seeks to provide a legal framework for reforms, restructure the Power Sector and also simplify the administrative aspects.
- The Government had, earlier in 1999, notified 18 Mega Power Projects, conferring upon them various duties and licensing benefits. The Government now proposes to liberalise the Mega Power Project Policy further by extending all these benefits to any Power Project that fulfills the conditions already prescribed for Mega Power Projects.
- Major thrust for development of infrastructure.

Introduction of VAT coupled with abolition of CST in a phased manner and reduction of CST from 4% to 2% in the current year is a welcome announcement, which would make the life easier for industry in terms of state taxation and make the system transparent.

The above provisions should trigger good demand for Power Cables.

However, the main threat to the industry is from imports because of ever reducing Customs Duty on imported cables. Import of telephone cables at zero duty under WTO-IT Agreement will further aggravate the situation.

Capacitors :

With the growing trend of privatisation of the Electricity Distribution System in some States, the demand for Capacitors is increasing as the transmission losses are very high.

Installed capacity of the industry, much higher than the requirement, is the main threat. With the deteriorating health of the Electricity Boards, the requirement in this sector is shrinking. Further, because of the low prices being quoted by small manufacturers, the competition is severe.

UNIVERSAL CABLES LIMITED

Segment wise Performance

The Company operates in basically 3 segments, i.e. Power Cables, Telephone Cables and Capacitors. Power Cables account for the majority of its business. Segment-wise performance of the Company for the financial year 2002-03 is shown below :

(Rs in lacs)

	Power Cables	Telephone Cables	Capacitors	Total
1. Segment Revenue	14137	719	720	15576
2. Segment Profit/(Loss) before Interest & Tax	(112)	(215)	98	(229)
Less : i) Interest				288
ii) Tax				(194)
iii) Unallocable Expenditure net of Unallocable Income including Prior Period Adjustment				77
Loss after Interest & Tax				(400)
3. Capital Employed (Segment Assets-Segment Liabilities)	7061	2181	257	9499

Outlook**Power & Telephone Cables :**

There is a general shortage of power, both for industrial and domestic sector. With low level of per capita consumption of energy, it is a well known fact that for industrial growth, the infrastructure improvement is essential. This compelling situation would force the Government to pay special attention to power development programmes, restructuring of Electricity Boards, increase in generating capacity and reduction of transmission and distribution losses. Thus the outlook seems to be encouraging.

Capacitors :

Capacitors being a power saving device, the awareness for it is increasing because of overall shortage of power in the country.

Risks and Concerns**Power & Telephone Cables :**

With the globalisation of Indian economy, there is increased competition from the overseas suppliers, which have access to cheap electricity, funds at low rate of interest and advantage of availability of materials at cheap prices at their door steps.

Power Cables are used by Electricity Boards, Power Utilities, Power Projects, etc., where the demand is meagre. On the top of it, industrial development in the country has suffered a severe setback and there is hardly any industrial development. Therefore, the demand has gone down drastically from this sector also.

Telephone Cables' demand growth is being affected by Wireless in Local Loop (WLL) technology. Major users of telephone cables, like BSNL, Bharti, Reliance and Tata are planning to rely largely on WLL technology.

The above factors can be considered as risks and concerns being faced by the cable industry.

Capacitors :

With the globalisation of Indian economy and the custom tariff being reduced every year, imported capacitors are giving tough competition in the market. Further fall in the import duties can have severe impact on the Company's prices because of cheaper imports.

Internal Control Systems and their Adequacy

The Company has adequate Internal Control Systems and Procedures with regard to purchase of stores, raw materials including components, plant & machinery, equipment and sale of goods, etc., as verified by the Company's Internal Auditors. All these operations are fully computerised. The Company has clearly defined roles and responsibilities for all managerial positions and all operating parameters are monitored and controlled.

All expenditure, revenue or capital, are approved at appropriate levels and regular internal audit and checks are done to ensure the effectiveness of the systems. Capital expenditure is made as per the Capital Budget for the year as approved by the Board and any material deviation is reported to the Board. A monthly financial report is submitted to the management. Suitable Management Information System is prevailing in all the operating departments for management review and remedial actions.

The Company's Internal Audit System is commensurate with the size and nature of its business as certified by the Company's Auditors. The Company's Internal Auditors submit periodic report to the Audit Committee. The Committee reviews the same and initiates suitable actions as and when required. The Committee, in consultation with the Statutory and Internal Auditors and the Finance head, reviews the system, scope and adequacy of internal audit.

Financial Performance with respect to Operational Performance

The financial performance of the Company during the year 2002-03 can be ascertained from the following key indicators :

Turnover :

The turnover for the year was Rs. 15716 lacs as compared to Rs. 19594 lacs for the previous year, indicating a decline of 19.80%.

Interest Costs :

The interest cost for the year amounted to Rs. 299 lacs as compared to Rs. 533 lacs for the previous year.

Profitability :

Net Loss for the year was Rs. 400 lacs as compared to Rs. 399 lacs for the previous year.

Reserves and Surplus :

After adjusting the Net Loss for the year, the Reserves & Surplus of the Company currently stand at Rs. 7862 lacs as compared to Rs. 8278 lacs for the previous year.

Borrowings :

The Company's borrowings as on 31st March, 2003 stood at Rs. 3374 lacs as compared to Rs. 5087 lacs as at the end of previous year.

Fixed Assets :

During the year, the Company added Rs. 157 lacs in fixed assets, resulting in total fixed assets of Rs. 12950 lacs as on 31.03.2003.

Inventories :

Inventories amounted to Rs. 3871 lacs as at 31.03.2003 as compared to Rs. 4372 lacs as at the end of previous year. The inventories do not include any obsolete and unserviceable items.

Sundry Debtors :

Sundry Debtors amounted to Rs. 1863 lacs as at 31.03.2003 as compared to Rs. 3110 lacs as at the end of previous year. These debtors are considered good and realisable.

Cash and Bank Balances :

Cash and Bank balances with scheduled banks amounted to Rs. 154 lacs as compared to Rs. 639 lacs as at the end of previous year.

Loans and Advances :

Loans and Advances amounted to Rs. 738 lacs as compared to Rs. 573 lacs as at the end of previous year. These include Rs. 113 lacs representing advances paid for raw materials, stores and services and loans and advances to employees, etc.

Current Liabilities :

Current liabilities amounting to Rs. 1452 lacs as compared to Rs. 1511 lacs as at the end of previous year, include creditors for raw materials and other dues for miscellaneous taxes and duties payable to various government agencies.

Net Working Capital :

Net Working Capital, excluding cash and bank balances as at 31.03.2003, stands at Rs. 4874 lacs and decreased by 24% compared to the turnover decline of 19.80% during the year.

However, the average Net Working Capital employed during the year was 31% of the Turnover, compared to 34% for the previous year.

Debt-Equity Ratio :

Debt-Equity Ratio as at 31.03.2003 was maintained at a safe level of 0.14 times as against 0.24 times for the previous year.

Earning Per Share (EPS) :

The EPS of the Company as on 31st March, 2003 stood at Rs. -2.00 as compared to Rs. -1.99 as at previous year end.

The Operational Performance of the Company, during the year was severely affected due to poor demand and excess production capacity in the cable and capacitor industry. The total turnover of the Company declined by 19.80%. The problems were further compounded by the extremely low prices of cables and capacitors prevailing in the market, which put great pressure on the Company's operating margins. This decline in Company's Operational Performance had an adverse effect on the Company's financial performance during the year, as is reflected from the discussions hereinabove.

Material Developments in Human Resources / Industrial Relations Front

The Company believes that human capital is the ultimate key to the success of any organization. Its motive is to attain the twin objectives of maximising the work efficiency and work satisfaction for its employees. Thus, the Company is continuously dedicated to the welfare of its employees, their families and the surrounding locality. It is committed to improve the quality of life of its employees by providing safe, clean and conducive working atmosphere.

It is maintaining residential colony for its employees at Satna with Welfare Centre, Reading Room, Staff Club, Indoor / Outdoor games facilities, Cable TV, Temple, Park, Dispensary, etc. It celebrates all the festivals such as Holi, Diwali, Dushehra, Janmashtami, Vishwakarma Puja, Republic Day, Nag Panchami, etc. involving its employees to develop fellowship.

By providing general awareness training, specific work training, safety / emergency handling training, etc., the Company provides continuous learning and development opportunities for its employees.

The Company is committed to maintain good industrial relations through works committee, negotiations, suggestion schemes, seminars, meetings, etc. This results in cordial and peaceful industrial front.

The Company had employed 1372 employees as on 31st March 2003 on its rolls. Due to the poor demand of the products, the Company has reintroduced its Voluntary Retirement Scheme for reduction in strength of employees.

The Company also actively provides assistance to the surrounding villages / townships in social, cultural and educational upliftment.

Cautionary Statement

Statements in the Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations, etc. may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in Government regulations, tax laws and other statutes and other incidental factors.