

UNiSTAR®

**ANNUAL REPORT
AND
ACCOUNTS
FOR THE
YEAR ENDED
31st MARCH 2004**

**Universal
Cables
Limited**

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UNIVERSAL CABLES LIMITED

ANNUAL REPORT 2003-2004

DIRECTORS

SMT. PRIYAMVADA BIRLA
SHRI R. S. LODHA
SHRI S. N. PRASAD
(ALTERNATE : SHRI S. K. DAGA)
DR. V. GAURISHANKER
SHRI HARSH V. LODHA

Chairman
Co Chairman

AUDIT COMMITTEE

SHRI S. N. PRASAD
DR. V. GAURISHANKAR
SHRI HARSH V. LODHA

CHIEF MENTOR & MANAGER

SHRI D. R. BANSAL

PRESIDENT

SHRIATHUL SINGHI

AUDITORS

S. R. BATLIBOI & COMPANY

SOLICITORS

KHAITAN & KHAITAN

BANKERS

STATE BANK OF INDIA

REGISTERED OFFICE

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

ISASO 9001: 2001



Notice

TO THE SHAREHOLDERS

NOTICE is hereby given that the Fifty Ninth 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 20th July, 2004 at 3 P.M. to transact the following business :

As Ordinary Business :

1. To receive and consider the Directors' Report and to pass the Audited Accounts of the Company for the year ended 31st March, 2004
2. To appoint a Director in place of Smt. Priyamvada Birla, who retires by rotation and being eligible, offers herself 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 an Ordinary Resolution :
 "RESOLVED that Shri R. S. Lodha, who holds office as a Director of the Company till this Annual General Meeting under Article 140 of the Company's Articles of Association and for whom the Company has received notice under Section 257 of the Companies Act, 1956, proposing his name as a Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :
 "RESOLVED that Shri S. N. Prasad, who holds office as a Director of the Company till this Annual General Meeting under Article 140 of the Company's Articles of Association and for whom the Company has received notice under Section 257 of the Companies Act, 1956, proposing his name as a Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :
 "RESOLVED that Dr. V. Gaurishanker, who holds office as a Director of the Company till this Annual General Meeting under Article 140 of the Company's Articles of Association and for whom the Company has received notice under Section 257 of the Companies Act, 1956, proposing his name as a Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :
 "RESOLVED that pursuant to provisions of Sections 198, 269, 309, 310, 386 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Shri D. R. Bansal be and is hereby appointed as the Manager of the Company within the meaning of Section 2(24) of the said Act with the designation of Chief Mentor & Manager, who is, subject to the superintendence, control and direction of the Board of Directors of the Company, entrusted with the management of whole or substantially the whole, of the affairs of the Company."
8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :
 "RESOLVED that pursuant to the provisions of Sections 17(1)(d), 192A and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals, consents and sanctions, as may be necessary, consent of the shareholders of the Company be and is hereby accorded to the alteration of the Object Clause of the Memorandum of Association of the Company, by insertion of the following Sub-Clauses after the existing Sub-Clause (6D) of Clause 3 :
 - (6E) To carry on business as manufacturers, iron founders, dealers, stockists and importers and exporters of forgings, castings, stamping and treatment of all metals, machinery parts, moulds, press tools, jigs, fixtures, injections and compression moulding, steel products, automobile parts and spare parts.
 - (6F) To carry on the trades or businesses of iron masters, steel makers, steel converts, colliery proprietors, coke manufacturers, miners, smelters, refiners, engineers, tinplate makers and iron founders, brass founders, boiler makers, millwrights, machinists and smiths in all their respective branches.
 - (6G) To carry on the business of manufacturers of or dealers in ferrous or non-ferrous metals, including iron and steel, aluminium, brass, tin nickel, special steels and their products.
 - (6H) To carry on the business of manufacturers, processors, buyers, sellers, importers and exporters of and dealers in, whether as principal or agents, phosphorous, chemicals, agrochemicals, bio-chemicals, heavy chemicals, petrochemicals, organic and inorganic chemicals, phosphates, plastics, alkalis, acids, drugs, tannins, essences, isinglass, colours, paints, glues, gums, pigments, varnishes, compounds, organic or heavy chemicals, mineral intermediates, proprietary articles of all kinds, laboratory re-agents, including any and all elementary substances and compounds thereof.
 - (6I) To cultivate, grow, produce, treat, process, store, import, export or otherwise deal in any manner in agriculture products including mushroom and button mushroom and to carry on all or any of the business of farmers, dairymen, milk contractors, dairy farms and vendors of milk and milk products, condensed milk and power milk, cream, cheese, butter, poultry, fruits, vegetables, cash crops and provisions of all kinds, grower of and dealers in corn, hay and straw, seedsmen and nurserymen.
 - (6J) To carry on the business of designing, erecting, supplying, installation and commissioning of telecom cable networking systems on turnkey basis and to act as manufacturers, buyers, sellers, agents, distributors, dealers and importers of all kinds of passive components as well as active components like Layer 2/Layer 3 switches, media converters, router, optimux, digital cross connect, modems, multi service switches, SDH equipments and any other components whatsoever.
 - (6K) To carry on the business of manufacturers, processors, importers, buyers, sellers, stockists, agents and distributors of and/or dealers in all kinds of P.V.C. and plastic products and goods, including P.V.C. pipes, sheets, lining, conduit pipe and ancillary products, resins and high density polythene products.

UNIVERSAL CABLES LIMITED

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to execute all the required documents including agreements, deeds, writings, memoranda and other documents with such modifications as may be required from time to time and to do all such acts, deeds, matters and things as may be deemed necessary and/or expedient in its discretion in the best interests of the Company for the purpose of giving effect to this resolution."

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

"RESOLVED that pursuant to the provisions of Section 149(2-A) and other applicable provisions, if any, of the Companies Act, 1956, consent of the shareholders of the Company, be and is hereby accorded for commencing all or any of the businesses as set out and specified in the newly inserted Sub-Clauses (6E), (6F), (6G), (6H), (6I), (6J) and (6K) of Clause 3 of the Memorandum of Association of the Company upon the said Sub-Clauses becoming effective."

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

"RESOLVED that pursuant to the provisions of Sections 293(1)(a), 192A and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals, consents and sanctions, as may be necessary, consent of the shareholders of the Company be and is hereby accorded to the Board of Directors of the Company ("the Board" which expression shall also include a Committee thereof) to sell and transfer, the whole or substantially the whole of the assets situate at the Company's Optic Fibre Cable Unit at Goa, together with the infrastructure, facilities, auxiliaries and utilities attached thereto to such party or parties as the Board may deem appropriate and on such terms and conditions and in such manner as may be decided by the Board and with power to the Board to finalise the terms and conditions as well as the means, methods and modes in respect thereof and to finalise and execute all the required documents including agreements, memoranda, deeds of assignment/conveyance and other documents with such modifications as may be required from time to time and to do all such acts, deeds, matters and things as may be deemed necessary and/or expedient in its discretion in the best interests of the Company for the purpose of giving effect to this resolution."

Registered Office :

P. O. Birla Vikas,

Satna - 485 005 (M.P.)

Dated, the 5th day of May, 2004

By Order of the Board

A. Lakhotia

Company Secretary

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 16th July, 2004 to 20th July, 2004 (both days inclusive).
3. Shareholders may please note that the Unpaid Dividend for the year 1996-97 would be transferred to the Investor Education & Protection Fund of the Central Government on 24th September, 2004, after which it cannot be claimed. As such shareholders who have not encashed or received the Dividend for 1996-97 may approach the Company for the same latest by 10th September, 2004.
4. Shareholders are requested to address their communications to M/s Intime Spectrum Registry Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup, Mumbai - 400 078, who are the Registrar and Share Transfer Agents for the Company, both for electronic and physical shares.
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 Company has applied for Voluntary Delisting of its equity shares from The Calcutta Stock Exchange Association Ltd., Kolkata and Madhya Pradesh Stock Exchange, Indore, which are pending for approval. However, the listing of Company's equity shares continues on National Stock Exchange of India Ltd., Mumbai and The Stock Exchange, Mumbai.
7. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of all the items of Special Business is annexed to the Notice. Item Nos. 8 and 10 as aforesaid, require the consent of the shareholders by means of a Postal Ballot as per the provisions of Section 192A of the Companies Act, 1956 for which a separate notice alongwith the relevant explanatory statement has been sent to the shareholders. The results of the Postal Ballot will be declared in the ensuing Annual General Meeting.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 :

Item Nos. 4, 5 & 6

Shri R. S. Lodha, Shri S. N. Prasad and Dr. V. Gaurishanker were appointed as Additional Directors of the Company under Section 260 of the Companies Act, 1956 and Article 140 of the Articles of Association of the Company. They vacate their office as Directors of the Company at this Annual General Meeting.

The Company has received notices under Section 257 of the Companies Act, 1956 alongwith the requisite deposits, proposing their candidature for the office of Directors of the Company and they are eligible for the appointment.

The Board recommends the approval of this Resolution by the shareholders of the Company.

Except Shri R. S. Lodha and Shri H. V. Lodha, none of the Directors is concerned or interested in the resolution under Item No.4.

Except Shri S. N. Prasad, none of the Directors is concerned or interested in the resolution under Item No.5.

Except Dr. V. Gaurishanker, none of the Directors is concerned or interested in the resolution under Item No.6.

Item No. 7

Shri D. R. Bansal was appointed as the Manager of the Company by the Board of Directors at its meeting held on 5th May, 2004 with the designation of Chief Mentor & Manager, which is subject to the approval of shareholders by the proposed Resolution under this Item. No remuneration shall be payable to Shri D. R. Bansal for the said appointment as Chief Mentor & Manager.

Shri D. R. Bansal is the Managing Director of Birla Ericsson Optical Limited. He has acquired rich experience in the cable industry as the President of the Company. In view of this, his appointment, if approved, will be of great benefit to the Company.

Accordingly, the Board recommends the approval of this resolution by the shareholders of the Company. None of the Directors of the Company is concerned or interested in this resolution in any manner.

Item No. 8

The Directors of the Company, at their meeting held on 5th May, 2004, have decided to enter into new areas of business, as detailed in the proposed resolution under this Item, which can conveniently or advantageously be combined with the existing activities of the Company as well as have good growth prospects. This requires an alteration of the Object Clause of the Memorandum of Association of the Company, since the aforesaid new areas of business are not covered under the Object Clause of the Memorandum of Association of the Company.

As per the provisions of Section 17(1)(d) of the Companies Act, 1956, any alteration of the Memorandum of Association of the Company, requires the consent of the shareholders by way of a special resolution passed in a general meeting. In terms of Section 192A of the said Act, it has to be passed through the means of a Postal Ballot, for which the shareholders have already been informed separately.

The Board recommends the approval of the proposed resolution since it will enhance the future growth prospects of the Company considerably.

The Directors of the Company may be deemed to be concerned or interested in the resolution set out in this notice to the extent of shares held by them in the Company.

Item No. 9

The Company intends to enter into new areas of business as specified in the resolution under Item No. 8 of this notice.

As per the provisions of Section 149(2-A) of the Companies Act, 1956, consent of the shareholders in a general meeting is required for commencement of any new business as set out in the Object Clause of the Memorandum of Association.

Accordingly, the Board recommends the approval of this resolution to enable the Company to commence the businesses specified in the newly inserted Sub-Clauses (6E), (6F), (6G), (6H), (6I), (6J) and (6K) of Clause 3 of the Memorandum of Association of the Company at appropriate times.

The Directors of the Company may be deemed to be concerned or interested in the resolution set out in this notice to the extent of shares held by them in the Company.

Item No.10

The Company's Optic Fibre Cable (OFC) unit at Goa is not in operation since it is severely affected by poor demand. Accordingly, the Company proposes to close the operations of the OFC unit and sell the assets located therein. This amounts to sale/disposal of an undertaking of the Company.

As per the provisions of Section 293(1)(a) of the Companies Act, 1956, sale/disposal of an undertaking requires the consent of the shareholders by way of an ordinary resolution passed in a general meeting. In terms of Section 192A of the said Act, it has to be passed through the means of a Postal Ballot, for which the shareholders have already been informed separately.

The Board recommends the approval of the proposed resolution.

The Directors of the Company may be deemed to be concerned or interested in the resolution set out in this notice to the extent of shares held by them in the Company.

Information under Clause 49 VIA of the Listing Agreements regarding reappointment of Directors under Item No. 2, 4, 5 & 6 of the Notice :

Smt. Priyamvada Birla :

Smt. Priyamvada Birla, Chairman of the Company, aged 76 years, is the Promoter of the Company and on the Board since 21st March, 1986. She is a prominent industrialist and on the Board of several companies and as such has considerable industrial and commercial as well as rich corporate experience.

She is also a Director of Birla Brothers Pvt. Ltd., Birla Corporation Ltd., Birla Ericsson Optical Ltd., Birla Financial Corporation Ltd., Century Textiles & Industries Ltd., Hindustan Gum & Chemicals Ltd., Mazbat Investments Pvt. Ltd., Mazbat Properties Pvt. Ltd., Optic Fibre Goa Ltd., Pilani Investments & Industries Corporation Ltd., Punjab Produce Holdings Ltd., The Indian Smelting & Refining Co. Ltd. and Vindhya Telelinks Ltd.

Shri R. S. Lodha :

Shri R. S. Lodha, Co Chairman of the Company, aged 62 years is an Independent Non Executive Director, who was appointed as a Director of the Company on 5th May, 2004. He is a financial expert, being the partner of M/s Lodha & Company, Chartered Accountants, Kolkata. He has great experience in business and industry by virtue of his holding eminent positions on the Boards of several reputed companies. He has been the Chairman of Federation of Indian Chamber of Commerce and Industry (FICCI).

He is also a Director of Alfred Herbert (India) Ltd., Birla Corporation Ltd., Baroda Agents & Trading Co. Pvt. Ltd., BDO Lodha Pvt. Ltd., East India Investment Co. Pvt. Ltd., First Capital India Ltd., Gwalior Webbing Co. Pvt. Ltd., Henry F. Cockill & Sons Ltd., Hindustan Gum & Chemicals Ltd., Henkel Spic India Ltd., Indian Petrochemicals Corporation Ltd., La Creme De La Creme Services Pvt. Ltd., Lodha Capital Markets Ltd., LNM Holdings N.V., National Securities Depository Ltd., The Punjab Produce & Trading Co. Pvt. Ltd., Punjab Produce Holdings

Ltd., PNB Gilts Ltd., Swiss India Financial Services Co. Pvt. Ltd., SBI Life Insurance Co. Ltd., Thai Acrylic Fibre Co. Ltd., Terriswood Ltd., Twenty-First Century Printers Ltd., UTI Securities Ltd. and Vindhya Telelinks Ltd. He is the Chairman of the Audit Committees of Indian Petrochemicals Corporation Ltd. and National Securities Depository Ltd. and the Chairman of the Remuneration Committee of Vindhya Telelinks Ltd.

Shri S. N. Prasad :

Shri S. N. Prasad, aged 87 years, is an Independent Non Executive Director, who was appointed as a Director of the Company on 5th May, 2004. He is considered as an expert in commercial and financial areas and has provided valuable guidance in these areas to the companies in which he has been associated. He is a veteran in the M. P. Birla group of companies, having held several key positions in various companies for many years. He has also been on the Boards of several reputed companies. In the process he has acquired vast experience in business and industry.

He is the Whole-time Director of Punjab Produce Holdings Ltd. and The Punjab Produce & Trading Co. Pvt. Ltd. He is also a Director of Associated Pigments Ltd., Baroda Agents & Trading Co. Pvt. Ltd., Birla Buildings Ltd., Birla Financial Corporation Ltd., Canberra Traders Pvt. Ltd., East India Investment Co. Pvt. Ltd., Express Dairy Co. Ltd., Gwalior Webbing Co. Pvt. Ltd., Jute Investment Co. Ltd., Mazbat Tea Estate Ltd., Mazbat Trading Co. Ltd., Shreyas Projects & Trading Co. Ltd., The Rameshwara Jute Mills Ltd., Varunendra Trading & Agents Pvt. Ltd. and Wintech Telecom Pvt. Ltd. He is a member of the Audit Committees of The Punjab Produce & Trading Co. Pvt. Ltd. and Punjab Produce Holdings Ltd.

Dr. V. Gaurishanker :

Dr. V. Gaurishanker, aged 82 years, is an Independent Non Executive Director, who was appointed as a Director of the Company on 5th May, 2004. He is an Advocate by profession and has been associated with the Company for many years providing valuable legal advice on various matters. He has great experience in business and industry, having served on the Boards of reputed companies. He is actively involved in social service also, being associated with many social and medical societies

He is also a Director of Madras Cements Ltd. and Seshasayee Paper & Boards Ltd.

Registered Office :

P. O. Birla Vikas,

Satna - 485 005 (M.P.)

Dated, the 5th day of May, 2004

By Order of the Board

A. Lakhotia

Company Secretary

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Directors' Report

TO THE SHAREHOLDERS

Your Directors present their Annual Report, together with Audited Accounts of the Company, for the year ended 31st March, 2004.

Accounts & Financial Matters

	31st March, 2004		31st March, 2003	
	<u>Rupees in lacs</u>	<u>Rupees in lacs</u>	<u>Rupees in lacs</u>	<u>Rupees in lacs</u>
Turnover for the year amounted to		<u>13929.07</u>		<u>13771.11</u>
The year's working shows a Gross (Loss) (after interest) of		<u>(147.19)</u>		<u>(0.68)</u>
Provisions for :				
Depreciation	369.79		399.88	
Amortisation of Voluntary Retirement Compensation	134.12		126.19	
Prior Period Adjustments	-	503.91	67.81	593.88
Thus Net (Loss) is		<u>(651.10)</u>		<u>(594.56)</u>
Additions :				
Deferred Tax Assets	232.72		187.75	
Excess Provision for Tax written back	1.01		-	
Income Tax Refund	-		6.65	
Transfer from General Reserve	417.37	651.10	400.16	594.56
Amount available for Appropriation		-		-

General & Corporate Matters

During the year under review, the working of the Company was adversely affected because of over capacity in Power Cables and continued demand recession. Due to the stiff competition from the organised and unorganised sectors, the orders are being accepted at highly unremunerative prices, putting severe pressure on margins.

As regards Telephone Cables, demand for Jelly Filled Telephone Cables is largely dependent on orders from Bharat Sanchar Nigam Limited (BSNL). The estimated demand from this segment has gone down substantially, as network roll-outs will be undertaken, using CDMA based Wireless in Local Loop technology. BSNL, who is the major buyer, did not finalise the tender for Telephone Cables during the year, resulting in very poor off-take. The last year's tender has now been finalised.

Under these circumstances, the Company was able to maintain its turnover during the year at Rs.13929.07 lacs as compared to Rs.13771.11 lacs for the previous year. The Company has suffered a gross loss before depreciation of Rs.147.19 lacs as against Rs. 0.68 lacs in the previous year. After providing for depreciation and voluntary retirement compensation, the net loss for the year is Rs 651.10 lacs as against Rs.594.56 lacs in the previous year.

In view of this grim situation, the Company is taking effective actions for implementation of a major cost reduction plan to make its products more cost effective and competitive. The Company is trying to identify new products to diversify its activities.

With the passage of the Electricity Bill, 2003, which enables the Power Generating Companies to sell power directly to consumers more and more private players are planning to invest in power sector. Further, Government has also undertaken restructuring of Electricity Boards and accelerated power development programmes. This should boost the demand for power cables and capacitors. The Company expects good prospects in the coming years.

The Company's unit at Goa for the manufacture of Optic Fibre Cables is not in operation since it is severely affected by poor demand. The Company proposes to close its operations and sell the assets located therein, which is subject to the approval of the shareholders.

The Company has incurred capital expenditure during the year for modernisation. 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 maintained 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 maintenance of Code of Corporate Governance.

Voluntary Delisting of Shares

In terms of the special resolution passed by the members at the last Annual General Meeting of the Company held on 10th July, 2003, the Company has made applications for Voluntary Delisting of its equity shares from The Calcutta Stock Exchange Association Ltd., Kolkata and Madhya Pradesh Stock Exchange, Indore, which are pending for approval. However, the listing of Company's equity shares continues on National Stock Exchange of India Ltd., Mumbai and The Stock Exchange, Mumbai.

Directors' Responsibility Statement

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

- (a) that in the preparation of Annual Accounts, applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- (b) 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.
- (c) 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.
- (d) that the Directors have prepared the Annual Accounts on a going concern basis.

Industrial Relations

Industrial relations remained largely cordial during the year.

Directors

Smt. Priyamvada Birla retires from the Board and being eligible, offers herself for reappointment. Shri R. S. Lodha, Shri S. N. Prasad and Dr. V. Gaurishanker have been appointed as Additional Directors of the Company to hold office till the forthcoming Annual General Meeting of the Company. Shri S. K. Daga has been appointed as an Alternate Director to Shri S. N. Prasad.

Smt. Radhika Birla and Shri Athul Singhi have resigned from the Board of Directors of the Company. The Board places on record its appreciation of the valuable guidance provided by them during their tenure. Shri V. D. Jain has completed his tenure as the Managing Director of the Company on 31st March, 2004 and resigned from the Board of Directors. He has rendered many years of exemplary services to the Company. The active guidance provided by him at the Board level has always proved valuable to the Company. The Board places on record its appreciation of the services rendered by Shri V. D. Jain during his tenure.

In view of the completion of tenure of Shri V. D. Jain as the Managing Director of the Company, the Board has appointed Shri D. R. Bansal as the Chief Mentor & Manager of the Company, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

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 2004-05 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

Particulars of the employees of the Company under Section 217(2A) of the Companies Act, 1956 and the Rules made thereunder are given in Annexure A attached hereto, which 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.

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*

R. S. LODHA *Co Chairman*

D. R. BANSAL

Chief Mentor & Manager

HARSH V. LODHA

Director

Mumbai, the 5th day of May, 2004.

ANNEXURE A

*PARTICULARS OF EMPLOYEES AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES
(PARTICULARS OF EMPLOYEES), RULES, 1975 AND FORMING PART OF DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MARCH, 2004*

Name	Designation	Remuneration (Rs.)	Qualification	Experience (Years)	Date of Commence- ment of Employment	Age (years)	Particulars of last Employment held and Designation
Shri V. D. Jain	Managing Director	33,82,634	B.Com	57	01-08-1964	79	Indian Smelting & Refining Co. Ltd., Mumbai, General Manager (8 Years)

- Notes :**
- (i) Nature of Employment : Contractual
 - (ii) Other Terms and Conditions : As per Company Rules & Regulations
 - (iii) Shri V. D. Jain is not a relative of any Director of the Company.
 - (iv) Remuneration received includes Salary, Company's Contribution to Provident Fund, Encashment of Leave and Perquisites, but does not include Contribution to Gratuity Fund and Provision for Pension.
 - (v) Age is given in years completed as on the last day of the financial year.

(SMT.) PRIYAMVADA BIRLA *Chairman*

R. S. LODHA *Co Chairman*

Mumbai, the 5th day of May, 2004. D. R. BANSAL
Chief Mentor & Manager

HARSH V. LODHA *Director*

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, 2004**

A Conservation of Energy :

To conserve energy, following measures have been implemented.

- i) Computerised automatic power factor control relay has been installed in power & PIJF cable plant to maintain a power factor of 0.95 and above. This is getting us bonus every month from MPEB.
- ii) Installed A.C. variable Drives for Raw water and soft water pumps in the pump house.
- iii) By providing general awareness and culture regarding efficient use of electricity in offices and residential complex.

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. Insulated copper cadmium catenary wires for Indian Railway, approval received, executed developmental order
2. MV XLPE submarine cables
3. Low Halogen low smoke elastomeric fire survival cable for Electricity Boards
4. Study of life of various types of cables

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

Import substitution, Technology up-gradation and Extension of product range

- 3 Future plan of action

1. High voltage EPDM cable
2. PCP based fire retardant low smoke cables
3. High voltage capacitors

- 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.

Technology imported has been fully absorbed and adapted. Efforts for innovation through in-house R & D are continuing.

2. Benefits derived as a result of the above efforts e.g. product improvement, cost. reduction, product development, import substitution, etc.

Development of new cables according to special requirement of customer, improvement in product quality and reduction in cost

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year).

Not applicable

C Foreign Exchange Earnings and Outgo

Total foreign exchange earned

Rs. 336.53 lacs

Total foreign exchange used

Rs. 1200.17 lacs

(SMT.) PRIYAMVADA BIRLA *Chairman*

R. S. LODHA *Co Chairman*

D. R. BANSAL

Chief Mentor & Manager

HARSH V. LODHA

Director

Mumbai, the 5th day of May, 2004.