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*Annual Report  
and  
Accounts  
1997-98*

REPORTJUNCTION.COM

**Vindhya Telelinks Limited**



# NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of Vindhya Telcelinks Limited will be held at the Registered Office of the Company at Udyog Vihar, P.O. Chorhata, Rewa (M.P.) on Tuesday, the 11th August, 1998 at 11 A.M. to transact the following business:-

1. To receive and consider the Report of the Directors and to pass the Audited Accounts of the Company for the year ended 31st March, 1998.
2. To declare a dividend.
3. To appoint Director in place of Shri V.D. Jain, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Director in place of Shri P.K. Rai, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and for that purpose to pass, with or without modification, the following resolution as a 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 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."

## Special Business

6. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:  
"RESOLVED that Smt. Radhika Birla, a Director of the Company, who holds office upto the date of this Annual General Meeting under Article No.95 of the Company's Articles of Association, be and is hereby re-appointed as Director of the Company, liable to retire by rotation."
7. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:  
"RESOLVED that Shri Harsh Vardhan Lodha, a Director of the Company, who holds office upto the date of this Annual General Meeting under Article No. 95 of the Company's Articles of Association, be and is hereby re-appointed as Director of the Company, liable to retire by rotation."
8. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:  
"RESOLVED that pursuant to the provisions of Sections 198, 309, 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 change in quantum of Company's contribution to Provident Fund of Shri R.G.Mundra, 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 R.G.Mundra, 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 14th March, 1998."

Registered Office:

Udyog Vihar,  
P.O. Chorhata,  
Rewa - 486 006 (M.P.)  
April 27, 1998.

By Order of the Board  
R.K. Jain  
President & Secretary

## NOTES:

- (a) The relative explanatory statements pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 6 to 8 set out above are annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- (c) The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, the 4th August, 1998 to Tuesday, the 11th August, 1998, both days inclusive.
- (d) The Directors recommend payment of Dividend for the year on 1,18,50,863 Equity Shares of Rs.10/- each fully paid-up @ Rs. 3.00 per share (i.e. 30%).

The Dividend when sanctioned will be made available on or after 11th September, 1998 in accordance with the resolution to be passed by the Shareholders of the Company, to those Shareholders whose names will appear on the Register of Members of the Company on Tuesday, the 11th August, 1998 or to their mandates.

- (e) The Members are requested to -
- i) intimate to the Company, changes, if any, in their Registered Addresses.
  - ii) furnish their Bank Account numbers, name of Banks and Branches in order to enable the Company to draw Dividend Warrants in favour of the Banks and Branches, for credit to account of the respective members which shall minimise the possibility of fraudulent encashments.
- (f) Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the Financial Year ended 31st March, 1994 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend warrants for the said period, are requested to claim the amount from the Registrar of Companies, Madhya Pradesh, Gwalior.

## ANNEXURE TO NOTICE

### EXPLANATORY STATEMENTS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

As required by Section 173(2) of the Companies Act, 1956, the following explanatory statements set out material facts relating to the business under Item Nos. 6 to 8 of the accompanying notice dated 27th April, 1998.

#### ITEM No. 6

Smt. Radhika Birla was appointed as an Additional Director on the Board of the Company on 3rd September, 1997 under Article No. 95 of the Company's Articles of Association. She holds office upto the date of the ensuing Annual General Meeting. The Company has received Notice under section 257 of the Companies Act, 1956 proposing her candidature for the Office of the Director and she is eligible for re-appointment. Hence your approval is sought to the proposed Resolution.

Except Smt. Radhika Birla, none of the Directors of the Company is concerned or interested in the said resolution.

#### ITEM No. 7

Shri Harsh Vardhan Lodha was appointed as an Additional Director on the Board of the Company on 24th April, 1998 under Article No.95 of the Company's Articles of Association. He holds office upto the date of the ensuing Annual General Meeting. The Company has received Notice under section 257 of the Companies Act, 1956 proposing his candidature for the Office of the Director and he is eligible for re-appointment. Hence your approval is sought to the proposed Resolution.

Except Shri Harsh Vardhan Lodha, none of the Directors of the Company is concerned or interested in the said resolution.

#### ITEM No. 8

Consequent to change in quantum of Company's contribution to Provident Fund of Shri R.G. Mundra, Managing Director as per Provident Fund Scheme of the Company, Board of Directors at its meeting held on 9th March, 98 approved changes in terms of remuneration of Shri R.G. Mundra, Managing Director and in this respect, a Supplemental Agreement dated 9th March, 98 was executed between the Company and Shri R.G. Mundra. Changes in terms of remuneration were 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 Twelfth Annual General Meeting of the Company held on 14th July, 1995, Board of Directors was authorised to change the terms of remuneration of Shri R.G. Mundra, Managing Director.

Details of changes in terms of remuneration due to statutory increase in Provident Fund contribution were already circulated pursuant to the provisions of Section 302 of the Companies Act, 1956 vide Abstract and Memorandum dated 14th 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 R.G. Mundra is available for inspection by the members of the Company at the Registered Office of the Company between 10 A.M. and 12 Noon on any working day of the Company till the date of the Meeting and will also be available for inspection at the meeting.

None of the Directors of the Company, except Shri R.G. Mundra, is concerned or interested in the said resolution.

Registered Office:

Udyog Vihar,  
P.O. Chorhata,  
Rewa - 486 006 (M.P.)  
April 27, 1998.

By Order of the Board  
R.K. Jain  
President & Secretary

# VINDHYA TELELINKS LIMITED

## ANNUAL REPORT 1997-98

### DIRECTORS

SMT. PRIYAMVADA BIRLA *Chairman*

SHRI V.D. JAIN

SMT. RADHIKA BIRLA

SHRI M.P. RAJAN

SHRI I.H. FAROOQI

SHRI R.C. TAPURIAH

SHRI P.K. RAI

SHRI D.R. BANSAL

SHRI HARSH V. LODHA

SHRI R.G. MUNDRA

*Managing Director*

### PRESIDENT

SHRI RAJEEV KUMAR JAIN

### SOLICITORS

KHAITAN & KHAITAN

### AUDITORS

S.R. BATLIBOI & COMPANY

Chartered Accountants

### BANKERS

STATE BANK OF INDIA

### REGISTERED OFFICE

UDYOG VIHAR,

P.O. CHORHATA,

REWA - 486 006 (M.P.)



# 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.

### FINANCIAL MATTERS :

	31st March, 1998		31st March, 1997	
	Rupees in lacs	Rupees in lacs	Rupees in lacs	Rupees in lacs
Income for the year was		<b>20859.08</b>		<b>24415.45</b>
The year's working shows a Gross Profit (after interest) of		<b>3193.51</b>		<b>3951.09</b>
Out of which provisions have been made for				
Depreciation	<b>615.69</b>		<b>576.35</b>	
Taxation	<b>790.00</b>	<b>1405.69</b>	<b>935.00</b>	<b>1511.35</b>
Leaving a surplus of		<b>1787.82</b>		<b>2439.74</b>
After (deducting)/adding				
Tax for earlier years	<b>(13.10)</b>			
Balance brought forward from previous year	<b>462.07</b>	<b>448.97</b>	<b>405.67</b>	<b>405.67</b>
There is a total disposable surplus of		<b>2236.79</b>		<b>2845.41</b>
Which has been appropriated as follows -				
Debenture Redemption Reserve	<b>485.00</b>		<b>1000.00</b>	
Proposed Dividend	<b>355.53</b>		<b>348.49</b>	
Corporate Dividend Tax	<b>35.55</b>		<b>34.85</b>	
Transfer to General Reserve	<b>950.00</b>	<b>1826.08</b>	<b>1000.00</b>	<b>2383.34</b>
and balance carried to Balance Sheet		<b>410.71</b>		<b>462.07</b>

The Directors recommend payment of Dividend for the year on 1,18,50,863 Equity Shares of Rs. 10/- each, fully paid-up, @ Rs. 3.00 per Share (i.e. 30%).

### GENERAL & CORPORATE MATTERS

Income for the year at Rs. 208.59 crores was lower as compared to the previous year inspite of marginally higher sales in quantity. The good performance by Jelly Filled Telephone Cable Industry in the past spurred manufacturers to scramble for irrational capacity increases resulting in a huge demand supply gap during the year. Due to intense competition, prices of Cables fell by an average twenty per cent during the year under review. However, due to various efforts made by the Company to reduce cost and to improve overall efficiency in operations, a reasonable gross profit of Rs. 31.94 crores was achieved.

The Indian economy passed through a period of inverse import duties & liberal imports resulting into a serious recession. Your Directors hope that now the Government will adopt appropriate corrective measures to facilitate vigorous economic growth and infrastructure improvement.

### NEW PROJECTS

A Joint Venture Company, Universal-ABB Power Cables Limited, manufacturing Extra High Voltage power cables at Satna promoted jointly with Universal Cables Limited and Asea Brown Boveri has started commercial production.

**PROMISES Vs. PERFORMANCE (pursuant to Clause 43 of the Listing Agreement)**

The Company had given following projections in the Letter of Offer dated 10th January, 1996 :

	1997-98	
	Projections (Rs. in lacs)	Actuals (Rs. in lacs)
Total Income	30162.00	20859.08
Profit after interest but before depreciation	4299.00	3193.51
Profit before Tax	3761.00	2577.82
Profit after Tax	2264.00	1774.72

Due to intense competition, both volume and prices of cables suffered during the year resulting in lower total income and profit as compared to projections.

**INDUSTRIAL RELATIONS**

Industrial relations continued to be cordial throughout the year.

**DIRECTORS**

Smt. 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 V.D. Jain and Shri P.K. Rai retire by rotation and, being eligible, offer themselves for re-election.

**AUDITORS**

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

Messrs 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 I which is attached hereto and forms a part of the Directors' Report.

**ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

**ACKNOWLEDGEMENT**

Board of Directors would like to thank all employees of the Company as also Company's shareholders, customers and Bankers for their continued support.

Yours faithfully,

(Mrs.) Priyamvada Birla	}	<i>Chairman</i>
V.D. Jain		
(Mrs.) Radhika Birla	}	<i>Directors</i>
I.H. Farooqi		
R.C. Tapuriah		
D.R. Bansal		
Harsh V. Lodha		
R.G. Mundra		<i>Managing Director</i>

Calcutta, April 24, 1998.

## ANNEXURE I

**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.**

Sl. No.	Name	Designation	Remuneration received (Rs.)	Qualifications	Experience (Years)	Date of Commencement of Employment	Age (Years)	Particulars of last Employment held (Concern/Place/Designation/Period of Service)
1.	Shri R.G. Mundra	Managing Director	9,40,331	B.Com., F.C.A.	34	04.11.1988	58	Universal Cables Ltd., Satna. President (Finance), 25 years.
2.	Shri R.K. Jain	President & Secretary	5,74,691	B.Com., F.C.A., F.C.S., AICWA, DTM(ICA) (Part I), ACIS(UK)	16	01.05.1987	37	Universal Cables Ltd., Satna. Vice-President (Finance), 3 Months.
3.	Shri S.K. Agrawal	Senior Tech. Manager	3,00,935	B.E.(Elect.)	25	01.08.1985	48	Universal Cables Ltd., Satna. Electrical Engineer, 12 years.
4.	Shri M.K. Sethi	Works Manager	3,16,322	B.E.(Mech.)	16	01.02.1984	39	Universal Cables Ltd., Satna. Shift Supervisor, 1½ years.
5.	Shri P.K. Agrawal	Manager (Project & Services)	3,17,055	B.Sc.Engineering (Electrical)	29	02.07.1993	53	Malvika Steel Products Ltd., Sultanpur. Dy. General Manager (Projects), 2 years.

- Notes:** 1) Nature of employment : All appointments are non-contractual except that of the Managing Director.  
2) Other terms and conditions : As per Agreement and Company's Rules and Regulations.  
3) No employee is a relative of any Director of the Company.  
4) Remuneration received includes Salary, Company's contribution to provident fund, perquisites, commission and sitting fees, where applicable, but excludes contribution to Gratuity Fund and Superannuation Fund.  
5) Age is given in years completed as on the last day of the financial year.

(Mrs.) Priyamvada Birla	}	Chairman
V.D. Jain		
(Mrs.) Radhika Birla	}	Directors
I.H. Farooqi		
R.C. Tapuriah		
D.R. Bansal		
Harsh V. Lodha		
R.G. Mundra		Managing Director

Calcutta, April 24, 1998.



## ANNEXURE II

**PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 AND THE RULES MADE THEREIN AND FORMING PART OF THE DIRECTORS' REPORT FOR YEAR ENDED 31ST MARCH, 1998.****(A) CONSERVATION OF ENERGY**

As in the past, the Company continued its efforts to improve methods of energy conservation and utilisation. In this respect Energy Audit was also conducted by an outside agency. Suggestions given by them are under implementation.

**(B) TECHNOLOGY ABSORPTION****Research and Development (R & D)**

- |  |  |
|--|--|
| 1. Specific areas in which R & D carried out by the Company. | Process improvement, Cost effectiveness and design improvements.                                 |
| 2. Benefits derived as a result of the above R & D.          | Cost reduction, Productivity improvement and improved logistics.                                 |
| 3. Future plan of action.                                    | The Company's efforts will continue in the areas of cost reduction and productivity improvement. |
| 4. Expenditure on R & D.                                     | R & D expenditure have not been accounted for separately.  |

**Technology absorption, adaptation and innovation.**

- |  |  |
|--|--|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation.   | Technology imparted by Foreign Collaborators has been fully absorbed and improved upon from time to time. Innovations in design, process control & logistics are being made on a continuous basis. |
| 2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. | Cost was reduced wherever possible.  |

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

There was no foreign exchange earning during the year. Information of foreign exchange outgo are contained in Schedule 14 [11(d), (e) & (f)].

(Mrs.) Priyamvada Birla	} <i>Chairman</i>
V.D. Jain	
(Mrs.) Radhika Birla	} <i>Directors</i>
I.H. Farooqi	
R.C. Tapuriah	
D.R. Bansal	
Harsh V. Lodha	
R.G. Mundra	<i>Managing Director</i>

Calcutta, April 24, 1998.

# Auditors' Report

## TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Vindhya Telelinks Limited, as at 31st March, 1998 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 fixed assets have been physically verified by the management 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) No material discrepancies were noticed on such physical verification as compared with book records.  
(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 and is on the same basis as in the previous year.
4. The terms and conditions of a loan taken from a Company listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company. As informed to us, there are no Companies under the same Management within the meaning of Section 370(1B) of the Companies Act, 1956.
5. The Company has not given any loans to Companies, as listed in the register maintained under Section 301 of the Companies Act, 1956.
6. Loans and advances including interest free loans/advances given to employees and others and interest thereon are repaid as stipulated.
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, there are no 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.
9. Adequate provision has been made in the accounts for unserviceable or damaged stores, spares, raw-materials and finished goods, as determined by the management.
10. The Company has not accepted any deposits from the public in terms of Section 58A of the Companies Act, 1956 and the Rules framed thereunder.
11. There are no saleable by-products. Reasonable records are maintained for the sale or disposal 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 accounts maintained by the Company pursuant to the Order made 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 these records.
14. The Company has been regular in depositing Provident Fund dues with the appropriate authorities. The Company is not yet required to make Employees State Insurance contribution.
15. There are no undisputed amounts payable in respect of Income Tax, Wealth-Tax, Sales-Tax, Customs Duty and Excise Duty outstanding as at 31st March, 1998 for a period exceeding six months from the date they became payable.
16. During the course of our examination of the books of accounts carried out in accordance with generally accepted accounting practices, we have not come across any expenses charged to Revenue Account which, in our opinion and judgement and to the best of our knowledge and belief, could be regarded as personal expenses.
17. The Company is not a sick industrial unit as defined under the Sick Industrial Companies (Special Provisions) Act, 1985.