



*Annual Report
and
Accounts
1998-99*

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Vindhya Telelinks Limited

VINDHYA TELELINKS LIMITED

ANNUAL REPORT 1998-99

DIRECTORS

SMT. PRIYAMVADA BIRLA *Chairman*
SHRI V.D. JAIN
SMT. RADHIKA BIRLA
SHRI M.P. RAJAN
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.)

◀ 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.

FINANCIAL MATTERS :

	31st March, 1999		31st March, 1998	
	Rupees in lacs	Rupees in lacs	Rupees in lacs	Rupees in lacs
Income for the year was		22191.12		20859.08
The year's working shows				
a Gross Profit (after interest) of		4768.81		3193.51
Out of which provisions have been made for				
Depreciation	573.23		615.69	
Taxation	1290.00	1863.23	790.00	1405.69
Leaving a surplus of		2905.58		1787.82
After (deducting)/adding				
Excess Tax provision for earlier years written back	32.72		—	
Tax for earlier years	—		(13.10)	
Balance brought forward from previous year	410.71	443.43	462.07	448.97
There is a total disposable surplus of		3349.01		2236.79
Which has been appropriated as follows -				
Debenture Redemption Reserve	—		485.00	
Proposed Dividend	474.03		355.53	
Corporate Dividend Tax	52.15		35.55	
Transfer to General Reserve	2250.00	2776.18	950.00	1826.08
and balance carried to Balance Sheet		572.83		410.71

The Directors recommend payment of Dividend for the year on 1,18,50,863 Equity Shares of Rs. 10/- each, fully paid-up, @ Rs. 4/- per Share (i.e. 40%).

GENERAL & CORPORATE MATTERS

Income for the year at Rs. 221.91 crores is marginally higher as compared to previous year due to 15% increase in sales in quantitative terms. Gross Profit at Rs. 47.69 crores as compared to Rs. 31.94 crores of previous year could be achieved due to continuous observance of cost control in all areas.

There is no abatement in ever increasing capacity of the industry.

It is most unfortunate and undesirable that DoT has taken a decision to reserve 30% of its requirement in favour of public sector Hindustan Cables Limited. This has resulted in lower residual demand which shall put pressure on prices of Cables.

Much awaited new Telecom Policy has been announced and ambitious targets of tele-density augur well for Telecom Industry.

In order to make foray into the latest technology, the company has decided to implement project to manufacture Optical Fibre Cables with an installed capacity of 15,000 Cable KMs per annum.

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

INDUSTRIAL RELATIONS

Industrial relations continued to be cordial throughout the year.

DIRECTORS

Shri I.H. Farooqi, nominee Director of Industrial Development Bank of India, ceased to be a Director on the Board with effect from 3rd June, 1998. The Directors have placed on record their deep appreciation of the services rendered by him during his tenure.

Smt. Priyamvada Birla and Shri M.P. Rajan retire by rotation and, being eligible, offer themselves for re-election.

AUDITORS

Messrs S.R.Batlboi & 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 re-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,

(Smt.) Priyamvada Birla	Chairman
V.D. Jain	
R.C. Tapuriah	
P.K. Rai	Directors
D.R. Bansal	
Harsh V. Lodha	
R.G. Mundra	Managing Director

Calcutta, April 24, 1999.

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, 1999.**

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	10,17,788	B.Com., F.C.A.	35	04.11.1988	59	Universal Cables Ltd., Satna. President (Finance), 25 years.
2.	Shri R.K. Jain	President & Secretary	6,27,193	B.Com., F.C.A., F.C.S., FICWA., DTM(ICA), FCIS(UK)	17	01.05.1987	38	Universal Cables Ltd., Satna. Vice-President (Finance), 3 Months.

- 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.

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Yours faithfully,

(Smt.) Priyamvada Birla *Chairman*
V.D. Jain

R.C. Tapuriah
P.K. Rai *Directors*

D.R. Bansal

Harsh V. Lodha

R.G. Mundra *Managing Director*

Calcutta, April 24, 1999.

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 THE YEAR ENDED 31ST MARCH, 1999.****(A) CONSERVATION OF ENERGY**

Following Energy Conservation measures were taken during the year :

1. Loading/Unloading of Compressor was set to optimise the power consumption.
2. Working of Cooling Tower Fans optimised by monitoring re-circulating water temperature.
3. System Voltage for lighting in plant & colony reduced from 430V AC to 380V AC.
4. For lighting, sodium vapour lamp fittings of 125/250 Watts have been installed in place of 500/1000 Watts halogen lamp fittings and 70 Watts sodium vapour lamp fittings have been installed in place of 125 Watts high pressure mercury vapour lamps.
5. Arrangements made for switching off automatically cooling blowers of large D.C. Motors when machines are not in operation for long period.
6. Loading of D.G. Sets to optimum capacity.
7. Power factor of D.G. power supply system improved from 0.84 to 0.90.
8. Automatic power factor controller installed.

(B) TECHNOLOGY ABSORPTION

Research and Development (R&D)

- | | |
|---|---|
| 1. Specific areas in which R&D carried out by the Company | Process improvement, product design improvement and substitution of imported spares. |
| 2. Benefits derived as a result of the above R&D | Quality improvement, productivity improvement and better availability of spares. |
| 3. Future plan of action | The Company shall continue to make efforts in order to be cost and quality competitive. |
| 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. | After full absorption of technology imparted by Foreign Collaborators, innovations in process control, cost reduction and quality improvements 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. | There was overall improvement in quality and process resulting in further cost reductions. |

(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 [9 (d), (e) & (f)].

Yours faithfully,

(Smt.) Priyamvada Birla	}	Chairman
V.D. Jain		
R.C. Tapuriah	}	Directors
P.K. Rai		
D.R. Bansal		
Harsh V. Lodha		
R.G. Mundra		Managing Director

Calcutta, April 24, 1999.

Auditors' Report

TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Vindhya Telink 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 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, spares, packing materials 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 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. 6 in Schedule 14). The valuation of stock is on the same basis as in the previous year.
4. The Company has not taken any loan from Companies listed in the Register maintained under Section 301 of the Companies Act, 1956.
5. The terms and conditions of the unsecured loan given to the companies 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/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, spares, packing materials, 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 sales 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 needs and exigencies.
9. Adequate provision has been made in the accounts for unserviceable or damaged stores, spares, packing materials, 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 account 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, 1999 for a period exceeding six months from the date they became payable.

16. During the course of our examination of the books of account 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 Company as defined under the Sick Industrial Companies (Special Provisions) Act, 1985.
- Subject to and in terms of the above, we further report that :
- (i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
 - (ii) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of these books.
 - (iii) The attached Balance Sheet and Profit & Loss Account are in agreement with the books of account.
 - (iv) In our opinion, the attached Balance Sheet and Profit & Loss Account comply with the mandatory Accounting Standards referred to in Sub-Section (3) of Section 211 of the Companies Act, 1956.
 - (v) In our opinion, and to the best of our information and according to the explanations given to us, the said statements of Account, read together with the 'Notes' appearing thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1999 and
 - (b) in the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date.

S.R. BATLIBOI & CO.
Chartered Accountants

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Per ANIL GUPTA
Partner

New Delhi, April 24, 1999.