



*Annual Report
and
Accounts
1999-2000*

Vindhya Telelinks Limited

NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of Vindhya Telelinks Limited will be held at the Registered Office of the Company at Udyog Vihar, P.O.Chorhata, Rewa (M.P.) on Tuesday, the 30th May, 2000 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, 2000.
2. To approve the declaration and payment of interim dividend as final dividend.
3. To appoint Director in place of Smt. Radhika Birla, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint Director in place of Shri D.R. Bansal, 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.Batilboi & 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 a special resolution:
"RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered as follows:
(a) Insert the following Article as Article 49A after Article 49:

Nomination by Shareholders/ Debentureholders **49A** A holder or joint holders of shares in or debentures (including fixed deposit holder under Section 58A of the Companies Act, 1956), of the Company may nominate, in accordance with the provisions of Section 109A of the Companies Act, 1956 (including amendment thereto or any re-enactment thereof) and in the manner prescribed thereunder, any person to whom all the rights in the shares in or debentures of the Company shall vest in the event of death of such holder(s). Any nomination so made shall be dealt with by the Company in accordance with and in manner prescribed under the provisions of Section 109B of the Companies Act, 1956 or any other statutory modification or re-enactment thereof for the time being in force.

- (b) Insert the following Article as Article 49B after Article 49A:

Transmission of Securities by Nominees **49B** A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided :-
(i) elect, either to be registered himself/herself as holder of the share or debenture or to make such transfer of the share or debenture as the deceased shareholder or debentureholder, as the case may be, could have made;
(ii) if the nominee elects to be registered as holder of the share or debenture, himself/herself, as the case may be, he/she shall deliver or send to the Company a notice in writing signed by him/her stating that he/she so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debentureholder, as the case may be;
(iii) a nominee, upon becoming entitled to a share or debenture by reason of the death of the holder, shall be entitled to the same dividends and other advantages to which he/she would be entitled to, if he/she were the registered holder of the share or debenture except that he/she shall not, before being registered a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself/herself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with.

- (c) Existing Article 49A shall be renumbered as 49C."

Registered Office:

Udyog Vihar,
P.O. Chorhata,
Rewa - 486 006 (M.P.)
April 26, 2000.

By Order of the Board

R.K. Jain
President & Secretary

NOTES:

- (a) The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item No.6 set out above is 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 Wednesday, the 10th May, 2000 to Tuesday, the 16th May, 2000, both days inclusive.
- (d) Interim Dividend will be paid to the registered shareholders whose names appear on the Company's Register of Members as on 9th May, 2000 or to their mandates and also to beneficial owners of Equity Shares held in Electronic Form on the same date as per details furnished by the Depositories for this purpose. Interim Dividend will be paid by 20th May, 2000.
- (e) The Members are requested to -
- intimate to the Company, changes, if any, in their Registered Addresses.
 - 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) As per the provisions of the amended Companies Act, 1956, the facility for making nominations is now available to the shareholders and debentureholders in respect of the Equity Shares/Debentures held by them. Shareholders/ Debentureholders who desire to avail of this facility may send their request for nomination in the prescribed Form 2B duly filled in and signed to the Company's Registered address. The facility would be made available folio wise to individual shareholders/debentureholders including joint holders.
- (g) The Equity Shares and Debentures of the Company are listed at the following Stock Exchanges:-
- | | |
|---|--|
| (a) <i>Madhya Pradesh Stock Exchange</i>
(Regional Stock Exchange)
Rajani Bhawan, 3rd Floor
M.G.Road (Opp. High Court)
Indore - 452 001 | (c) <i>The Calcutta Stock Exchange Association Ltd.</i>
7, Lyons Range,
Calcutta - 700 001 |
| (b) <i>The Stock Exchange, Mumbai</i>
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai - 400 023 | (d) <i>National Stock Exchange of India Ltd.</i>
Trade World
Senapati Bapat Marg,
Lower Parel, Mumbai - 400 013 |
- Annual Listing Fees to each of the above Stock Exchanges has been paid by the Company.
- (h) Equity Shares of the Company have been activated for dematerialisation with National Securities Depository Limited with effect from 17th August, 1999 vide ISIN INE707A01012.
- (i) The Securities and Exchange Board of India has decided to include the Equity Shares of the Company in the list in which trading is compulsory for INSTITUTIONAL INVESTORS in dematerialised form with effect from May 15, 2000. However, the members may please note that this facility of trading in dematerialised form is optional for remaining Investors.

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

As required by Section 173(2) of the Companies Act, 1956, the following explanatory statement set out material facts relating to the business under Item No.6 of the accompanying notice dated 26th April, 2000.

ITEM NO.6

As per the provisions of Sections 109A and 109B of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 1999, every holder of shares in, or debentures of the Company may at any time nominate in the prescribed manner, a person to whom his/her shares in, or debentures of the Company shall vest in the event of his/her death.

It is, therefore, proposed to insert new Articles 49A and 49B in the Articles of Association of the Company to give effect to the said provisions as detailed in the Special Resolution.

The Board of Directors recommend the Shareholders to adopt the proposed resolution as a special resolution.

None of the Directors of the Company is concerned or interested in the said resolution.

Registered Office:

Udyog Vihar,
P.O. Chorhata,
Rewa - 486 006 (M.P.)
April 26, 2000.

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

VINDHYA TELELINKS LIMITED

ANNUAL REPORT 1999-2000

DIRECTORS

SMT. PRIYAMVADA BIRLA *Chairman*
SHRI V.D. JAIN
SMT. RADHIKA BIRLA
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, 2000.

FINANCIAL MATTERS

	31st March, 2000		31st March, 1999	
	Rupees in lacs	Rupees in lacs	Rupees in lacs	Rupees in lacs
Income for the year was		29032.71		22191.12
The year's working shows a Gross Profit (after interest) of		5447.25		4768.81
Out of which provisions have been made for				
Depreciation	774.54		573.23	
Taxation	1760.00	2534.54	1290.00	1863.23
Leaving a surplus of		2912.71		2905.58
After (deducting)/adding				
Excess Tax provision for earlier years written back	—		32.72	
Income Tax Refund for earlier years	19.08		—	
Balance brought forward from previous year	572.83	591.91	410.71	443.43
There is a total disposable surplus of		3504.62		3349.01
Which has been appropriated as follows -				
Interim Dividend	533.29		—	
Proposed Dividend	—		474.03	
Corporate Dividend Tax	58.66		52.15	
Transfer to General Reserve	2350.00	2941.95	2250.00	2776.18
and balance carried to Balance Sheet		562.67		572.83

The Directors have already declared Interim Dividend @ Rs. 4.50 per Equity Share absorbing Rs. 533.29 lacs excluding Corporate Dividend Tax of Rs. 58.66 lacs. No further Dividend has been recommended for the financial year ended 31st March, 2000.

During the year, the Company bought back 5,60,691-16% Secured Non-Convertible Debentures from Unit Trust of India @ Rs.53.25 per Debenture.

As per schedule of redemption of 53,64,365 - 16% Secured Non-Convertible Debentures, first redemption instalment of Rs.17/- per Debenture was paid as on 31st March, 2000. Now value of Debentures stand reduced automatically by the amount of redemption.

GENERAL & CORPORATE MATTERS

Income for the year at Rs. 290.33 crores is 31% higher as compared to previous year mainly due to increase in sales in quantitative terms. During the year under review, Company procured Orders at very competitive prices under stiff competition. There was frenetic capacity increase in the industry to the extent of about 300 LCKMs while demand from DoT did not increase correspondingly. DoT's retrograde policy to reserve a part of their requirement for supply by Public Sector Unit, Hindustan Cables Limited, also resulted in a smaller share available to rest of the manufacturers.

Now, with disputes between Private Telecom Operators and DoT having been resolved, your Directors are hopeful that demand for both Jelly Filled Cables and Optical Fibre Cables from such operators would be forthcoming.

The Project for the manufacture of Optical Fibre Cables has been commissioned successfully during the year and your Directors are glad to report that all necessary approvals have been obtained from DoT.

The Company achieved a smooth transition into the new Millennium without any Y2K related problem.

ISO 14001 ENVIRONMENTAL MANAGEMENT SYSTEM CERTIFICATION

The Company has received ISO 14001 Environmental Management System Certificate from DET Norske Veritas, Netherlands for its entire range of products.

INDUSTRIAL RELATIONS

Industrial relations continued to be cordial throughout the year.

DIRECTORS

Shri M.P. Rajan, nominee Director of Madhya Pradesh State Industrial Development Corporation Ltd., ceased to be a Director on the Board with effect from 19th January, 2000. The Directors are grateful for the valuable services rendered by Shri M.P. Rajan during his tenure.

Smt. Radhika Birla and Shri D.R. Bansal 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 re-appointed as Cost Auditors for Cost Audit 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.

SUBSIDIARY COMPANIES

During the year under review, August Agents Limited, Calcutta; Insilco Agents Limited, Calcutta and Laneseda Agents Limited, Calcutta became fully owned Subsidiaries of the Company.

Particulars relating to Subsidiary Companies, as required under Section 212 of the Companies Act, 1956 are annexed to the Balance Sheet of the Company.

PARTICULARS OF EMPLOYEES

As required under Section 217(2A) of the Companies Act, 1956 and the rules made thereunder, 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 thereunder, 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

The 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

D.R. Bansal

Harsh V. Lodha

R.G. Mundra

Directors

Managing Director

Calcutta, April 26, 2000.

ANNEXURE I

**PARTICULARS OF EMPLOYEES AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956
AND THE RULES MADE THEREUNDER AND FORMING PART OF THE DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MARCH, 2000.**

Sl. No.	Name	Designation	Remuneration (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	11,51,602	B.Com., F.C.A.	36	04.11.1988	60	Universal Cables Ltd., Satna. President (Finance), 25 years.
2.	Shri R.K. Jain	President & Secretary	6,91,562	B.Com., F.C.A., F.C.S., F.I.C.W.A., D.T.M.(I.C.A.), A.C.I.S.(U.K.)	18	01.05.1987	39	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, Superannuation Fund and provisions for pension and leave encashment.
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
V.D. Jain
R.C. Tapuriah
D.R. Bansal
Harsh V. Lodha
R.G. Mundra

Chairman

Directors

Managing Director

Calcutta, April 26, 2000.

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 THEREUNDER AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2000.****(A) CONSERVATION OF ENERGY**

Following Energy Conservation measures were taken during the year :

1. Optimum utilization of production machines resulting in substantial reduction in energy cost per unit of production.
2. Installation of efficient Water Pumps of efficiency upto 80% resulting in lower energy consumption.
3. Process of replacing Mercury Vapor Lamps by more efficient Sodium Vapor Lamps was continued during the year.
4. Company has obtained ISO 14001 Certification during the year. It will have more focused approach on conservation of resources including energy.

(B) TECHNOLOGY ABSORPTION

Research and Development (R&D)

- | | |
|---|---|
| 1. Specific areas in which R&D carried out by the Company | Process 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. Company has also launched Total Productive Maintenance System, which shall give improved results in the future. |
| 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 productivity. |

(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)].

Yours faithfully,

(Smt.) Priyamvada Birla
V.D. Jain
R.C. Tapuriah
D.R. Bansal
Harsh V. Lodha
R.G. Mundra

Chairman

Directors

Managing Director

Calcutta, April 26, 2000.

Auditors' Report

TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Vindhya Telelinks Limited, as at 31st March, 2000 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 and subject to Note No. 8 of Schedule 14 is on the same basis as in the previous year.
4. The Company has not taken/given any loan from/to Companies listed in the Register maintained under Section 301 of the Companies Act, 1956.
5. Loans and advances including interest free loans/advances given to employees and others and interest thereon are repaid as stipulated.
6. 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.
7. 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.
8. 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.
9. 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.
10. There are no saleable by-products. Reasonable records are maintained for the sale or disposal of realisable scrap and waste materials.
11. The Company has an internal audit system commensurate with its size and the nature of its business.
12. 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.
13. 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.

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14. 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, 2000 for a period exceeding six months from the date they became payable.
15. 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.
16. 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, subject to Note No. 5 of Schedule 14, the attached Balance Sheet and Profit & Loss Account comply with the mandatory Accounting Standards referred to in Sub-Section (3C) 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 subject to Note No. 5 of Schedule 14 relating to non provision of losses as stated in the said Note on account of investment made in a Company promoted by it and read together with the other 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, 2000 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

Per ANIL GUPTA
Partner

New Delhi, April 26th, 2000.