



# Vindhya Telelinks Ltd.



ANNUAL REPORT & ACCOUNTS 2006-07

# VINDHYA TELELINKS LIMITED

## ANNUAL REPORT 2006-07

### BOARD OF DIRECTORS

SHRI R.S.LODHA

*Chairman*

SHRI J.VEERARAGHAVAN

SHRI S.K.MISRA

SHRI R.C.TAPURIAH

SHRI D.R. BANSAL

SHRI H.V.LODHA

SHRI PRACHETA MAJUMDAR

SHRI Y.S.LODHA

*Wholetime Director*

### AUDIT COMMITTEE

SHRI PRACHETA MAJUMDAR

*Chairman*

SHRI J.VEERARAGHAVAN

SHRI S.K.MISRA

SHRI D.R.BANSAL

### SR.VICE PRESIDENT & SECRETARY

SHRI R.RADHAKRISHNAN

### AUDITORS

S.R.BATLIBOI & CO.

Chartered Accountants

### SOLICITORS

INTERNATIONAL TRADE LAW CONSULTANTS

### BANKERS

STATE BANK OF INDIA

UTI BANK LIMITED

### REGISTERED OFFICE

UDYOG VIHAR

P.O.CHORHATA

REWA - 486 006 (M.P.)

IS / ISO 9001: 2000



# NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Shareholders of the Company will be held at the Registered Office of the Company at Udyog Vihar, P.O.Chorhata, Rewa (M.P.) on Wednesday, the 18th July, 2007 at 11 a.m. to transact the following business:-

## Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2007, Profit and Loss Account for the year ended on that date, and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri R.S.Lodha, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri J.Veeraraghavan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration and reimbursement of out-of-pocket expenses as the Board may decide, based on the recommendation of the Audit Committee.

Registered Office:  
Udyog Vihar,  
P.O.Chorhata,  
Rewa - 486 006 (M.P.)  
May 23, 2007

By order of the Board

**R. Radhakrishnan**  
Sr.Vice President & Secretary

## NOTES FOR SHAREHOLDERS' ATTENTION:

- (a) A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND PROXY NEED NOT BE A SHAREHOLDER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING.
- (b) The Register of Beneficial Owners, Register of Shareholders and Share Transfer Books of the Company shall remain closed from Thursday, the 12th July, 2007 to Wednesday, the 18th July, 2007 (both days inclusive).
- (c) Shareholders are requested to notify immediately the changes, if any, in their registered addresses alongwith PINCODE Number-
  - to their Depository Participants in respect of equity shares held in electronic form (Demat Account); and
  - to the Company or its Registrar and Share Transfer Agents viz. M/s Intime Spectrum Registry Ltd. (Unit: Vindhya Telelinks Ltd.) C-13, Pannalal Silk Mills Compound, L.B.S.Marg, Bhandup (West), Mumbai - 400 078 in respect of equity shares held in physical form.
- (d) Shareholders are requested to note that dividends which remain unclaimed/unencashed for a period of 7 years from the date of transfer to the Unpaid Dividend Account, will be transferred by the Company to Investor Education & Protection Fund (IEPF) pursuant to the provisions of Section(s) 205A and 205C of the Companies Act, 1956. Further, under the provisions of Section 205C of the Companies Act, 1956, no claims by the shareholders shall lie against the IEPF or the Company for the Unclaimed Dividend transferred to IEPF and no payments shall be made in respect of any such claims. Shareholders who have so far not encashed their dividend warrants for the financial year(s) ended 31st March, 2001 and 2002, are therefore requested to seek issuance of demand draft in lieu of Unencashed/Unclaimed Dividend Warrant(s) by writing to the Company or Company's Registrar and Share Transfer Agents viz. M/s Intime Spectrum Registry Limited.
- (e) Additional information pursuant to Clause 49 of the Listing Agreement(s) with Stock Exchanges, on Directors recommended for re-appointment at the forthcoming Annual General Meeting, are given in the Annexure to the Notice.
- (f) Shareholders/Proxies are requested to deposit the Attendance Slip duly filled in and signed for attending the meeting. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote. Corporate Shareholders intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Annual General Meeting.

**ANNEXURE TO NOTICE**

**Details of Directors seeking re-appointment in ensuing Annual General Meeting scheduled to be held on 18th July, 2007**

<b>Name</b>	<b>Shri R.S.Lodha</b>	<b>Shri J.Veeraraghavan</b>
<b>Date of Birth</b>	06.09.1942	04.03.1932
<b>Date of Appointment</b>	24.10.2001	27.10.2004
<b>Expertise in specific functional areas</b>	Chartered Accountant of international eminence with significant and strategic management expertise/experience in trade, industry, commerce and professions. He served at the helm of various industry/business associations and other forums/committees of national and international repute including in the capacity of President of the Federation of Indian Chambers of Commerce and Industry (FICCI) in its platinum jubilee year 2002. He was also closely involved with major policy making groups concerned with the Indian Industry and in promoting business co-operation internationally.	Retired Senior IAS Officer who has served as Secretary to the Govt. of India including of the HRD Ministry.
<b>List of outside Directorships held</b>	<ol style="list-style-type: none"> <li>1. Alfred Herbert (India) Ltd.</li> <li>2. Birla Corporation Ltd.</li> <li>3. Birla Ericsson Optical Ltd.</li> <li>4. First Capital India Ltd.</li> <li>5. Hindustan Gum &amp; Chemicals Ltd.</li> <li>6. Henkel India Ltd.</li> <li>7. Indian Petrochemicals Corporation Ltd.</li> <li>8. Mazbat Tea Estate Ltd.</li> <li>9. National Securities Depository Ltd.</li> <li>10. PNB Gilts Ltd.</li> <li>11. SBI Life Insurance Co.Ltd.</li> <li>12. The Punjab Produce Holdings Ltd.</li> <li>13. Universal Cables Ltd.</li> </ol>	None
<b>Chairman/Member of the Committee of the Board of Directors of the Company</b>	-	Chairman -Share Transfer-cum-Investor Grievance Committee Member -Audit Committee
<b>Chairman/Member of the Committee of the Board of Directors of other Public Company</b>	Chairman-Audit Committee of National Securities Depository Ltd. and Indian Petrochemicals Corporation Ltd.	-
<b>Shareholding (both own or held by/for other persons on a beneficial basis), if any, in the paid up equity share capital of the Company.</b>	NIL	NIL

**NOTE :** Number of other Directorships held by the Directors, as mentioned above, do not include alternate directorships and directorships held in foreign companies, Section 25 Companies and Indian private limited companies besides trustee/membership of managing Committees of various trusts and other bodies, and are based on the latest declarations received from the Directors. The details of Committee Membership/Chairmanship is in accordance with revised Clause 49 of the Listing Agreements and reflects the Membership/Chairmanship of the Audit Committee and Shareholders'/Investors' Grievance Committee alone of all other Public Limited Companies.

# Directors' Report

## TO THE SHAREHOLDERS

Your Directors have the pleasure of presenting their Annual Report, together with the Audited Financial Statements of the Company for the year ended 31st March, 2007.

### ACCOUNTS & FINANCIAL MATTERS

	2006-07 (Rs.in lacs)	2005-06 (Rs.in lacs)
Turnover (Gross)	5739.93	15381.66
Other Income	802.15	694.01
	<u>6542.08</u>	<u>16075.67</u>
The year's working shows a Gross Profit (after Interest) of -	615.13	606.51
Less: Depreciation	<u>327.91</u>	<u>479.36</u>
Profit before Prior Period Items and Tax	287.22	127.15
Less: Prior Period Items	-	32.09
Profit before Tax	287.22	95.06
- Provision for Tax (Net of excess Provision written back)	1.39	2.35
- Deferred Tax (Credit)	(20.84)	(51.42)
- Fringe Benefit Tax	15.00	14.60
Net profit	291.67	129.53
Credit Balance brought forward	171.66	42.13
Surplus carried to Balance Sheet	<u>463.33</u>	<u>171.66</u>

Your Directors regret their inability to recommend any dividend for the year under consideration.

### GENERAL & CORPORATE MATTERS

During the year under review, your Company's performance was severely impacted due to lower sales volume, unfavourable product mix caused by extremely poor off take of Jelly Filled Telephone Cable (JFTC) by BSNL and other private telecom operators. As the Company's major customers like BSNL did not come out with their annual tenders for the JFTC, the Company had to be content with sales to private operators and consolidate its base for future years. Hence, the gross turnover registered a decrease of approx. 63% and stood at Rs.5739.93 lacs during the year under review as against Rs.15381.66 lacs in the previous year. However it is heartening to note that despite steep decline in turnover, the economies of lower operating expenses coupled with reduction in financial expenses, and a substantial higher "other income" has enabled a slight improvement in your Company's gross profit before depreciation compared to the previous year.

The JFTC prices continue to be non-remunerative in the market, driven by acute price pressure and aggressive competition. Going forward, the combination of substantial idle manufacturing capacity, intense competition and narrow-band of customers may continue to strain the operating margins and prevail over any move for appreciable price rise.

Your company, being aware of the changing market scenario where the customer preference for mobile network over fixed line has adversely impacted the functioning of cable manufacturers, has put in lots of efforts for consolidating its position to capture the business opportunities in overseas market places besides diversifying and enlarging its products range for serving the requirements of Railways and others for different telecommunications end use applications.

The telecommunication industry is undergoing profound change often forcing the service providers to revisit their traditional business models. As a measure to retain subscribers and to adapt to this complex environment, the fixed line operators aim to bring new competitiveness by betting on improved comprehensive broadband bundled services and high speed optical fibre in the last mile. To facilitate the service providers who have laid extensive network of OFC to optimally utilize their network and meet new aspirations of triple play of users, your company is acquiring Fiber-To-The-Home (FTTH) technology and hardware. In order to seize the emerging opportunities in this arena, your Company has identified suitable provider(s) of critical hardware and related portfolio products for Fiber-To-The-Home (FTTH) and broadband access solution matched to the local market needs. The Company has already entered into Memorandum of Understanding(s) with leading Japanese and American Companies for establishing a longterm relationship with the business aims of unlocking new opportunities and achieving additional revenue generations.

In order to optimize the capacity utilisation during the year under review, your Company manufactured and supplied to Railways, Quad Cables at a reasonable margins and the response from the customer is encouraging. In the immediate future, your company plans to further expand

its products portfolio by launching new products e.g. Railways Signaling Cables, Composite Cable, Tinned Copper, FRP Rods for catering the emerging demand for such products as well as a tool of backward integration and also intends to enter into turn key projects with major customers. The Company also plans to add balancing equipments for manufacturing Aerial Bunched Cables (ABC) in order to optimally utilise the existing infrastructure to some extent.

By upgrading and modernising the production facilities and continuously focusing on, reduction in the cost of production by implementing various measures in the manufacturing and other logistics areas, your Company will strive hard to be a competitive player in an environment where the capacity utilization is at the lowest ebb.

#### **CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, the Management Discussion and Analysis, Report on Corporate Governance and a certificate by the Wholetime Director (CEO) confirming compliance by all the Board members and Senior Management Personnel with Company's Code of Conduct and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors to the best of their knowledge and belief and according to the information and explanation obtained by them, state that;

- in the preparation of the Annual Accounts for the year ended 31st March, 2007, the applicable accounting standards have been followed;
- the Company has selected such accounting policies, applied them consistently, made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year 2006-07 and of the profit for the year ended 31st March, 2007;
- proper and sufficient care have been taken 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; and
- the attached Annual Statement of Accounts for the year ended 31st March, 2007 have been prepared on a 'going concern' basis.

#### **JOINT VENTURE**

In view of depressed market conditions, Birla Ericsson Optical Ltd., a venture promoted by your Company in association with Universal Cables Ltd. and Ericsson Cables AB, Sweden has unfortunately shown a downturn during the year under review.

#### **INDUSTRIAL RELATIONS**

Industrial relations remained cordial barring certain instances of indiscipline, disruptive action, concerted go-slow tactics and illegal strike by a section of workers during the first quarter of the year under review, which are being dealt with as per governing legal provisions.

The Board wishes to place on record its sincere appreciation of the contribution made by the employees at all levels despite the extremely trying time.

#### **DIRECTORS**

Shri R.G.Mundra, Managing Director, was relieved on his request from the Board effective from 3rd November, 2006. The Board places on record its appreciation for the distinguished service rendered by Shri R.G.Mundra during his term as Managing Director of the Company.

Shri Y.S.Lodha was appointed as an Additional Director by the Board at its meeting held on 27th October, 2006 to assume responsibilities as Wholetime Director of the Company with effect from 4th November, 2006, for which requisite approvals including from members of the Company vide an ordinary resolution passed at the Extra-Ordinary General Meeting held on 16th December, 2006 have been obtained.

Shri R.S.Lodha and Shri J.Veeraraghavan retire from the Board by rotation at the ensuing Annual General Meeting and, being eligible, offers themselves for re-appointment.

#### **AUDITORS**

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

The Notes on Accounts read with the Auditors' Report are self explanatory and therefore, do not call for any further comments or explanations.

Messrs S.Gupta & Co., Cost Accountants, have been appointed as Cost Auditors for Cost Audit in respect of Cables.

#### **CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with Accounting Standard (AS)-21 "Consolidated Financial Statements" read with Accounting Standard (AS)-27 "Financial Reporting of Interests in Joint Venture", the Consolidated Financial Statements form part of the Annual Report. These Group Accounts have been prepared on the basis of audited financial statements received from Subsidiaries and a Joint Venture Company.

#### **SUBSIDIARY COMPANIES**

The Hon'ble High Courts of Bombay at Goa and Madhya Pradesh at Jabalpur sanctioned the Scheme of Amalgamation of Optic Fibre Goa Ltd. (OFGL) with Universal Cables Ltd. vide orders dated 18th August, 2006 and 25th August, 2006 respectively and accordingly OFGL ceased to be a subsidiary of your Company with effect from 1st April, 2005.

In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, the documents relating to Subsidiary Companies as provided in Section 212(1) of the Companies Act, 1956 have not been attached with the Balance Sheet of the Company. The Company will make these documents available upon request by any member of the Company interested in obtaining the same. These documents will also be kept at the Registered Office of the Company and of the respective Subsidiary Companies for inspection by any member of the Company.

**PARTICULARS OF EMPLOYEES**

Particulars of employees in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, 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, 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 desires to place on record its grateful appreciation for the excellent assistance and co-operation received from the State Government and continued support extended to the Company by the bankers, investors, suppliers and esteemed customers and other business associates.

Yours faithfully,

R.S.Lodha

Chairman

J.Veeraraghavan

S.K.Misra

R.C.Tapuriah

D.R.Bansal

H.V.Lodha

Y. S. Lodha

Directors

Wholetime Director

New Delhi, May 23, 2007.

Report  junction.com


## ANNEXURE I

STATEMENT OF PARTICULARS UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FOR THE YEAR ENDED 31ST MARCH, 2007 AND FORMING PART OF THE DIRECTORS' REPORT

Name	Designation	Nature of Employment whether contractual or otherwise	Nature of duties of the employees	Qualification(s)	Age (in years)	Date of commencement of Employment	Total experience (in years)	Gross Remuneration (in Rs.)	Previous employment/ Designation
<b>EMPLOYED FOR PART OF THE FINANCIAL YEAR</b>									
Shri R.G.Mundra	Managing Director	Contractual	General Management	B.Com., F.C.A.	67	04.11.1988	42	32,48,713	Universal Cables Ltd., Satna President (Finance)

**Notes:** (1) Gross remuneration comprises of Salary, Company's contribution to provident fund, perquisites, sitting fees, payment of gratuity and leave encashment, but excludes provision for pension.

(2) During the period of employment Shri R.G.Mundra neither held 2% or more share capital of the Company nor he was a relative of any Director of the Company.

Report  junction.com		R.S.Lodha	Chairman
		J.Veeraraghavan	} Directors
		S.K.Misra	
		R.C.Tapuriah	
		D.R.Bansal	
		H.V.Lodha	} Wholetime Director
		Y. S. Lodha	

New Delhi, May 23, 2007.



**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, 2007.**

**(A) CONSERVATION OF ENERGY**

The Company adopted following measures on energy conservation:

- Energy saving by continuously maintaining unity Power Factor.
- Putting off one Transformer by load optimization.
- Switching over to energy saving lamps instead of conventional tube lights.
- Engineering changes to enhance productivity and minimize power consumption on machines.
- Continuous monitoring of all the production processes and adoption of preventive maintenance practices.
- Continuous emphasis on awareness for energy saving by effective implementation of energy conservation schemes, better house keeping, control and process upgradation, etc.

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

- |   |  |
|---|--|
| 1. Specific areas in which R&D carried out by the Company | (a) Process re-engineering and optimization of process equipment.  |
|   | (b) Developments of new products for emerging market requirements including High Frequency Data (Quad) Cables, Composite Cables (Fibre+Quad), Pressurised Copper Communication Cables, FRP Rods. |
| 2. Benefits derived as a result of the above R&D          | (a) Technology upgradation, enhanced product range, cost optimization and competitive edge.  |
|   | (b) Opportunity to compete in Domestic & International Market.   |
| 3. Future plan of action                                  | Continue efforts for development of new products, in addition to other engineering processes and upgrades.   |
| 4. Expenditure on R&D                                     | R&D expenditure have not been accounted for separately.  |

**II. Technology absorption, adaptation and innovation**

- |  |   |
|--|---|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation.   | The technology used to manufacture various products of the Company in process control, product development, cost reduction and quality improvements are being made on continuous basis. |
| 2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. | New product development, cost reduction and productivity improvement.   |

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

Details of foreign exchange earnings and outgo are contained in Schedule 22 [13.2, 13.3 & 13.4] respectively annexed to and forming part of the Accounts.

R.S.Lodha	}	Chairman
J.Veeraraghavan		
S.K.Misra		
R.C.Tapuriah		Directors
D.R.Bansal		
H.V.Lodha		
Y. S. Lodha		Wholetime Director

New Delhi, May 23, 2007.

# Management Discussion and Analysis

## INDUSTRY STRUCTURE AND DEVELOPMENTS

The Company is presently engaged in the business of manufacturing and sale of telecom cables comprising of Jelly Filled Telephone Cables (JFTC), Optical Fibre Cables (OFC) including Fibre Ribbon.

The huge capacity built in the mid-nineties amounting to approx. 1650 LCKM by the industry has shrunk over the period of years due to a major business change in the demand for JFTC cables and the existing operational capacities are just 60% of the built in capacity as on date. The preference for wireless network and mobile services have adversely affected the JFTC Industry and an annual demand at a very miniscule level of 90 LCKM is one of the compelling reasons for the JFTC manufacturers to cut short their capacity utilization to the lowest level at a very low recovery cost.

The shrinkage in JFTC business has been partially set off by the increased demand in OFC registering a compounded annual growth of more than 11% over the years 2004-05 to 2006-07. As per available information OFC demand during the year 2007-08 is expected to be around 2.78 million fibre kilometers (FKMs) mainly driven by the interconnection of mobile networks using OFC which is considerably low as compared to the built in capacity of around 7 million FKM by about 15 odd OFC manufacturers.

## PRODUCT-WISE PERFORMANCE

### *Jelly Filled Telephone Cables (JFTC)*

For the financial year 2006-07 as BSNL did not float any major tenders, the original demand of 140 LCKM was reduced to a forecast of approx. 72 LCKM and this also did not materialize during the financial year under review.

Taking cognizance of the above fact and also due to the depletion of inventory piled up with BSNL, the demand for 2007-08 from BSNL & MTNL is estimated to be 90 LCKM. Although the planning horizon for JFTC producer remains opaque, the Company expects to obtain relatively substantial volume of JFTC business of BSNL & MTNL with reasonable improvement in average price realization given the unabated spike in the prices of major inputs. The Company shall vigorously strive to maintain and improve its market share with other private telecom operators including Bharti Airtel with aggressive pricing and improvement in the product quality. In addition to this the Company will continue to explore the untapped export demand in the coming years and work vigorously to achieve an overall operational efficiency and develop into new niche markets.

In the year 2006-07, your company introduced new products like Quad Cables, which has been well accepted in the market and in the year 2007-08 the products portfolio will be richer with more products like Signaling Cables, Composite Cables for Railways, Tinned Copper, FRP rods, Aerial Bunched Cables, etc.

### *Optical Fibre Cables (OFC)*

The continuous increased trends in the consumption of OFC, over the last few years has given some comfort to the OFC manufacturers. The news of continuous rollout of broadband networks, interconnection of mobile networks using OFC and laying of long distance national network and the e-governance projects underway in some of the states in India, are music to the ears of the starving OFC manufacturers. Also, the new concept of Fibre-To-The-Home (FTTH) Networks, etc. will be fuelling the demand for OFC to some extent.

The increased off take of OFC is also fuelled by the growing demand from private operators for their national long distance services. With the increase in telecom traffic, the mobile networks would require increased OFC to inter connect. There is an increasing adoption of fibre-based networks by the cable TV operators to offer Ethernet Local area network and also by the large government owned utilities and the infrastructure providers. The rollout of Fibre-To-The-Home (FTTH) Networks expected to begin in current year could provide another fillip to the OFC demand. Your Company will be able to make the best out of the above scenario in the near future and will strive to improve the share of business as well as profitability.

The domestic OFC prices are comparable with the landed cost of imports implying the domestic players are competitive and also that the Indian market for OFC constituting only 3.7% of the global OFC demand indicates the smallness of OFC market in India. However, because of pressure on prices from BSNL, OFC prices are expected to slightly fall and correspondingly the margins of OFC manufacturers will also be under pressure.

Subsequent to the progressive reduction in customs duty on OFC, the domestic OFC prices have become competitive with the imports. However, due to insignificant market share of India in the world OFC trade and the improvement in global demand of OFC, the threat from imports does not appear significant.

## OVERALL REVIEW

The year 2006-07 is an year of consolidation, as the development of new products such as Quad Cables, Composite Cables, Railways Signaling Cables and the efforts put into venturing into new markets like exports to under developed countries, apart from bringing in new multinational customers who can play a significant role in improving the overall sales performance of the Company in the future years, etc. will go a long way in strengthening the customer base and product base in the next immediate financial years.