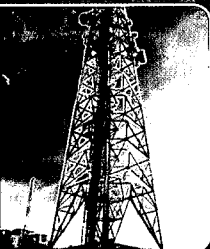




Annual Report & Accounts 2008-09

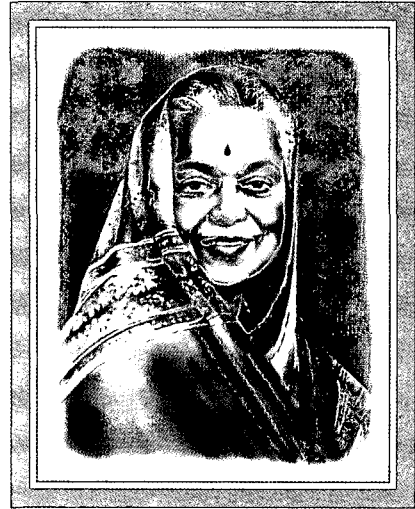


**VINDHYA TELELINKS LTD.**

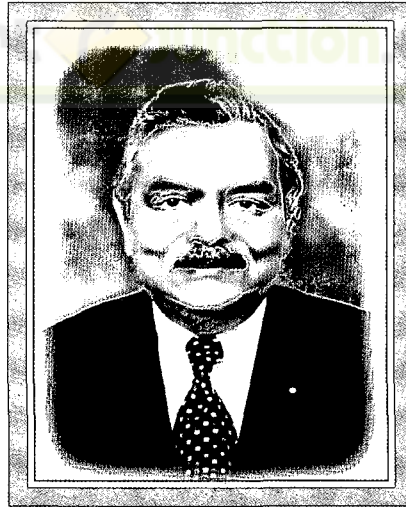




**Syt. Madhav Prasadji Birla**  
(1918-1990)



**Smt. Priyamvadaji Birla**  
(1928-2004)



**Syt. Rajendra Singhji Lodha**  
(1942-2008)

*Our source of Inspiration*

# VINDHYA TELELINKS LIMITED

## ANNUAL REPORT 2008-09

### BOARD OF DIRECTORS

SHRI HARSH V. LODHA  
SHRI J. VEERARAGHAVAN  
SHRI S.K. MISRA  
SHRI R.C.TAPURIAH  
SHRI D.R. BANSAL  
SHRI PRACHETA MAJUMDAR  
SHRI Y.S. LODHA

*Wholetime Director*

### AUDIT COMMITTEE

SHRI R.C. TAPURIAH  
SHRI J. VEERARAGHAVAN  
SHRI S.K. MISRA  
SHRI PRACHETA MAJUMDAR

*Chairman*

### PRESIDENT (COMMERCIAL) & SECRETARY

SHRI R. RADHAKRISHNAN

### AUDITORS

S.R. BATLIBOI & CO.  
Chartered Accountants

### SOLICITORS

INTERNATIONAL TRADE LAW CONSULTANTS

### BANKERS

STATE BANK OF INDIA  
STATE BANK OF PATIALA

### REGISTERED OFFICE & WORKS

UDYOG VIHAR  
P.O. CHORHATA  
REWA - 486 006 (M.P.)

### EPC DIVISION

605 & 608 DDA BUILDING NO. 2  
DISTRICT CENTRE  
JANAKPURI  
NEW DELHI - 110 058





VTL

## NOTICE

NOTICE is hereby given that the Twenty Sixth 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 Thursday, the August 6, 2009 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 March 31, 2009, 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.C. Tapuriah, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri D.R. Bansal, 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 11, 2009

By order of the Board

**R. Radhakrishnan**  
President (Commercial) & 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 Friday, the July 31, 2009 to Thursday, the August 6, 2009 (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. Messrs Link Intime India Pvt. Ltd. (Formerly Messrs 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 ended March 31, 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. Messrs Link Intime India Pvt. Ltd.
- (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 August 6, 2009.

<b>Name</b>	Shri R.C.Tapuriah	Shri D.R. Bansal
<b>Date of Birth</b>	15.06.1942	01.08.1939
<b>Date of Appointment</b>	19.08.1985	06.11.1987
<b>Expertise in specific functional areas</b>	Industrialist with wide experience in Business and Industry.	Company executive having rich and varied experience of over 46 years in various facets of cable and other industries including in the field of administration, production and marketing. His strength also includes strong relationship management, international alliances/tie ups and business development. He is actively associated with various cable industry forums in India & abroad and also served at the helm of all renowned power & telecommunication cables industry association(s) in India for several years.
<b>List of outside Directorships held</b>	<ol style="list-style-type: none"> <li>1. Alfred Herbert (India) Ltd.</li> <li>2. Adorn Investments Ltd.</li> <li>3. Bhagwati Pressing Company Ltd.</li> <li>4. Birla Ericsson Optical Ltd.</li> <li>5. Calcutta Investment Company Ltd.</li> <li>6. Maxworth Industrial Services Ltd.</li> <li>7. Mohta Carbide &amp; Chemicals Ltd.</li> <li>8. New India Retailing &amp; Investment Ltd.</li> <li>9. Northern Oxygen Ltd.</li> <li>10. United Investment Company Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. Birla Ericsson Optical Ltd.</li> <li>2. Hindustan Gum &amp; Chemicals Ltd.</li> </ol>
<b>Chairman/Member of the Committee of the Board of Directors of the Company</b>	Chairman – Audit Committee	Member – Share Transfer-cum-Investor Grievance Committee
<b>Chairman/Member of the Committee of the Board of Directors of other Public Company</b>	<p>Chairman – Audit Committee &amp; Share Transfer &amp; Investor Grievance Committee of New India Retailing &amp; Investment Ltd.</p> <p>Member – Audit Committee &amp; Investor Grievance Committee of Alfred Herbert (India) Ltd.</p>	Member – Share Transfer-Cum-Investor Grievance Committee of Birla Ericsson Optical 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
<b>Relationship between Directors of the Company</b>	No	No

**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

Before presenting the Audited Accounts, the Directors record their profound sorrow and immense grief for the sudden and untimely demise of Shri R.S. Lodha, Chairman of the Board of Directors, who left for his heavenly abode on October 3, 2008. Shri R.S. Lodha was not only a distinguished industrialist but also a charismatic leader, a great philanthropist and a visionary, who dedicated himself towards furthering the growth of the M.P. Birla Group Companies, in addition to personally leading from the front, charitable and philanthropic activities in the fields of health care and education. He was a gold medalist from the renowned Institute of Chartered Accountants of India and highly respected for his professional calibre and acumen by the industry and various professional bodies. He held an endless list of senior positions including those of President of FICCI, Chairman of South Asia Business Forum of the ADB, Trustee of UTI, Trustee of Bharatiya Vidya Bhawan, UK etc. His significant contributions to the nation include creating several industrial ventures, prestigious institutions providing education and health care and research establishments. He lived an exemplary austere life dedicating his thought, body and soul to the well being of the M.P. Birla Group Companies. He leaves behind a closely knit family and a stream of followers, creating a void which is very difficult to be filled. He was a leader with charismatic qualities, a philanthropist of the highest order, a guide and a man of vision. Even to death, such great leaders are never lost. His vision will continue to participate in every act, thought and decision that we make. The imprint to his personality continues to guide our day to day working style and we continue to find comfort and solace in the fact that our lives have been enriched by the opportunity to have shared some of his knowledge and vision. His indomitable courage, firm faith, conviction and dynamic vision will continue to inspire the Company to cross new frontiers of challenge and opportunity in the years ahead.

Your Directors have the pleasure of presenting their Annual Report, together with the Audited Financial Statements of the Company for the year ended March 31, 2009.

### ACCOUNTS & FINANCIAL MATTERS

	2008-09 Rs. in lacs	2007-08 Rs. in lacs
Turnover (Gross)	27756.83	23989.38
Other Income	656.35	837.98
	28413.18	24827.36
The year's working shows a Gross Profit/(Loss) (after Interest) of -	(401.12)	718.21
Less: Depreciation/Amortisation	535.24	451.28
Profit/(Loss) before Tax	(936.36)	266.93
- Income Tax and Fringe Benefit Tax Credit for earlier years	(17.37)	—
- Deferred Tax (Credit)	(0.71)	(32.42)
- Fringe Benefit Tax	17.75	13.00
Net Profit/(Loss)	(936.03)	286.35
Credit Balance brought forward	749.68	463.33
Adjusted by transfer from General Reserve	186.35	—
Surplus carried to Balance Sheet	—	749.68

In view of the loss, 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 financial performance has deteriorated due to lower sales in the traditional PIJF Cables, OF Cables, etc. despite a higher sales in Quad Cables, Railway Signaling Cables and an impressive performance of EPC Division in the first full year of operation. The Company's profitability has been adversely impacted due to an unprecedented slow down across the globe volatile and elevated raw material prices, high interest rate and subdued demand conditions. Despite telecom being one of the few sectors which are relatively insulated from global recession compared to other industries, the unprecedented and most synchronized global economic crisis ever had its cascading impact as financial necessity caused fixed line operators to take a more flexible stance by way of increased sharing of networks. The gross turnover of Rs.27756.83 Lacs for the year under review as compared to Rs.23989.38 Lacs of the last year registered an increase of 15.70%, despite this, the Company suffered a gross loss (after interest) of Rs.401.12 Lacs as compared to a gross profit of Rs.718.21 Lacs during the previous year. The Company's performance has been adversely affected due to contraction in demand and erosion in prices besides sudden sharp decline and extreme volatility in the prices of key inputs mainly Copper, Aluminium, HDPE/LDPE which have moved in a haphazard manner compared to the realization. The steep fall in input prices has resulted into losses in the third quarter of the current year and inventories have had to be written off. The price of copper dropped by more than 65% within a short span of six months and did not match with the price



realization from customers like BSNL. This loss coupled with steep depreciation of Indian Rupee and higher employee cost, etc. have caused a significant dent in the profitability levels.

The results of the last quarter which has earned a gross profit, (after interest and before depreciation) of Rs.658.38 lacs is a testimony of the immediate revival mainly due to a very impressive performance of EPC Division earning a sizeable portion of the gross profit with potential to grow in an accelerated manner and has raised the expectations of a smart turn around which may happen during the subsequent quarters of the financial year 2009-10.

Your Directors are pleased to inform that the JFTC produced by your Company has been well accepted in the European and Middle East regions as evidenced by the fact the Company is holding reasonable export orders at the end of financial year.

During the year under review, your Company, by taking advantage on its status as Part I vendor supplied Quad cables to Railways and enjoys a reasonable portion of Quad Cable business from Railways. Also your Company has successfully executed an order worth more than Rs.500 lacs towards the supply of Composite Cable to Railways. The other new products like Aerial Bunched Cable, Railway Signalling Cable, Composite Cable, Data Cable, etc. added substantial volume to the Company's turnover during the year under review.

In the Optical Fibre Cable business, your Company supplied cables to renowned customers including Bharti Airtel, Bharat Sanchar Nigam Ltd., Reliance, Tata, Idea Cellular, etc. Inspite of a lower off take, your Company has continued to remain as one of the preferred vendor of Bharti Airtel. To match the local market needs and also as the telecom service operators like BSNL, MTNL, etc. are laying more emphasis on GPON, your Company has already tied-up with a leading overseas vendor for supply of critical hardware and related products for Fibre To The Home (FTTH). Your Company has also engaged in some FTTH turnkey projects with a leading multinational for the installation of FTTH passive network and will also be participating in the tenders in pipeline for FTTH passive network.

Plagued with lower demand and large idle capacities, JFTC producers are not enjoying any major advantage on pricing flexibility and almost all players, irrespective of size are just breaking even and are only able to recover their variable costs and a part of their fixed costs. This situation will prevail and to circumvent this, your Company has put in lot of efforts towards diversification including Turnkey Services and the results of the same are already visible in this financial year.

The performance of Company's new business vertical viz. EPC (Engineering, Procurement & Construction) which became operational in the last quarter of previous financial year is note worthy. The EPC division has clocked a turnover of Rs.4080.51 lacs with a reasonable profit before depreciation is poised to register an accelerated growth in the financial year 2009-10. Inspite of the economic slowdown showing its face across the globe and the various projects being deferred or shelved, your Company has already positioned to leverage on the combination of Group Companies' technologies with the new EPC Division having expertise in the related areas, will be targeting specific project segments having high growth potential and the division is expected to generate a reasonable revenue and profitability in the immediate future. It is heartening to note that your Company has been awarded the first overseas project by a globally renowned telecom operator in connection with laying of Optical Fibre Cables for a distance of upto 189 Kms.

Apart from the above the Company has adopted/has been adopting to insulate itself in the fast changing and dynamic business scenario in conducting the business with long term mission and business acumen.

Your Directors are happy to report that the ISO 9001: 2000 Quality Management System Certificate granted to the Company by the Det Norske Veritas has been renewed for a further period of three years which indicates the Company's commitment in meeting global quality standards.

## **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 Wholtime 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 March 31, 2009, 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 2008-09 and of the loss for the year ended March 31, 2009;
- 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 March 31, 2009 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 through out the year. The Board wishes to place on record its sincere appreciation for the dedicated efforts put in by all employees, their commitment and contribution in most difficult and challenging environment during the year.

The Company continues to accord a very high priority to both industrial safety and environmental protection and these are on going process at the Company's plant and facilities. As a recognition of these objectives, the ISO 14001:2004 Environmental Management Systems Certification accorded to the Company by the Det Norske Veritas has been renewed for its entire range of activities.

## AWARD/RECOGNITION

During the year under review, your Company has won "Vishwakarma Rashtriya Puraskar (VRP) and National Safety Awards (NSA)" - Performance Year 2006 from Govt. of India, Ministry of Labour & Employment for its outstanding performance in industrial safety.

## DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri R.C. Tapuriah and Shri D.R. Bansal, the directors, are due to retire by rotation at the ensuing Annual General Meeting and, being eligible have offered themselves for re-appointment. Details about Directors seeking re-appointment are given in the Notice of the ensuing Annual General Meeting being sent to the shareholders along with Annual Report.

## AUDITORS

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

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

## AUDITORS' REPORT

The remark of Auditors at Para 4.vi of the Auditors' Report read with Note No.6 in Schedule 22 - Notes to the Accounts are self explanatory and therefore, do not call for any further comments or explanations.

## 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

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 not given, as none of the employees qualifies for such disclosure.

## 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, which is attached hereto and forms 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,

Harsh V. Lodha  
J. Veeraraghavan  
S.K. Misra  
R.C. Tapuriah  
D.R. Bansal  
Y.S. Lodha

Directors

Wholtime Director

New Delhi, May 11, 2009



**ANNEXURE**

**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 MARCH 31, 2009.**

**(A) CONSERVATION OF ENERGY**

The Company adopted following measures on energy conservation:

- Energy saving by continuously maintaining unity Power Factor.
- Replacement of 250W Mercury Vapour Lamps used earlier with 90W energy saving CFL Lamps for plant lighting.
- Putting off one Transformer by load optimization.
- Installed small Air Compressors very near to Machines requiring High Air Pressure, thereby reducing the load on main Compressors.
- Replaced ordinary pumps with energy efficient pumps used in cooling towers.

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

- |   |   |
|---|---|
| <p>1. Specific areas in which R&amp;D carried out by the Company</p> <p>2. Benefits derived as a result of the above R&amp;D</p> <p>3. Future plan of action</p> <p>4. Expenditure on R&amp;D</p> | <p>(a) Development of 11 Quad PCM Cable.</p> <p>(b) Development of 5/10/20 Pair double sheathed Corrugated armoured cable.</p> <p>(c) Development of Simplex, Duplex, Fan-out Optical Fiber Cables and Fiber to Antennae.</p> <p>(d) Re-engineering of processes and process equipment for optimum product quality and cost effectiveness.</p> <p>(a) Opportunity to compete in Domestic &amp; International Market.</p> <p>(b) Technology upgradation.</p> <p>(c) Enhanced product range.</p> <p>Continuity of new product development based on evolving industry need, upgradation of process equipment, quality improvement of existing product offering.</p> <p>R&amp;D expenditure have not been accounted for separately.</p> |
|---|---|

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

- |   |  |
|---|--|
| <p>1. Efforts, in brief, made towards technology absorption, adaptation and innovation.</p> <p>2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.</p> | <p>The technology being used for manufacture of Copper Cables and Optical Fibre Cables is fully absorbed. Innovation in process control, product development, cost reduction and quality improvement are being made on continuous basis looking to the market requirements.</p> <p>New product development, cost reduction and productivity improvement.</p> |
|---|--|

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

Details of foreign exchange earnings and outgo are contained in Schedule 22 [15.2, 15.3 & 15.4] respectively annexed to and forming part of the Accounts.

Harsh V. Lodha  
J. Veeraraghavan  
S.K. Misra  
R.C. Tapuriah  
D.R. Bansal  
Y.S. Lodha

Directors

Wholetime Director

New Delhi, May 11, 2009



# 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 and has added a new turnkey Division (Engineering, Procurement & Construction) in the last quarter of the previous financial year 2007-08. In the financial year under review the Company has started manufacturing LT Aerial Bunch Cable.

The JFTC industry has been under margin pressures in the last few years due to excess capacity, lower demand, intense cut throat competition and volatile raw-materials prices mainly on account of copper. In the industry, the trisection of volatile copper prices, weakening rupee and the high cost of production has taken its toll. In addition to the industry dependant on the two state owned players, BSNL and MTNL for the bulk of demand, has to cut short its capacity utilization to miniscule levels, due to the aggressive rollout of wireless network and lower demand for fixed line services. Also the recessionary trends are impacting global markets resulting in lesser growth than the original projections for the past one year and this situation has aggravated the telecom cable segment which was already crippling with lower demand and idle capacity and forcing most segment players to diversify into allied businesses like manufacture of power cable and telecom equipments, etc.

The demand for OFC has been growing at phenomenal pace in the last few years but the 12% growth of 2008 worldwide cable demand seems weak after the growth of 30% in previous two years. In the Indian subcontinent the shipment of Fibre Kilometer has increased by 46% for the year 2008 compared to the previous year and the demand has gone upto 33% compared to the previous year. This growth in demand will continue and will be driven by last mile Access Networks and anticipated higher off-take by BSNL for high Fibre Ribbon type OFC, which is expected to grow upto 576 Fibre Count.

Across the world, growth rates of fibre cable demand varied significantly among regions and individual market. This variance in growth rates was due more to key FTTx projects than the recession. FTTx projects will remain the most critical market factor, and recent months have had announcements of new projects being funded or launched. Some of the large government economic stimulus plans announced include broadband infrastructure, which will contribute to demand for fibre cable and related products.

Inspite of a worldwide recession and a slow down which has also had an impact in the Indian economy, the growth of the GDP has been set at around 6% for the year 2009-10 and this growth can be achieved only by removing the infrastructure constraints and with the government's positive policy to fill in the rising gap between demand and supply of infrastructure and the deteriorating quality of infrastructure assets. As the Government's focus sustained budgetary allocations, and increased funding by international finance institutions, etc. are resulting in several infrastructure projects in India, the Company has started capitalizing on the attractive growth opportunities in Power and Telecommunication sectors by concentrating on EPC contracting and turnkey solutions on the specific target segments having high growth potential during the year under review.

## PRODUCT-WISE PERFORMANCE

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

For the financial year 2008-09, BSNL placed repeat orders for approx. 34 LCKM against their tender finalized in the year 2007-08 and your Company bagged orders for approx. 5.6 LCKM (16%) and supplied the stipulated quantity of materials within the desired delivery schedule. During the year under review your Company inspite of a lower off take from Bharti Airtel, has continued to remain as one of the most preferred vendors of Bharti Airtel. Apart from the above your Company has maintained its share in the JFTC business by supplying to other telecom operators and continued to concentrate on the untapped export market.

In the year 2008-09 your Company concentrated on new products like Aerial Bunch Cable, Signaling Cable, Composite Cable, Specialty Copper Cable, Electroplated Tinned Copper, FRP Rod, etc. and plans to derisk the business model by adding new products range with a product mix improvement and by broadening geographical exposure and customer profile. Your Company is in the forefront and developed a specialty Composite Cable containing 6 Quad Copper and 8 Fibre Optical Cable which can be scaled upto 24 Fibres and has successfully executed a sizeable order for supplies to Western Railway.

### *Optical Fibre Cables (OFC)*

Copper cables are being replaced with Optical Fibre Cables and it is very much evident from the changes in the policy of BSNL. The government, in collaboration with the private players, is making consistent efforts to step up broadband penetration in the country. To achieve free broadband connectivity at 2 Mbps, the telecom department intends to lay an optic fibre cable network across the county and direct ISPs to connect to the National Internet Exchange of India. Even as the performance of the mobile sector continues to surpass expectations, progress in the internet and broadband segment leaves much to be desired. Despite being a key focus area for the government since 2007, this segment has a long way to go to achieve the government's target of 20 million broadband users by 2010. While the number of users accessing the internet via the mobile witnessed a quantum jump from December, 2007 to September, 2008, with a growth rate of 52.6% (crossing the 88 million mark in September, 2008), the broadband user base at 5.05 million