



Annual Report & Accounts 2009-10



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 2009-10

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

Managing 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
NEW DELHI

SOLICITORS

INTERNATIONAL LAW ASSOCIATES
NEW DELHI

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

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NOTICE

NOTICE is hereby given that the Twenty Seventh 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 Friday, the June 25, 2010 at 9.00 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, 2010, 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 Harsh V. 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 Messrs V. Sankar Aiyar & Co., Chartered Accountants as Auditors of the Company in place of the retiring Auditors Messrs S.R. Batliboi & Co., Chartered Accountants, 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, 2010

By order of the Board

R. Radhakrishnan
President (Commercial) & Secretary

NOTES FOR SHAREHOLDERS' ATTENTION:

- (a) Messrs S.R. Batliboi & Co., Chartered Accountants, the retiring Auditors have given an intimation in writing expressing their inability to be re-appointed as Statutory Auditors of the Company. It is proposed to appoint Messrs V. Sankar Aiyar & Co., Chartered Accountants, as Statutory Auditors in place of the retiring Auditors at the ensuing Annual General Meeting of the Company to be held on June 25, 2010. The Company has received a consent letter from Messrs V. Sankar Aiyar & Co., Chartered Accountants, under Section 224(1-B) of the Companies Act, 1956 for their appointment as Statutory Auditors of the Company. The Company has also received Special Notice of the proposed resolution to this effect pursuant to the provision of Section 225 of the Companies Act, 1956 and the text of the item No.4 of the Notice read together with this note may be treated as Notice thereof to the Members as required by Section 190 of the Companies Act, 1956.
- (b) 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.
- (c) The Register of Beneficial Owners, Register of Shareholders and Share Transfer Books of the Company shall remain closed from Friday, the June 18, 2010 to Friday, the June 25, 2010 (both days inclusive).
- (d) 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 Registrars and Share Transfer Agents viz. Messrs Link Intime India Pvt. 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.
- (e) As per Circular No(s) MRD/DoP/Cir-05/2009 dated May 20, 2009 and SEBI/MRD/DoP/SE/RTA/Cir-03/2010 dated January 7, 2010 issued by the Securities and Exchange Board of India, it is mandatory to quote PAN for transfer and transmission of shares in physical form. Therefore, the transferee(s) are required to furnish a copy of their PAN to the Registrar and Share Transfer Agents of the Company.
- (f) 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.
- (g) 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 June 25, 2010.

Name	Shri Harsh V. Lodha	Shri J. Veeraraghavan
Date of Birth	13.02.1967	04.03.1932
Date of Appointment	05.05.2004	27.10.2004
Expertise in specific functional areas	An eminent Chartered Accountant and a Partner of Messrs Lodha & Co., Chartered Accountants. He has served various committees and working groups set up by Federation of Indian Chambers of Commerce and Industry (FICCI); Indian Chambers of Commerce, Kolkata; Department of Company Affairs, Government of India; Reserve Bank of India; apart from being a member of the Accounting Standards Board set up by the Institute of Chartered Accountants of India and alternate member of the National Advisory Committee on Accounting Standards set up by Government of India. He has handled professional advisory assignments in various fields and has been involved in various Trusts, Educational and Cultural Institutions.	Retired Senior IAS Officer who has served as Secretary to the Govt. of India including of the HRD Ministry.
List of outside Directorships held	1. Alfred Herbert (India) Ltd. 2. Birla Corporation Ltd. 3. Birla Ericsson Optical Ltd. 4. Birla Furukawa Fibre Optics Ltd. 5. Fenner (India) Ltd. 6. Hindustan Gum & Chemicals Ltd. 7. Punjab Produce Holdings Ltd. 8. Sicpa India Ltd. 9. Universal Cables Ltd.	None
Chairman/Member of the Committee of the Board of Directors of the Company	None	Chairman - Share Transfer-cum-Investor Grievance Committee Member - Audit Committee
Chairman/Member of the Committee of the Board of Directors of other Public Company	Chairman - Audit Committee of Sicpa India Ltd. - Share Transfer & Investor Grievance Committee of Birla Corporation Ltd. & Alfred Herbert (India) Ltd. Member - Audit Committee of Fenner (India) Ltd.	None
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.	Nil	Nil
Relationship between Directors of the Company	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

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, 2010.

ACCOUNTS & FINANCIAL MATTERS

	2009-10 Rs. in lacs	2008-09 Rs. in lacs
Turnover (Gross)	20908.34	27756.83
Other Income	854.99	648.93
	21763.33	28405.76
The year's working shows a Gross Profit/(Loss) (after Interest) of -	1577.63	(401.12)
Less: Depreciation/Amortisation	421.23	535.24
Profit/(Loss) before Tax	1156.40	(936.36)
- Tax Credit of earlier years	(2.09)	(17.37)
- Deferred Tax (Credit)	—	(0.71)
- Fringe Benefit Tax	—	17.75
Net Profit/(Loss) for the year	1158.49	(936.03)
Credit Balance brought forward	—	749.68
Adjusted by transfer from General Reserve	—	186.35
Surplus carried to Balance Sheet	1158.49	—

Your Directors regret their inability to recommend any equity dividend for the year in order to conserve cash resources for future business requirements.

GENERAL & CORPORATE MATTERS

During the year under review, your Company has exhibited improved financial performance despite a significant decrease in turnover driven primarily by volume and price decline in the telecommunication cables business. However, lower volumes in domestic market were offset somewhat by higher exports to Europe, Middle East, SAARC countries and countries in the African continent where the Company successfully added new customers. The improvement in the profitability is attributable to superior financial performance of the EPC Division which has contributed handsomely in achieving the profits. The Company's gross turnover decreased by approx. 25% and stood at Rs.20908.34 lacs during the year under review as against Rs.27756.83 lacs during the corresponding previous year. Your Company earned a gross profit (after interest) of Rs.1577.63 lacs as compared to a loss of Rs.401.12 lacs, a positive swing by Rs.1978.75 lacs, with reference to the previous year. This is a noteworthy performance considering the extreme volatility in commodity raw-materials where a significant part of the price increase could not be passed on to the customers.

Turnover in Jelly Filled Telephone Cables was significantly down both in volume and value terms during the year, as the Company's major customer, Bharat Sanchar Nigam Ltd. stayed away from floating a new tender due to negative growth in fixed line telephone subscribers base. The demand from other private operators also remained restricted for maintenance of networks to a major extent which added to the woes of the JFTC manufacturers.

Further, a cautious investment approach by telecom operators for networks expansion reduced volumes and turnover of optical fibre cables business and negatively impacted the overall profitability, volume and turnover. Lower demand of Ribbon type high fibre count Optical Fibre Cables from Bharat Sanchar Nigam Ltd. coupled with predatory pricing for other types of optical fibre cables have also contributed in reduced turnover to a significant extent. However, after overcoming several hiccups and roadblocks, the Government's decision to auction the 3G Spectrum during the course of ensuing financial year and planned investment for extending affordable broadband connectivity to all villages by leveraging infrastructure and augmentation of optical fibre cables network will provide a major thrust to the capacity utilisation of the optic fibre cable plant.

Despite telecommunication cables market lagging the growth in economy, in longer term the Company believes that the appetite for higher bandwidth and renewed impetus of the Government on penetration of broadband connectivity in the country will drive demand for telecommunication cables. The Company has therefore put in place clear and consistent priorities to invest in the future to create increased and new revenue streams by continuously upgrading and modernising the production facilities with a specific focus on reduction in costs and protecting financial health by conserving cash.



During the year under review, your Company maintained its share in the supply of quad cables to Railways and other private customers. Other new products like Simplex Cable, Micro Cable, Premise Cable, Control and Instrumentation Cables have already enabled the Company to move forward and attain a fair market share immediately.

The Company's vision to be a benchmark solution provider by undertaking turnkey projects through the new EPC Division has paved the way for this year's impressive performance and also for a significant growth in the immediate future. The EPC Division has clocked a turnover of Rs.8985.93 lacs as against Rs.4080.51 lacs in the previous year and lived up to the expectation and potential envisaged at the beginning of the financial year under review. As mentioned in your earlier Directors' Report the EPC Division has completed the first overseas project awarded by a globally renowned telecom operator in connection with laying of optical fibre cables. The EPC Division will play a major role in realising the Company's mission with the entire Indian economy moving towards infrastructure development through power, telecom and other areas as your Company has already established a solid foundation in these domains. The current business verticals of the EPC Division viz. telecom, power and Gas distribution pipelines are already comfortable with backlog of orders and your Board is confident that the Division's positive business momentum will continue and enable your company to deliver better results in future. With the increasing importance of human resources in different business verticals of EPC Division, emphasis has been laid on capability building and enhancing the effectiveness of specialised teams besides strengthening the leadership.

Your Company has identified the acute shortage of trained manpower for both the rollout and subsequent operation and maintenance of the OFC and FTTx networks by major telecom operators and has converted it into an opportunity to make a Training Institute as a separate profit centre. To this end, the Company has identified a site and is in the process of establishing an Institute which will provide a regular source of trained personnel for the Company's future projects. The Institute is likely to commence operation by middle of ensuing fiscal year.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the Management Discussion and Analysis, Report on Corporate Governance and a Certificate by the Managing 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, 2010, 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 2009-10 and of the profit for the year ended March 31, 2010;
- proper and sufficient care has 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, 2010 have been prepared on a 'going concern' basis.

JOINT VENTURE

Birla Ericsson Optical Ltd., a venture promoted by your Company in association with Universal Cables Ltd. and Ericsson AB, Sweden has made a positive turnaround 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 contribution made by the employees to the significant improvement in operational performance of the Company, their commitment and dedicated efforts 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.

RECOGNITION

During the year under review, the Company was conferred "Export House (EH)" status by Government of India, Ministry of Commerce & Industry based on its export performance.

DIRECTORS

The Board of Directors of the Company at its Meeting held on October 30, 2009 has re-appointed Shri Y.S. Lodha as the Wholetime Director and re-designated him as the Managing Director of the Company for a further period of 3 (three) years with effect from November 4, 2009 to November 3, 2012 for which requisite approvals including from members of the Company vide a Special Resolution passed at the Extra-Ordinary General Meeting held on December 21, 2009 have been obtained.



In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Harsh V. Lodha and Shri J. Veeraraghavan, 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 which is being sent to the shareholders along with Annual Report.

AUDITORS

Messrs S.R. Batliboi & Co., Chartered Accountants retire as Auditors at the ensuing Annual General Meeting and have given an intimation in writing expressing their inability to be re-appointed as Statutory Auditors of the Company. Your Directors recommend the appointment of Messrs V. Sankar Aiyar & Co., Chartered Accountants, who being eligible, have expressed their willingness to be appointed as Statutory Auditors of the Company.

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 23 – 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

The statement pursuant to Section 212 of the Companies Act, 1956 containing details of Subsidiaries of the Company, forms part of the Annual Report.

The Company has sought exemption from the Central Government under Section 212(8) of the Companies Act, 1956, from attaching to the Balance Sheet of the Company, the accounts and other reports of its Subsidiary companies. Accordingly, the annual accounts 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 available hard copies of these documents, upon written demand by any member of the Company interested in obtaining the same at any point of time. The Company has displayed details of the accounts of individual Subsidiary companies in its website as well. 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. The consolidated financial statements presented by the Company include audited financial statements of its all subsidiaries which are non-listed Indian companies. None of the Subsidiary company is a material non-listed Indian Subsidiary company as defined under Clause 49 of the Listing Agreement(s) with stock exchanges.

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
Pracheta Majumdar
Y.S. Lodha

Directors

Managing Director

New Delhi, May 11, 2010

**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, 2010.****(A) CONSERVATION OF ENERGY**

The Company continuously reviews energy usage to track and replace energy inefficient equipments, invests in installing processes that reduces energy losses, modifies processes to reduce energy need and proactively carry out energy audits when considered appropriate. Some of the steps taken in this direction during the year are described below:

- Energy saving by continuously maintaining unity Power Factor.
- Putting off one Transformer by load optimization.
- Installed one Transformer for plant lighting in OFC Unit to step down voltage from 440 Volts to 380 Volts for plant lighting circuit.
- Installed smaller Jelly Melting Tank in place of old large Jelly Melting Tank.
- Relocation of selected machinery in alignment with the current product mix for optimum energy utilisation.
- Tandemisation of manufacturing processes to reduce power consumption.
- Installation of Air Pressure Boosters for critical machinery and reduction of compressed air line pressure in the plant.

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

- | | |
|---|--|
| 1. Specific areas in which R&D carried out by the Company | (a) Improvement of manufacturing process capability to attain global benchmarks and cost optimization.
(b) Developments of products for indoor application especially for FTTx installations.
(c) Development of compact Fiber unit upto 12F.
(d) Review and revision of design/ process parameters for improved products based on end use requirement of the customer. |
| 2. Benefits derived as a result of the above R&D | (a) Enhanced and flexible manufacturing creating opportunity to compete in domestic and global market places.
(b) Enhanced products range to address emerging market opportunities.
(c) Improvement in operational efficiency, consistency and stability in products. |
| 3. Future plan of action | Continuous focus on becoming globally competitive based on evolving industry standards, further cost reduction, improved products quality with safety and ecology. |
| 4. Expenditure on R&D | R & D expenditure has not been accounted for separately. |

II. Technology absorption, adaptation and innovation

- | | |
|--|--|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation. | The technologies being used for manufacture of Copper Cables and Optical Fibre Cables have been fully absorbed. Innovation in process control, products development, cost reduction and quality improvement are being made on continuous basis looking to the market requirements. |
| 2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. | Benefits derived from these efforts include new products launches, process rationalization, products quality improvement, import substitution and overall cost reduction. |

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of foreign exchange earnings and outgo are contained in Schedule 23 [17.2, 17.3 & 17.4] respectively annexed to and forming part of the Accounts.

Harsh V. Lodha	}	Directors
J. Veeraraghavan		
S.K. Misra		
R.C. Tapuriah		
D.R. Bansal		
Pracheta Majumdar		
Y.S. Lodha		Managing Director

New Delhi, May 11, 2010