



CELEBRATING  
**25**  
years  
*Indomitable Spirit of Continuity*

**ANNUAL REPORT & ACCOUNTS 2010-11**



**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 2010-11

### 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

*Chairman*

*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

V.SANKAR AIYAR & CO.  
CHARTERED ACCOUNTANTS  
NEW DELHI

### SOLICITORS

NMS & COMPANY  
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 Eighth 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 September 7, 2011 at 10.00 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, 2011, 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 S.K.Misra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Pracheta Majumdar, 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.

## Special Business:

5. To consider and, if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED that in modification of the earlier resolution passed at the Eighteenth Annual General Meeting of the Company held on 8<sup>th</sup> June, 2001, save and except things done or omitted to be done before such modification, the consent of the Company be and is hereby accorded to the Board of Directors of the Company, under Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, to borrow any sum or sums of money in any manner from time to time at its discretion for the purpose of business of the Company, with or without security and upon such terms and conditions as it may deem fit, notwithstanding that the money or moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided however that the total amount so borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs.1600crores (Rupees One thousand six hundred crores only).

FURTHER RESOLVED that for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do all acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all acts, deeds matters and things and to execute all documents, writings as may be necessary, proper or desirable or expedient.”

6. To consider and, if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED that in modification of the earlier resolution passed at the Eighteenth Annual General Meeting of the Company held on 8<sup>th</sup> June, 2001, save and except things done or omitted to be done before such modification, the consent of the Company be and is hereby accorded to the Board of Directors of the Company under Section 293(1)(a) and other applicable provisions, if any, of the Companies. Act, 1956, to mortgage and/or create charge(s) on all or any of the immovable and movable properties or such assets of the Company, wherever situate, both present and future, or the whole or substantially the whole of the undertaking of the Company on such terms and conditions and at such time or times and in such form or manner as the Board of Directors may think fit, together with power to enter upon and take possession of the assets of the Company in certain events, for securing debentures, any loan and/or advances including credit facilities already obtained or that may be obtained from banks, financial institutions or trustees for the debenture holders or other person or persons together with interest/additional interest, further interest, compound interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and other moneys including any increase as a result of devaluation/revaluation/ fluctuation in exchange rate of foreign currency involved, payable by the Company to the concerned lenders within the overall limit of Rs.1600 crores (Rupees One thousand six hundred crores only). The security as aforesaid by way of mortgage and/or charge(s) may rank pari-passu with, or second or subservient to, the mortgages and / or charges already created or to be created by the Company or in such manner as may be agreed to between the concerned parties and as may be thought expedient by the Board of Directors of the Company.

FURTHER RESOLVED that for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do all acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the mortgage and/or charge(s) as aforesaid and further to do all acts, deeds, matters and things and to execute all documents, writings as may be necessary, proper or desirable or expedient.”

Registered Office:  
Udyog Vihar,  
P.O.Chorhata,  
Rewa - 486 006 (M.P.)  
July 14, 2011

By order of the Board

R.Radhakrishnan  
President (Commercial) &Secretary

**NOTES FOR MEMBERS' ATTENTION:**

- (a) The relevant Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business to be transacted at the meeting is annexed hereto.
- (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 Thursday, the September 1, 2011 to Wednesday, the September 7, 2011 (both days inclusive).
- (d) Messrs Link Intime India Pvt.Ltd., C-13, Pannalal Silk Mills Compound, L.B.S.Marg, Bhandup (West), Mumbai – 400 078 is the Registrar and Share Transfer Agent for physical shares of the Company. Link Intime India Pvt.Ltd. is also the depository interface of the Company with both NSDL and CDSL.
- (e) Members are requested to note that the Company's shares are under compulsory demat trading for all the investors. Members are, therefore, requested to dematerialise their shareholding to avoid inconvenience.
- (f) Members holding shares in dematerialised mode are requested to intimate all changes pertaining to their bank details, ECS mandates, nominations, power of attorney, change of address/name, etc. to their depository participant only and not to the Company or its Registrar and Share Transfer Agent. The said intimation will be automatically reflected in the Company's records.
- (g) SEBI vide circular ref. no. MRD/DoP/Cir-05/2007 dated April 27, 2007 made Permanent Account Number (PAN) mandatory for all securities market transaction. Thereafter, vide circular no. MRD/DoP/Cir-05/2009 dated May 20, 2009 it was clarified that for securities market transactions and off market/private transaction involving transfer of shares in physical form of listed Companies, it shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTAs for registration of such transfer of shares.

SEBI further clarified that it shall be mandatory to furnish a copy of PAN in the following cases:

- (i) Deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholder(s).
- (ii) Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares.
- (iii) Transposition of shares when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.
- (h) 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.
- (i) 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. Members who hold shares in de-materialized form are requested to bring their DP I.D. and client I.D. No.(s) for easier identification of attendance at the meeting.

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

The following explanatory statements set out material facts relating to the Special Business of the accompanying Notice dated July 14, 2011.

**ITEM NO.5**

The Members in the Eighteenth Annual General Meeting of the Company held on 8<sup>th</sup> June, 2001, authorised the Board of Directors of the Company pursuant to Section 293(1)(d) of the Companies Act, 1956, to borrow moneys (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) from time to time in excess of the aggregate of paid-up capital of the Company and its free reserves, subject to a limit of Rs.400 crores.

With the envisaged increased business activities of the Company and future growth plans, it is considered that the borrowing limit of Rs.400 crores authorised earlier is not sufficient. Hence the limit be increased to Rs.1600 crores as proposed in the resolution.

The Board of Directors accordingly recommend the Members to adopt the proposed resolution as an ordinary resolution.

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

**ITEM NO.6**

As a security for the Rupee/Foreign Currency Loans and/or advances including credit facilities or debentures to be sanctioned or subscribed by banks, financial institutions or other person(s) with whom the Company negotiates for financial assistance/credit facilities from time to time and to provide security against other loans, the Company is required to create mortgages/charges on its movable and immovable properties, both present and future.



In view of increased requirements of funds in future for envisaged increased business activities and growth plans of the Company, it is proposed that the authority given to the Board of Directors to create mortgage(s) and/or charge(s) be increased from Rs.400 crores to Rs.1600 crores.

Section 293(1)(a) of the Companies Act, 1956, provides, inter alia, that the Board of Directors of a public company shall not without the consent of the such public company in General Meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company. Since the mortgages and/or charges proposed to be created by the Company in favour of banks, financial institutions, trustees of the debenture holders or other person or persons may be regarded as disposal of Company's properties/undertaking, it is felt advisable by way of abundant caution to obtain the consent of the members by an Ordinary Resolution pursuant to Section 293(1)(a) of the Companies Act, 1956.

The Board of Directors accordingly recommend the Members to adopt the proposed resolution as an ordinary 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.)  
July 14, 2011

By order of the Board

R.Radhakrishnan  
President (Commercial) & Secretary

#### **Important Communication to Members**

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance", allowing paperless compliances by the companies through electronic mode. The Company welcomes this initiative. The attention of the Members is specifically drawn to the Circular nos.17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively issued by MCA clarifying that a company would be deemed to have complied with the provisions of Sections 53 and 219(1) of the Companies Act, 1956, if documents like notices, annual report, etc. are sent in electronic form to its Members. In terms of the enabling provisions and underlying theme of this circular, the Company has decided to send henceforth, all documents, required to be sent to Shareholders like, General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report, Auditors' Report, etc., in electronic form on the e-mail id provided by them and made available to us by the Depositories/Registrar and Share Transfer Agent of the Company. Kindly note that the email address furnished for your respective folios will be deemed to be your registered email address for serving the said notices/documents, including those covered under Section 219 of the Companies Act, 1956. Members who have not registered their email addresses so far are requested to register their email addresses, in respect of electronic holdings with the Depository through their concerned DP. Members who hold shares in physical form are also requested to register their e-mail address with our Registrar and Share Transfer Agent Messrs Link Intime India Pvt. Ltd., (Unit: Vindhya Telelinks Limited), C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078, E-mail ID: [mnt.helpdesk@linkintime.co.in](mailto:mnt.helpdesk@linkintime.co.in), by sending a letter duly signed by the first/sole holder quoting the name and folio number(s). The Annual Report and other communication sent electronically will also be displayed on the Company's website [www.vtlrewa.com](http://www.vtlrewa.com) and will be made available for inspection at the Registered Office of the Company on all working days during business hours. Further, please note that members are entitled to be furnished free of cost, copy of Annual Report and other documents upon receipt of their written requisition at any time.


**ANNEXURE TO NOTICE**

Details of Directors seeking re-appointment in ensuing Annual General Meeting scheduled to be held on September 7, 2011.

<b>Name</b>	Shri S. K. Mishra	Shri Pracheta Majumdar
<b>Date of Birth</b>	28.04.1933	15.08.1944
<b>Date of Appointment</b>	27.10.2004	27.10.2004
<b>Expertise in specific functional areas</b>	Retired Senior IAS Officer who has served as Secretary to the Govt. of India including Principal Secretary to the Prime Minister.	Mechanical Engineer and management Advisor by profession. He is having vast experience in diverse fields viz. design and project, management of chemicals, petrochemicals and fertilizer plants. Has served Hindustan Unilever Ltd. in a Senior position as also Managing Director of CEAT Tyres Ltd.
<b>List of outside Directorships held</b>	None	Birla Corporation Ltd.
<b>Chairman/Member of the Committee of the Board of Directors of the Company</b>	Member - Audit Committee	Member – Audit Committee – Share Transfer-cum-Investor Grievance Committee
<b>Chairman/Member of the Committee of the Board of Directors of other Public Company</b>	None	Member – Audit Committee and Share Transfer and Shareholders'/ Investors' Grievance Committee of Birla 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
<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

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, 2011.

### ACCOUNTS & FINANCIAL MATTERS

	2010-11 Rs. in lacs	2009-10 Rs. in lacs
Turnover (Gross)	20314.26	20908.34
Other Income	1218.51	846.61
	<b>21532.77</b>	<b>21754.95</b>
The year's working shows a Gross Profit (after Interest) of –	843.37	1577.63
Less : Depreciation/Amortisation	462.12	421.23
Profit before Tax	381.25	1156.40
Income Tax and Fringe Benefit Tax credit of earlier years	(0.79)	(2.09)
Net Profit for the year	382.04	1158.49
Credit Balance brought forward	1158.49	–
Surplus carried to Balance Sheet	<b>1540.53</b>	<b>1158.49</b>

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, telecom cable industry in general has been adversely impacted as a consequence of ambiguity on policy and regulatory framework in the telecom sector of the Government as an aftermath of the 2G spectrum episode. This has significantly affected the financial performance of your Company. Amidst the challenging operating environment during the year, one of the Company's major customers, BSNL, did not place any order for Jelly Filled Telephone Cables and gave a counter offer for supplying optical fibre cables at economically unviable price levels, which your Company declined. The network expansion plans of telecom operators were also put on hold due to an unclear roadmap for future business and liquidity constraints. The lower sales in the domestic market were somewhat offset by the Company's push for higher exports of telecommunication cables and increased revenue from EPC Division, thus the total turnover was only marginally lower by 2.84% at Rs.203.14 crores as compared to previous year. However, prevailing sluggish market conditions and further erosion in prices of telecommunication cables due to lower demand and internecine competition negatively impacted the profitability during the year under review.

Domestic turnover from Jelly Filled Telephone Cables was significantly down both in volume and value terms during the year, and the Company is carrying out business transformation to realign increased sales from exports and manufacture of specialty cables, while defocusing from a single dominant client.

Despite the domestic telecommunication cables market having shrunk and a general decline in the prices of Optical Fibre Cables, the Company believes that in the long term the proposed new National Telecom Policy and National Broadband Policy will lay the foundation for a massive rollout of Optical Fibre Cable network across the country.

To exploit such a huge business opportunity the Company has already invested in areas of new revenue streams by upgrading and modernizing the production facilities besides knowledge updation of human talent to sustain superior and consistent product quality and flexible production capacity.

The EPC Division sales increased from Rs.8985.93 lacs to Rs.10762.16 lacs an increase of 19.77% compared to the previous year. The current business verticals of the EPC Division viz. Telecom, Power and Gas distribution pipelines are comfortable with a backlog of orders and your Board is confident that the Division's positive business momentum will continue in future. As an additional revenue stream, the Company has embarked on roll out of OFC Networks under Infrastructure Provider (IP-1) License. This allows operators to use readymade networks and reduce their capex expenditure, while providing your Company with a steady revenue growth. Your Company has also added another vertical in EPC Division to offer end-to-end LED lighting solutions and related projects. The LED lighting solutions are environmental friendly, help reduce operational costs, improve productivity and alleviate the world's most pressing environmental challenges. With a strategy in place to expand the business verticals and markets, gradual strengthening of the ability to provide superior customer services and excellence in project delivery through project management capabilities, knowledge management and robust quality system, the EPC Division is poised to achieve a reasonable growth in the years to come.



The year under report could have been a transformative year for the EPC Division, as the Company along with its consortium partners expended sizeable time and managerial resources to successfully bid for two prestigious projects to establish a state-of-the-art dedicated OFC network for the Defence and Navy. Although your Company was declared the lowest bidders in August, 2010 for two packages of Network For Spectrum (NFS) project for Defence and also for the Navy OFC Network project being executed through BSNL, the respective tenders have not yet been decided.

With the Company following a very disciplined and focused globalization approach by aggressively targeting pockets where external copper telecom cable network are still being laid and with a mission of becoming an important key player in the EPC Division with a global footprint, the Company is strategically and operationally building for a bright future.

Your Company completed 25 years in March, 2011. It is a matter of great pride and reflective of the indomitable spirit driven by values and powered by internal vitality. Your Board and all employees look forward to the future with confidence and stand committed to creating a brighter future for all stakeholders.

## **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, 2011, the applicable accounting standards have been followed;
- the Company has selected such accounting policies, applied them consistently, made judgments 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 2010-11 and of the profit for the year ended March 31, 2011;
- 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, 2011 have been prepared on a 'going concern' basis.

## **JOINT VENTURE**

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

## **INDUSTRIAL RELATIONS**

Industrial relations remained cordial throughout 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 ongoing process at the Company's plant and facilities.

## **RECOGNITION**

The Company's manufacturing facilities continue to remain certified by independent and reputed external agency as being compliant as well as aligned with the external standards for Quality Management System IS/ISO 9001:2008 and Environmental Management System IS/ISO 14001:2004. During the year, the audits for these Certifications established continuous improvement in performance against these standards.

## **DIRECTORS**

Shri Harsh V.Lodha was appointed as Chairman of the Board of Directors of the Company with effect from December 22, 2010.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri S.K.Misra and Shri Pracheta Majumdar, 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.