



ANNUAL REPORT & ACCOUNTS 2011-12



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 2011-12

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

CONTENTS

PAGE NO.

Notice	I - II
Directors' Report	1 - 4
Management Discussion & Analysis	5 - 8
Report on Corporate Governance	9 - 16
Auditors' Report	17 - 19
Balance Sheet	20
Statement of Profit and Loss	21
Cash Flow Statement	22 - 23
Notes to Financial Statements	24 - 42
Auditors' Report on Consolidated Financial Statements	43
Consolidated Balance Sheet	44
Consolidated Statement of Profit and Loss	45
Consolidated Cash Flow Statement	46 - 47
Notes to Consolidated Financial Statements	48 - 69
Financial information of Subsidiary Companies	70





NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the Members 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 29, 2012 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, 2012, the Statement of Profit & Loss for the year ended on that date and Reports of the Board of 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 16, 2012

By order of the Board

R. Radhakrishnan
President (Commercial) & Secretary

NOTES FOR MEMBERS' ATTENTION

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF SUCH MEMBER, A PROXY NEED NOT BE A MEMBER 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 Members and Share Transfer Books of the Company shall remain closed from Friday, the June 22, 2012 to Friday, the June 29, 2012 (both days inclusive).
- (c) 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.
- (d) 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.
- (e) The Ministry of Corporate Affairs has taken a green initiative by permitting companies to send various documents like General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report, Auditors' Report, etc. to its Members through electronic mode. Keeping in spirit with the said initiative, we request all esteemed Members to register/update email addresses with their respective Depository Participants in case of shares held in dematerialized form and with Registrar & Share Transfer Agent Messrs Link Intime India Pvt. Ltd. in case of shares held in physical form. Your Company supports this green initiative and has decided to send all permitted communications electronically to the preferred email addresses of the Members.
- (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) Members/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 Members 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, on a poll, to vote on their behalf at the Annual General Meeting. Members who hold shares in dematerialised 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

Details of Directors seeking re-appointment in ensuing Annual General Meeting scheduled to be held on June 29, 2012

Name	Shri R.C. Tapuriah	Shri D.R. Bansal
Date of Birth	15.06.1942	01.08.1939
Date of Appointment	19.08.1985	06.11.1987
Expertise in specific functional areas	Industrialist with wide experience in Business and Industry,	Company executive having rich and varied experience of over 49 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
List of outside Directorships held	<ol style="list-style-type: none"> 1. Alfred Herbert (India) Ltd. 2. Adorn Investments Ltd. 3. Birla Ericsson Optical Ltd. 4. Maxworth Industrial Services Ltd. 5. Mohta Carbide & Chemicals Ltd. 6. New India Retailing & Investment Ltd. 7. The Bhagwati Pressing Co. Ltd. 8. The Calcutta Investment Co. Ltd. 9. The United Investment Co. Ltd. 	<ol style="list-style-type: none"> 1. Birla Ericsson Optical Ltd. 2. Birla Furukawa Fibre Optics Ltd. 3. Hindustan Gum & Chemicals Ltd. 4. Universal Cables Ltd.
Chairman/Member of the Committee of the Board of Directors of the Company	Chairman - Audit Committee	Member - Share Transfer-cum-Investor Grievance Committee
Chairman/Member of the Committee of the Board of Directors of other Public Company	Chairman - Audit Committee & Investor Grievance Committee of New India Retailing & Investment Ltd. - Audit Committee of Birla Ericsson Optical Ltd. Member - Audit Committee & Investor Grievance Committee of Alfred Herbert (India) Ltd. - Share Transfer-cum - Investor Grievance Committee of Birla Ericsson Optical Ltd.	Member - Audit Committee of Birla Furukawa Fibre Optics Ltd. - Share Transfer-cum-Investor Grievance Committee of Birla Ericsson Optical Ltd.
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, 2012.

ACCOUNTS & FINANCIAL MATTERS

	2011-12	2010-11
	Rs. in lacs	Rs. in lacs
Revenue from operations (gross)	26277.30	20451.26
Other income	681.96	1081.51
	26959.26	21532.77
The year's working shows a		
Gross Profit/(Loss) (after Interest) of -	(824.52)	843.37
Less : Depreciation and Amortisation expense	475.76	462.12
Profit/(Loss) before Tax	(1300.28)	381.25
Income tax and fringe benefit tax credit of earlier years	3.18	(0.79)
Net Profit/(Loss) for the year	(1303.46)	382.04

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's revenue from operations was higher than the previous year by 28.49%. This is appreciable given the fact that telecommunications sector in India has been facing considerable uncertainty in the recent past due to unfavourable regulatory environment, which has slowed down the domestic capex cycle of the telecom operators. As a consequence telecommunications cables manufacturers have had to struggle for business with lower volumes and longer credit periods. Despite this major but temporary aberration leading to reduced telecommunications cables consumption during the year under review, pent-up demand is expected to remain strong. However the magnitude and timing will depend upon clarity on major policy issues and consequent resource allocations by the Government and the telecom operators. In addition to this, the liquidity constraints and slow decision making process in the power and telecommunications infrastructure sectors in India where huge upfront investment commitment is a pre-requisite, have led to uninspiring performance by Company's EPC Division as the anticipated growth did not materialize.

The gross revenue from operations for the year under review increased to Rs. 26277.30 lacs as compared to Rs. 20451.26 lacs during the previous year mainly due to increased revenue from cables business by 55.39% (Rs.14100.29 lacs vs. Rs.9074.26 lacs in the previous year) and a modest increase of Rs. 736.08 lacs in EPC Division (Rs.11498.24 lacs vs. Rs. 10762.16 lacs of previous year). Your Company's consciously pursued strategy of de-risking the infrastructure of traditional PIJF Cables business by scaling up the production facilities for Quad, Railway Signaling and other speciality copper cables has yielded positive results in terms of increased market share, margin expansions and sustainability. The Company will continue to focus on delivering outstanding and differentiated products and developing customers' loyalty for these products which are witnessing expanding volumes.

However, despite the increase in the overall revenue, the Company suffered a gross loss of Rs.824.52 lacs for the year as against the gross profit of Rs.843.37 lacs during the previous year mainly on account of lower than anticipated volume of business, intense competition leading to compromise on margins, longer working capital cycle due to financial strife faced by the ultimate customers in Power & Telecom sectors, higher finance costs and negative foreign exchange rate fluctuation.

Your Directors believe that Government shall decide the final framework of the new telecom policy which will eventually pave the way for speedy implementation of broadband infrastructure projects including laying of a nationwide OFC network to bring more than one million villages into high speed internet. Your Company is already geared up to exploit such a huge business opportunity.

The EPC Division sales increased from Rs.10762.16 lacs to Rs.11498.24 lacs, an increase of 6.84% compared to the previous year. During the year under review the EPC Division's operating performance came under stress due to lower margins, liquidity constraints with the customers and general depression in the business segment it operates. However, the current business verticals of the EPC Division viz. Telecom, Power and Gas distribution pipelines are now geared up for improved performance with change in backlog order composition with enhanced EBITDA margins. Your Company also awaits the final outcome of tenders floated by BSNL for supply and laying of a dedicated nationwide alternate communication network for Defence forces in which your Company alongwith consortium members had emerged as the lowest bidders for two of the packages and also for the Navy OFC Network project where your Company emerged as the lowest bidder.



In view of fast changing trends in the industry, your Company continues to accord priority to control operating costs by deploying contemporary technologies and practices including outsourcing, to keep the business humming. Additionally, planned sourcing of materials and resource optimization across different verticals of EPC Division will eventually ensure higher operating margins. Your Company would continue to accord thrust on development of new products as per evolving industry standards, which will further strengthen its competitive abilities in domestic and overseas market places and improve upon operational performance.

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, 2012, 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 2011-12 and of the loss for the year ended March 31, 2012;
- 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, 2012 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 Cables AB, Sweden has unfortunately shown a downturn in financial performance during the year under review.

Your directors are pleased to inform that your Company has entered into a joint venture agreement for setting up a project in the Kingdom of Saudi Arabia for, inter alia, manufacturing and sale of Optical Fibre Cables, FTTx, connectivity products & accessories, etc. in order to exploit the emerging business opportunities in Middle East and North Africa regions. Your company also envisages to provide technical support to the new joint venture company for manufacturing Optical Fibre Cables through a technical collaboration agreement.

INDUSTRIAL RELATIONS

Industrial relations remained cordial throughout the year. Your Directors recognize and appreciate the sincere and hard work, loyalty, dedicated efforts and contribution of all the employees in most difficult and challenging business 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 ISO 9001:2008 and Environmental Management System ISO 14001:2004. During the year, the audits for these Certifications established continuous improvement in performance against these standards.

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 which is being sent to the shareholders along with Annual Report.

**AUDITORS**

Messrs V. Sankar Aiyar & 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 the Cost Auditors of the Company for audit of cost accounts relating to Cables.

AUDITORS' REPORT

Notes to the Financial Statements 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, as approved by their respective Board of Directors.

SUBSIDIARY COMPANIES

A statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies is attached and forms part of the Annual Report. In terms of the general exemption granted by the Ministry of Corporate Affairs vide its circular no.02/2011 dated February 8, 2011, the audited Accounts and Reports of Board of Directors and Auditors of the Company's subsidiaries have not been annexed to this Annual Report. The Company has complied with the requirements as prescribed under the said circular. The consolidated financial statements prepared in accordance with Accounting Standard (AS)-21 read with Accounting Standard (AS)-23 forming part of this Annual Report include the financial information of the subsidiary companies. None of the subsidiary companies 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.

The Directors appreciate and value the contributions made by every member of the VTL family.

Yours faithfully,

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

New Delhi, May 16, 2012

**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, 2012.****(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.
- Modification and Tandemization of manufacturing processes for optimum energy consumption.
- Redesigning of ducting for air conditioning system.
- Use of Self (ambient) curing compound in Aerial Bunch Cables, eliminating the power consumption for Hot water Curing.
- Replacement of 250W HPMV lamps with 95W CFL's for plant lighting.

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

- | | |
|---|--|
| 1. Specific areas in which R&D carried out by the Company | <ul style="list-style-type: none"> (a) Improvement of manufacturing process capability to attain global benchmarks and cost optimization. (b) Development of Dry Core Quad cables for Telecom application. (c) Development of 12-48 Fiber Breakout Cables for Indoor applications. (d) Development of Hybrid Cables (Power + Fiber). (e) Development of Armoured and Unarmoured Tactical Optical Fiber Cables for Defence applications. (f) Review and revision of design/ proprocess parameters for improved proproducts, based on end use requirement of the customer. |
| 2. Benefits derived as a result of the above R&D | <ul style="list-style-type: none"> (a) Cost reduction, import substitution, flexible production facilities and strategic resource management. (b) Enhanced products range to address emerging market opportunities. (c) Improvement in operational efficiency, consistency and stability in products. |
| 3. Future plan of action | <p>Continuous focus on becoming globally competitive based on evolving industry standards, further cost reduction, improved products quality with safety and ecology.</p> |
| 4. Expenditure on R&D | <p>R & D expenditure has not been accounted for separately.</p> |

II. Technology absorption, adaptation and innovation

- | | |
|--|--|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation. | <ul style="list-style-type: none"> (a) The technologies being used for manufacture of Jelly Filled Telephone 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. (b) Innovation in manufacturing and engineering technologies through in-house capabilities and indigenous interventions. |
| 2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. | <ul style="list-style-type: none"> (a) World class quality and differentiated products. (b) New product launches. (c) Improved productivity and process controls. (d) Import substitution and overall cost reduction. |

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of foreign exchange earnings and outgo are contained in Schedule Note no. 44(a), 44(b) & 44(d) respectively of the notes to the Financial Statements.

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

New Delhi, May 16, 2012



Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Company is engaged in the business of manufacturing and sale of Telecommunication cables, other types of wires & cables, FRP rods/ Glass rovings, etc. and Engineering, Procurement and Construction (EPC) business.

The Indian market for copper telecom cable viz. JFTC has been passing through a very difficult phase in the last few years. The number of fixed line telephone subscribers in India is witnessing stagnant or declining trend whereas wireless services continue to grow at a phenomenal pace leading to anemic demand coupled with unremunerative prices for JFTC. The fluctuation in the price of copper and the volatile exchange rate are the other challenges faced by the vendors in the industry. The volatility of copper pricing has been escalating consistently in the last three years. Keeping a steady price for copper products has become a challenge for every cabling vendor.

Transmission in the networks is becoming more and more digital and the need for broadband access has resulted in OFC increasingly becoming the transmission medium of choice. Year 2011 witnessed drafting and introduction of various new policies such as National Telecom Policy 2011 (NTP-11), the Spectrum Act, merger and acquisition guidelines, national broadband plan, and national optical fiber network (NOFN). Year 2012 will witness rollout of massive broadband networks, national optical fibre network, and strengthening of network particularly in rural and tier-B areas. India is envisaged to become one of the fastest growing OFC market in the world.

The EPC Division of the Company currently concentrates on four business verticals viz. Telecom, Power, Gas distribution Pipeline and Sewage Projects. In Telecom it provides solutions in trenching and laying of optical fibre cables, installation and commissioning of telecom equipments, FTTH installation, civil work and foundation of towers and maintenance of network. In the power domain the services are offered to the power transmission and distribution sector with a focus primarily in the power distribution networks including those in rural India, renovation and augmentation of existing distribution systems, underground transmission, feeder segregation, installation of High Voltage Distribution System (HVDS) and Low Voltage Distribution Systems (LVDS), distribution lines, substation and transmission lines, capacitor banks, lighting projects, and end to end LED solutions, etc. In Gas the Company provides last mile connectivity for city domestic gas distribution projects. The Company has also recently forayed in City Sewage Projects which are proposed to be executed through trenchless technology.

There is no material change in the industry structure as was reported last year.

BUSINESS REVIEW AND OUTLOOK

The Indian telecom industry witnessed unprecedented growth for several years. Of late, however, the sector has been losing its sheen. Telecom operators who have been battling cut-throat competition, dwindling margins, falling net profits and spectrum scarcity since 2009, have had to bear the brunt of the 2G spectrum controversy. Moreover, 3G services did not take off as expected.

At the end of the financial year 2011-12, the government has ensured their interest to settle the controversies surrounding the telecom sector. The draft National Telecom Policy lays down an inclusive market oriented agenda for the growth of telecommunications services in India over the next decade. The proposed changes to the licensing framework reflect the government's intention to propel the Indian telecom sector to new growth horizons.

On the backdrop of the government's initiatives of bringing broadband to every Indian household, and a target of 175 million broadband users by 2017, the telecom cable segment is at the point of inflexion.

The XIth Five Year Plan aims at a sustainable GDP growth rate of 9% but there is general consensus that infrastructure inadequacies would constitute a significant constraint in realizing this development potential. To overcome this constraint, an ambitious programme of infrastructure investment, involving both public and private sector, is being developed by the Government. To exploit the emerging opportunities, the Company's EPC Division's strategy is focused on expanding its participation in telecommunications, power and oil & gas distribution verticals given the growth potential by providing high quality services to customers and grow business by leveraging on its strength and synergies.

PRODUCT-WISE PERFORMANCE

Telecommunication Cables

The Company's sales turnover on account of Telecommunication cables, comprising of JFTC, OFC, Quad cables etc. increased from Rs.8106.93 lacs in the previous year to Rs.9586.44 lacs, during the year under review, mainly due to increase in demand from private operators and supplies to Railways.

As a strategy, the Company is concentrating more on export markets, for which the necessary platform and credentials have already been established in the last few years and the company is confident of increasing its export sales in the next year.

The increase in revenue from OFC business at Rs.2809.01 lacs as compared to Rs.2542.54 lacs in the previous year is not very significant. The Company has been constantly looking for export opportunities in this area.

There may not be any significant improvement in the domestic OFC prices as the bargaining power of buyers and the existence of overcapacity will constrain the ability of domestic players to resort to any considerable price hikes in the near future.