



Annual Report & Accounts 2009-10



BIRLA ERICSSON OPTICAL LTD.



Syt. Madhav Prasadji Birla
(1918-1990)



Smt. Priyamvadaji Birla
(1928-2004)



Syt. Rajendra Singhji Lodha
(1942-2008)

Our source of Inspiration



BIRLA ERICSSON OPTICAL LIMITED

ANNUAL REPORT 2009-10

BOARD OF DIRECTORS

MR. HARSH V. LODHA

Chairman

MR. MAGNUS KREUGER

[ALTERNATE MR. DINESH CHANDA]

MR. MATS O. HANSSON

[ALTERNATE MR. S.K. DAGA]

MR. R.C. TAPURIAH

DR. ARAVIND SRINIVASAN

MR. ARUN KISHORE

MR. K. RAGHURAMAN

MR. D.R. BANSAL

Managing Director

AUDIT COMMITTEE

MR. R.C. TAPURIAH

Chairman

DR. ARAVIND SRINIVASAN

MR. ARUN KISHORE

MR. K. RAGHURAMAN

PRESIDENT

MR. Y.S. LODHA

AUDITORS

V. SANKAR AIYAR & Co.

CHARTERED ACCOUNTANTS

NEW DELHI

SOLICITORS

INTERNATIONAL LAW ASSOCIATES

NEW DELHI

BANKERS

STATE BANK OF INDIA

REGISTERED OFFICE

UDYOG VIHAR,

P.O. CHORHATA,

REWA-486 006 (M.P.)

CONTENTS

PAGE NO.

<i>Notice</i>	<i>1 - VII</i>
<i>Directors' Report</i>	<i>1 - 5</i>
<i>Management Discussion & Analysis</i>	<i>6 - 9</i>
<i>Report on Corporate Governance</i>	<i>10 - 17</i>
<i>Auditors' Report</i>	<i>18 - 19</i>
<i>Balance Sheet</i>	<i>20</i>
<i>Profit and Loss Account</i>	<i>21</i>
<i>Schedules forming a part of Balance Sheet and Profit and Loss Account</i>	<i>22 - 27</i>
<i>Notes to Accounts</i>	<i>27 - 36</i>
<i>Cash Flow Statement</i>	<i>37 - 38</i>
<i>Balance Sheet Abstract – Part IV of Schedule VI</i>	<i>39</i>

IS / ISO 9001: 2000



IS / ISO 14001



मानक: पर्यावरण



Notice

NOTICE is hereby given that the Eighteenth 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 25th June, 2010 at 12.30 P.M. to transact the following business :-

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 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 Dr. Aravind Srinivasan, who retires by rotation and being eligible, offers himself for re-appointment.
3. 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:

4. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Ordinary Resolution:**

“RESOLVED that Mr.Arun Kishore who was appointed as a Director to fill in the casual vacancy caused by the resignation of Mr.B.R.Nahar, and who ceases to hold office at the ensuing Annual General Meeting in terms of Section 262 of the Companies Act, 1956, and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

“RESOLVED that in accordance with the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents as may be required, the approval of the Company be and is hereby accorded to the re-appointment of Mr. D.R. Bansal as the Managing Director of the Company, not liable to retire by rotation, for a further period of 3 (Three) years with effect from 8th August, 2010, on the terms and conditions including remuneration, perquisites and benefits as set out in the Explanatory Statement attached to this Notice and contained in the Agreement to be entered into between the Company and Mr.D.R.Bansal, a draft whereof is placed before this meeting which Agreement is hereby specifically approved.

FURTHER RESOLVED that the Board of Directors of the Company (which term shall be deemed to include the Remuneration or any other Committee of the Board constituted to exercise its powers including powers conferred by this resolution) be and is hereby authorised and empowered to approve annual increment effective from 1st April, each financial year and to make such improvements, alterations, amendments or variations in the terms and conditions of the said Agreement and/or remuneration payable to Mr. D.R. Bansal as may be agreed to between the Board and Mr. D.R. Bansal, subject to the same not exceeding the limits prescribed in Schedule XIII to the Companies Act, 1956, including any statutory amendment, re-enactment or modification(s) thereto or as may be permissible under applicable law in force from time to time. The intention being that no further approval of the Company will be required so long as overall remuneration of the Managing Director is not in excess of the maximum permissible under relevant laws, rules, regulations, guidelines or instructions as may be promulgated or issued after the date of this Meeting.

FURTHER RESOLVED that notwithstanding the above, in the event of any loss or inadequacy of profits in any financial year of the Company during the tenure of Mr. D.R. Bansal as Managing Director, the remuneration payable to him shall be in accordance with the limits prescribed in Section II Part II of Schedule XIII to the Companies Act, 1956 as amended from time to time subject to the compliance of provisions thereof but in any event shall not exceed the remuneration payable as provided in the Agreement aforesaid when the profits of the Company are adequate.

FURTHER RESOLVED that the Board of Directors be and is hereby authorised to do all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to this resolution or otherwise considered by it be in the best interest of the Company.”

Registered Office:
Udyog Vihar,
P.O. Chorhata,
Rewa - 486 006 (M.P.)
May 11, 2010

By Order of the Board

R.C. Tapuriah
Director

**NOTES FOR SHAREHOLDERS' ATTENTION :**

- (a) The relevant Explanatory Statement 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 SUCH 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 18th June, 2010 to Friday, the 25th June, 2010 (both days inclusive).
- (d) Shareholders are requested to notify immediately the changes, if any, in their registered addresses along with PINCODE Number –
 - to their Depository Participants in respect of equity shares held in electronic form (Demat Account); and
 - to the Company or its Registrar and Share Transfer Agents viz. M/s Link Intime India Pvt. Ltd. (Unit: Birla Ericsson Optical Ltd.), C-13, Pannalal Silk Mills Compound, L.B.S.Marg, Bhandup (W), Mumbai-400 038 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 appointment or 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 authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Annual General Meeting.

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

The following explanatory statement set out material facts relating to the Special Business of the accompanying Notice dated May 11, 2010.

ITEM NO. 4

Mr.Arun Kishore was appointed as a Director on the Board of the Company with effect from 30th July, 2009, to fill in the casual vacancy caused by resignation of Mr.B.R.Nahar. In terms of Section 262 of the Companies Act, 1956, Mr.Arun Kishore holds office as a Director only upto the date of this Annual General Meeting, as Mr.B.R.Nahar, in whose place he has been appointed, would have retired by rotation at this Annual General Meeting, had he not resigned.

The Company has received a notice in writing from a member alongwith requisite deposit of Rs.500/-, proposing the candidature of Mr.Arun Kishore for the office of Director of the Company under Section 257 of the Companies Act, 1956.

The Board of Directors accordingly recommend the resolution as set out in Item No.4 of the Notice for your approval.

Save and except Mr.Arun Kishore, none of the other Directors of the Company is, in any way, concerned or interested in the said resolution.

ITEM NO.5

The present term of office of Mr.D.R.Bansal as Managing Director is due to expire on 7th August, 2010. The Board of Directors of the Company at its meeting held on 11th May, 2010 has re-appointed Mr.D.R.Bansal as the Managing Director of the Company, not liable to retire by rotation, for a further period of 3 (Three) years effective from 8th August, 2010 subject to approval of the members at the General Meeting. The Board has also approved the remunerations and perquisites payable to Mr.D.R.Bansal as the Managing Director based on the approval accorded by a resolution passed by the Remuneration Committee. The broad particulars of remuneration and perquisites payable to and other principal terms and conditions of his re-appointment as contained in the draft Agreement to be entered into between the Company and Mr.D.R.Bansal, are as under:



I. **Tenure of Re-appointment:** 3 (Three) years with effect from 8th August, 2010 to 7th August, 2013.

II. **Remuneration:**

- (1) **Basic Salary:** Rs.1,00,000/- (Rupees One Lac Only) per month with such annual increments effective from 1st April each financial year as may be decided by the Board of Directors of the Company or any Committee thereof, in its absolute discretion.
- (2) **Commission:** @ 1% (one percent) of the net profit of the Company in a financial year computed in the manner laid down in Section 309(5) of the Companies Act, 1956 subject to a ceiling of 50% of the annual salary as defined in para (1) above.
- (3) **Perquisites and Allowances:** In addition to the Salary and Commission as outlined above, the Managing Director shall be entitled to perquisites and allowances as under:
 - (i) **Housing:** Free furnished residential accommodation or in case no accommodation is provided by the Company, reimbursement of actual expenditure incurred by the Managing Director on hiring accommodation shall be made by the Company subject to the ceiling of 60% of the salary as defined in para (1) above.

In addition, the expenditure incurred for utilities such as gas, fuel, electricity, water, furnishings and servants salaries for upkeep and maintenance of accommodation shall be reimbursed on actual basis.
 - (ii) **Medical Benefits:** Payment/reimbursement of expenses incurred for self and family (including mediclaim/ medical insurance premium) or medical allowance in accordance with the rules of the Company.
 - (iii) **Leave Travel Allowance/Assistance:** As per Rules of the Company.
 - (iv) **Club Fees:** Payment/reimbursement of club fees for not more than two clubs in India, excluding admission and life membership fees.
 - (v) **Personal Accident Insurance Premium:** As per Rules of the Company.
 - (vi) **Sitting Fees:** The Managing Director shall be paid sitting fees for attending the meetings of the Board of Directors and Committee thereof, as payable to other Directors.
 - (vii) **Contribution to Provident Fund, Pension/ Superannuation or Annuity Funds:** As per the Rules framed under the Company's relevant scheme.
 - (viii) **Gratuity:** As per Rules of the Company and applicable statutory provisions from time to time.
 - (ix) **Leave Encashment:** Leave with full pay and allowances as per Rules of the Company. Accumulation/ encashment of unavailed earned privilege leave will be permissible in accordance with the Rules specified by the Company.
 - (x) **Car/Communication Facilities:** The following shall not be included in the computation of perquisites –
 - (a) Provision of Company's car(s) with driver for official use.
 - (b) Provision of free telephone(s) and/or other communication facilities or reimbursement of telephone/ communication expenses at residence including payment of local calls and long distance official calls.

Explanation(s):

- (a) The said perquisites and allowances shall be evaluated at actual cost or if the cost is not ascertainable the same shall be valued as per the Income Tax Act, 1961 or any rules thereunder as are in force from time to time. The remuneration payable to Mr. D.R. Bansal shall be subject to the deduction of Income Tax at source at the applicable rates under the relevant provisions of the Income Tax Act, 1961 and rules framed thereunder.
- (b) The Company's contribution to or provision for provident fund, pension or superannuation fund, to the extent these either singly or put together are not taxable under the Income Tax Act, and gratuity payable and encashment of unavailed privilege leave at the end of the tenure, as per the rules of the Company, shall not be included in the computation of limits for the remuneration which includes salary, commission, perquisites and allowances.
- (c) For the purpose of gratuity and pension benefits, the services of Mr. D.R. Bansal will be considered continuous service with the Company from the date he joined the services of Sister Concern(s) or this Company in any capacity from time to time and termination of the appointment/agreement or renewal(s) will not be considered as a break in service. However, in case of gratuity, any benefit already obtained from such sister concern(s) or the Company shall be deducted from the final amount payable.



- (d) The Company shall reimburse travelling, entertainment and other business promotion expenses actually and properly incurred by the Managing Director in the course of the legitimate business of the Company in accordance with rules and regulations of the Company in force from time to time or as may be approved by the Board. Expenses relating to spouse accompanying on any official domestic and overseas trip or other facilities, if any, shall be dealt with in accordance with the practices and policies of the Company as applicable from time to time.
- (e) In addition to his present employment as Managing Director of the Company, Mr. D.R. Bansal has also been appointed as Managerial Personnel with the designation of Chief Executive Officer (CEO) of an associate Company viz. Universal Cables Ltd. within the meaning of Section 2(24) read with Section(s) 269(1) and 386(2) of the Companies Act, 1956. Accordingly, the total remuneration payable to him from both the companies shall not exceed the maximum permissible limit as specified under the provisions of Schedule XIII of the Companies Act, 1956 or any amendment thereto.
4. **Overall Remuneration:** The Board of Directors (which term shall be deemed to include the Remuneration or any other Committee constituted by the Board) is entitled to revise the remuneration payable to the Managing Director at any time, such that the aggregate of salary (inclusive of annual increments, if any), commission, perquisites and allowances payable by the Company as also by the Universal Cables Ltd. on his holding the official position of the Managerial Personnel with the designation of Chief Executive Officer (CEO), in any financial year shall not exceed the overall ceiling laid down in Sections 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 including any statutory modification(s), re-enactment thereof or any amendment made thereto.
5. **Minimum Remuneration:** Notwithstanding the foregoing, where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the remuneration payable to him by way of salary, perquisites and allowances shall be in accordance with the limits prescribed in Section II, Part II of Schedule XIII to the Companies Act, 1956 as amended from time to time but in any event shall not exceed the remuneration payable as provided in the Agreement aforesaid when the profits of the Company are adequate.

III. Other Conditions:

- (a) The terms and conditions for re-appointment of Mr. D.R. Bansal as Managing Director and payment of remuneration and perquisites to him as set out herein and/or in the Agreement may be altered, varied, increased, enhanced or widened from time to time by the Board of Directors of the Company or a Committee thereof as it may, at its discretion deem fit within the maximum amounts payable in accordance with the provisions of the Companies Act, 1956 or any amendments made hereafter in this regard. In the event that during the tenure of present agreement, the statutory restrictions contained in the Companies Act/Corporate Laws are removed or amended by the Government, the Board of Directors of the Company or a duly constituted Committee thereof, shall be at liberty to decide such variation in terms or remuneration as may be deemed necessary.
- (b) The Agreement may be terminated by either party (the Company or the Managing Director) by giving three months prior notice in writing.
- (c) The said draft Agreement also contains further terms and conditions as to powers and authority of Mr. D.R. Bansal, non-participation in any selling agency of the Company, termination, mutual rights and obligations of the Company and Mr. D.R. Bansal, etc.

The draft Agreement referred to in the said resolution is open for inspection by the shareholders of the Company at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days upto the date of the ensuing Annual General Meeting and will also be available for inspection at the said meeting.

A brief resume and the profile of Mr. D.R. Bansal is given in the ANNEXEURE, which is attached hereto and forms part of this Notice.

The statement containing information as required under Schedule XIII to the Companies Act, 1956, to the extent applicable, is given hereunder:-

A. General Information:

- (1) Nature of Industry – The Company's operations are classified into business segment of "Wire and Cables" and associated activities.
- (2) Date of Commencement of Commercial Production – 25th March, 1994.
- (3) Financial Performance – The Company achieved a gross turnover of Rs.10518.79 lacs during the year ended 31st March, 2010 as compared to Rs.13284.26 lacs in the immediately preceding previous year. The Gross Profit before Depreciation for the year ended 31st March, 2010 stood at Rs.586.59 lacs as against a loss of Rs.199.89 lacs



incurred in the immediately preceding year. The Company achieved a net profit of Rs.228.20 lacs for the year ended 31st March, 2010.

- (4) Export Performance and net foreign exchange collections – During the financial year 2009-10 the FOB value of export was Rs.2297.51 lacs (including exports to Nepal Rs.991.74 lacs under Rupee payment terms) as compared to Rs.277.71 lacs in the immediately preceding previous year. The total CIF value of imports and expenditure in foreign currency (on payment basis) were Rs.1940.81 lacs and Rs.43.67 lacs respectively during the financial year 2009-10.
- (5) Foreign Investments and Collaborations – The Company has not made any investments outside India. The Company, however, has a technical collaboration with world renowned Ericsson Cables AB, Sweden which also owns 27.50% of the paid up equity share capital of the Company.

B. Information about the Appointee:

- (1) Background details – Mr. D.R. Bansal has rich and varied experience of over 47 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 and abroad and also served at the helm of all renowned power & telecommunication cables industry association(s) in India for several years.
- (2) Past remuneration – The existing remuneration of Mr. D.R. Bansal, inter alia, consists of monthly basic salary of Rs.1,00,000/- and commission @ 1% of the net profit of the Company in a financial year computed in the manner laid down in Section 309(5) of the Companies Act, 1956, subject to a ceiling of 50% of the annual basic salary, besides allowances, perquisites and other benefits in accordance with the Company's practice, rules and regulations in force from time to time which are on the lines similar to those mentioned in the explanatory statement to the proposed resolution hereinabove.
- (3) Job profile and his suitability – Mr. D.R. Bansal is entrusted with substantial powers of the management of the Company subject to the superintendence, control and direction of the Board of Directors, the provisions of Memorandum and Articles of Association, regulations made by the Company in General Meeting and the restrictions imposed by the Companies Act, 1956, and shall do all in his power to promote, develop and extend the business of the Company. He has been working in the capacity of the Managing Director of the Company since 8th August, 1993 and is well suited to continue as Managing Director. Mr. D.R. Bansal has managed and steered the Company successfully through the tumultuous times and under his able stewardship and guidance the Company has fared well despite stiff market conditions. The challenging business environment requires review of operations, monitoring and decision making on day to day basis besides strategic guidance and advise on ongoing basis for modernization, technological upgradation and expansion/diversification activities in which the Company would be immensely benefited by his matured and timely advise.
- (4) Proposed Remuneration – Please refer to details given hereinabove and forming a part of explanatory statement to the proposed resolution.
- (5) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person – The executive remuneration in the industry is on the rise. The Remuneration Committee constituted by the Board perused remuneration of managerial personnel in the wire and cables industry and other companies comparable with the size of the Company, industry benchmark in general, profile, position, responsibilities, capabilities and vast experience of Mr. D.R. Bansal and accorded due cognisance to all these factors before approving the remuneration as proposed hereinabove.
- (6) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any – In terms of Articles of Association of the Company, Mr. D.R. Bansal has been appointed as Managing Director as per nomination made by Universal Cables Limited and Vindhya Teletelinks Limited. Excepting the payment of remuneration for his services as Managing Director of the Company and Managerial Personnel with the designation of Chief Executive Officer (CEO) of Universal Cables Ltd., as detailed hereinabove, Mr. D.R. Bansal has no other pecuniary relationship with the Company.

C. Other Information:

- (1) Reasons for Loss or inadequate profit – The Company has exhibited an improved financial performance during the year 2009-10 despite a lower turnover as compared to the previous year. The Company has earned a profit before depreciation of Rs.586.59 lacs as compared to loss of Rs.199.89 lacs during previous year.
- (2) Steps taken for improvement – There has been a complete positive turnaround in the profitability of the Company during the current fiscal year. However, to overcome the present hyper competitive business situation in the domestic market, the Company has inter alia, taken following steps:



- The Company is exploring new markets/buyers in the international markets to increase the export sale;
 - The Company has taken various initiatives to save on the cost so as to improve the profit margin;
 - The Company is adopting new market strategies and creating new revenue streams to boost the sales further.
- (3) Expected increase in productivity and profits - Company has been constantly revamping its production facilities by adding sophisticated state-of-the-art machinery from renowned international suppliers on a continued basis and has geared up to meet the new challenges in the highly competitive cable industry with proper balancing of products and technology. Alongside the Company's continuous focus on cost reduction, reduction on scrap, revenue or margin improvements, drastic improvement in updating the machinery capability by adding state-of-the-art machinery etc. will go a long way in improving the sales and operational performance in the future years to come.

D. Disclosures:

The required disclosures as to remuneration package, etc. have been appropriately made in the Report on Corporate Governance annexed to and forming a part of Directors' Report, which may be referred to.\

Keeping in view the competence, expertise, vast knowledge and rich & varied experience of Mr. D.R. Bansal, the Board of Directors is confident that the Company will be immensely benefited with his continuing association and recommends the passing of the proposed resolution in compliance with the applicable provisions of the Companies Act, 1956.

Save and except Mr. D.R. Bansal, none of the other Directors of the Company is, in any way, concerned or interested in the said resolution.

The explanatory statement together with the accompanying Notice is to be treated as an abstract of the terms of the contract/ agreement and Memorandum of concern or interest between the Company and Mr. D.R. Bansal pursuant to Section 302 of the Companies Act, 1956.

Registered Office:
Udyog Vihar,
P.O. Chorhata,
Rewa - 486 006 (M.P.)
May 11, 2010

By Order of the Board

R.C. Tapuriah
Director



ANNEXURE TO NOTICE

Details of Directors and a Managing Director seeking appointment/re-appointment at the ensuing Annual General Meeting scheduled to be held on 25th June, 2010

Name	Dr. Aravind Srinivasan	Mr. Arun Kishore	Mr. D.R.Bansal (Managing Director)
Date of Birth	16.09.1969	02.08.1947	01.08.1939
Date of Appointment	27.10.2004	30.07.2009	24.10.1992
Expertise in specific functional areas	Administrator of a renowned eye hospital in India and MBA from University of Michigan-Business School having varied experience in the field of finance and human resource development.	A Practising Chartered Accountant with more than four decades of professional experience in the various gamuts of audit and other related areas.	Company executive having rich and varied experience of over 47 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 Directorship held	–	Tees & Toes Finance and Investments Ltd.	1. Vindhya Telelinks Ltd. 2. Hindustan Gum & Chemicals Ltd. 3. Birla Furukawa Fibre Optics Ltd.
Chairman/Member of the Committee of the Board of Directors of the Company	Chairman – Share Transfer-Cum-Investors Grievance Committee Member – Audit Committee	Member - Audit Committee	Member – Share Transfer-cum-Investors Grievance Committee
Chairman/Member of the Committee of the Board of Directors of other Public Companies	–	–	Member - Share Transfer-cum-Investors Grievance Committee of Vindhya Telelinks Ltd. Audit Committee of Birla Furukawa Fibre Optics 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	101
Relationship between Directors of the Company	No	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 and Indian Private Limited companies 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 pleasure in presenting their Eighteenth Annual Report, together with the Audited Financial Statements of the Company for the year ended 31st March, 2010.

ACCOUNTS & FINANCIAL MATTERS

	2009-10	2008-09
	(Rs. in lacs)	(Rs. in lacs)
Turnover (Gross)	10518.79	13284.26
Other Income	182.29	156.54
	10701.08	13440.80
The year's working shows a		
Gross Profit/(Loss) (after Interest) of -	586.59	(199.89)
Less: Depreciation/Amortisation	358.76	370.83
Profit/(Loss) before Tax	227.83	(570.72)
Provision for Tax		
- (Excess)/short provision for tax in respect of earlier years	(0.37)	(4.48)
- Fringe Benefit Tax	-	8.75
Net Profit/(Loss) for the year	228.20	(574.99)
Credit/(Debit) Balance Brought Forward	(253.04)	321.95
(Deficit) carried to Balance Sheet	(24.84)	(253.04)

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

GENERAL & CORPORATE MATTERS

During the year under review, your Company's domestic sales was adversely affected due to significantly lower sales volume in the traditional Jelly Filled Telephone Cables (JFTC) and also reduced offtake of Optical Fibre Cables by the majority of telecom operators. Despite the lower turnover, your directors are pleased to inform you that there has been an inspiring performance of the Company as compared to previous year due to excellent results in terms of cost management and by launching of new products like Specialty Cable, CAT-5 Cable, Auto Cable etc. During the year under review, your Company has further strengthened its presence in the export market by exporting JFTC and Optical Fibre Cables to certain prominent customers in South Asia and Middle East to partially offset a general fall in volume in domestic market. Also the expansion of customer base and the spurt in the export performance of the Company will form a platform for growth in the years to come.

The gross turnover for the year under review decreased to Rs.10518.79 lacs as compared to Rs.13284.26 lacs last year. However, in spite of lower turnover, the Company has earned a gross profit after interest of Rs.586.59 lacs as compared to a gross loss of Rs.199.89 lacs during the previous year. The change in product mix, accelerated cost optimization, general control in the employees cost and efficient working capital management added to beneficial impact on profitability.

Despite the Indian telecom cable market being currently depressed, the driving forces for the growth to be experienced will emanate from the impending auction of the 3G spectrum, whereby the prominent players in the Optical Fibre Cable segment will reap rich dividends and your Company is in the forefront of it.

The Communication industry is going through a monumental change with pressure coming from multiple directions. Suppliers from other industries are combining their wares with mobile and high-bandwidth fixed line connectivity to provide customer oriented, lifestyle changing goods and services. Recognizing its core business strength and the influence these strengths have within an dramatically evolving market, your Company has re-engineered itself by re-thinking its internal business processes, cannibalizing its internal systems using the best in class available technologies to take advantages of the tremendous cost reduction and productivity improvement. Although the economic and business environment have not completely stabilized, yet your Directors are confident of the longterm business prospects of the Company with greater emphasis on efficiency in materials, processes and other areas of business.



The Company regularly measures its progress and benchmarks itself against different competitors to change business strategies needed to create new revenue streams in order to keep growing, prioritize innovations and customer experience to be successful in the future. The Company has also put great emphasis on applying proven concepts such as '5S' and 'Kaizen' to identify further opportunities of cost reduction and process improvement in order to provide a distinct, simple and responsive way to serve its customers.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the Management Discussion & Analysis, Report on Corporate Governance and a certification by the Managing Director (CEO) confirming compliance by all the Board members and senior management personnel with Company's Code of Conduct form a part of the Annual Report. A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance is given in Annexure, which is attached hereto and forms part of this Directors' Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of the Annual Accounts for the year ended 31st March, 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 31st March, 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 31st March, 2010 has been prepared on a 'going concern' basis.

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 ongoing processes at the Company's plant and facilities.

RECOGNITION

During the year under review, your Company has received prestigious ISO/TS 16949:2002 Certification for manufacture of Insulated Wires & Cables from DET NORSKE VERITAS, USA. 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 System IS/ISO 9001:2008 and Environmental Management Standards IS/ISO 14001:2004. During the year, the audits for these Certifications established continuous improvement in performance against these standards.

DIRECTORS

Mr.B.R.Nahar, Mr.Janne Sjoden and Mr.A.P.Dadoo, Directors resigned from the Board of your Company with effect from 11th May, 2009, 30th July, 2009 and 17th August, 2009 respectively. The Board places on record its appreciation for the distinguished service rendered by Mr.B.R.Nahar, Mr.Janne Sjoden and Mr.A.P.Dadoo during their respective tenure.

Mr.Arun Kishore, Mr.Mats O.Hansson and Mr.K.Raghuraman were appointed as Directors of the Company to fill in the casual vacancy caused by resignation of Mr.B.R.Nahar, Mr.Janne Sjoden and Mr.A.P.Dadoo with effect from 30th July, 2009, 30th July, 2009 and 30th October, 2009 respectively.

Mr.Arun Kishore holds office as a Director only till the date of the ensuing Annual General Meeting i.e. the date upto which Mr.B.R.Nahar in whose place he has been appointed would have held his office and being eligible offer himself for appointment. The resolution seeking his appointment as Director is included in the notice of the Annual General Meeting.

Mr.S.K.Daga and Mr.Dinesh Chanda acted as Alternate Directors to Mr.Mats O Hansson and Mr.Magnus Kreuger respectively during the year except on vacation of office u/s 313(2) of the Companies Act, 1956 and until re-appointment thereafter.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Dr.Aravind Srinivasan, a Director, is due to retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment.



Mr.D.R.Bansal has been re-appointed as Managing Director of the Company for the period from 8th August, 2010 to 7th August, 2013, subject to the approval of shareholders. Details about Directors seeking appointment/re-appointment are given in the Notice of the ensuing Annual General Meeting 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 Cost Auditors for Cost Audit in respect of Cables.

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 qualify 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 Board of Directors also expresses its appreciation of the assistance and cooperation extended by the Indian co-promoter companies, viz. Universal Cables Limited and Vindhya Telelinks Limited and unstinted support, technical assistance and guidance received from Ericsson Group Companies.

Yours faithfully,

Harsh.V.Lodha

Magnus Kreuger

R.C.Tapuriah

Dr. Aravind Srinivasan

Arun Kishore

K.Raghuraman

D.R. Bansal

Chairman

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 31ST MARCH, 2010.**

(A) CONSERVATION OF ENERGY

The Company's operations do not involve substantial consumption of energy in comparison to the cost of production. Nevertheless, 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:

- Installation of high output extruders for Sheathing process.
- Tandemisation of manufacturing processes to reduce energy consumption.
- Reduction of compressed air line pressure in the plant by installation of air pressure booster in certain critical production lines.
- Installation of additional Automatic Power Factor Control Panel to improve the Power Factor to 0.99.
- Proper maintenance of all machinery & other equipments and timely replacement of worn out components besides maximum utilization of available resources by bringing awareness amongst employees/workers.
- Consistent quality power supply to critical production machinery through UPS system resulting in improved power factor, reduced dependence on captive power and avoidance of uninformed power outages.

(B) TECHNOLOGY ABSORPTION

I. Research and Development (R&D)

1. Specific areas in which R&D carried out by the Company
 - (a) Innovate and improve process capability, attain global benchmarks with considerable focus on the operational excellence.
 - (b) Design and development of special products as per evolving technical standards in the industry and new fibre optic network architecture in broadband access fixed networks.
 - (c) Fine tuning of design parameters based on indepth discussions and evaluation of customers feedback on product quality for enhanced variety of applications.
 - (d) Continue to adopt innovation and emerging technologies as future growth drivers and build consumer interface with ingredient branding.
 - (e) The company has focused its attention on development of Structured Data Cables for premise networks and other value added applications.
2. Benefits derived as a result
 - (a) Enhanced flexibility and agile manufacturing keeping abreast of the changing needs of customers, launching of new products including line extensions of existing products which were developed by using inhouse R & D capabilities, marked improvement in productivity and overall operating efficiencies besides consistency/stability in products.
 - (b) Successful launch of Dry Core Fibre Optical Cable and Micro Cables for new emerging applications, besides securing approval for Flexible Power Cables & Cords from BIS as per IS 694.
 - (c) Leveraging the core technological expertise that the Company has acquired over the years in order to stimulate demand by developing and offering innovative quality new products and services.
 - (d) Alignment of products meeting enhanced applications by modifying technical specifications and manufacturing processes.
3. Future plan of action
Continuation of the ongoing efforts to be globally competitive and excel in the core business activities by focusing on customer orientation, technological capability, innovation and renovation of products, design capabilities and quality.
4. Expenditure on R & D
R & D Expenditure have not been accounted for separately.

II. Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation
 - (a) Company has an ongoing access to the international technology from its technical collaborator and absorbs and adapts the technologies on a continuous basis to meet its specific needs from time to time.
 - (b) Analysing feedback from end users to improve quality of products.
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.
 - (a) Embraced innovation and R&D based excellence for productivity and new market development, upgraded technologies and production processes, the efficiency of supply chain, creation of new products and also line extensions of some of the existing products.
 - (b) Integration of human and technical resources to enhance workforce performance and satisfaction. As a result, the engineering staff is very keenly harnessing the best of technology products.
 - (c) Unmatched understanding of customer needs and a detailed knowledge of available solutions. As a result, the Company has been able to expand its business reach apart from becoming more competitive.
 - (d) Initiatives on lean practices by implementing 5S, Kaizen, Process Layout improvement and reduction in changeover time.



3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished—

- | | | |
|---|---|---|
| (a) Technology imported | : | The Company has not imported any technology in the last five financial years. However, the Company has been receiving technical information and assistance from its Collaborator, Ericsson Cables AB, Sweden on an ongoing basis. |
| (b) Year of Import | : | Not Applicable |
| (c) Has technology been absorbed? If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action | : | The technical information are adapted and absorbed by the Company through continuous experimentation of its qualified and trained employees. |

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings (Excluding exports to Nepal Rs. 991.74 lacs)	:	Rs. 1305.77 lacs
Outgo	:	Rs. 1984.48 lacs

Yours faithfully,

Harsh V. Lodha

Chairman

Magnus Kreuger

R.C. Tapuriah

Dr. Aravind Srinivasan

Arun Kishore

K.Raghuraman

Directors

D.R.Bansal

Managing Director

New Delhi, May 11, 2010

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement relating to Corporate Governance with the Stock Exchanges, all the Board Members and the Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct during the financial year 2009-10.

For Birla Ericsson Optical Ltd.

Place : Rewa

Date : April 28, 2010

D.R. Bansal

Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE SHAREHOLDERS OF BIRLA ERICSSON OPTICAL LIMITED

- We have examined the compliance of conditions of corporate governance by Birla Ericsson Optical Limited for the year ended on 31st March 2010, as stipulated in Clause 49 of the listing agreement of the Company with stock exchanges.
- The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.
- We state that in respect of investor grievances, the Registrar and Share Transfer Agents of the Company has maintained the relevant records and certified that as on 31st March 2010 there were no investor grievances pending against the Company for a period exceeding one month.
- We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

R. Raghuraman
Partner

Membership No. 81350

Place : New Delhi

Date : May 11, 2010



Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Company's operations are predominantly classified into Wire and Cables comprising primarily Optical Fibre Cables (OFC), Polyethylene Insulated Jelly Filled Telephone Cables (JFTC) and other variants of telecom cables.

OFC is mainly used in long distance networks and generally forms the backbone of all telecom networks. Transmission in the telecommunications networks of today is becoming more and more digital and the need for broadband access has resulted in OFC increasingly becoming the transmission medium of choice with inherent capacity to transmit all forms of communication (voice, data and video). With traffic likely to grow in the future, significant investment is likely to flow towards laying of optic fibre network which offers faster connection with ultra high speed than wireless by many orders of magnitude. The advent of 3G and LTE will make it more important for telecom operators to roll out optic fibre based transmission networks, which have the high bandwidth capabilities necessary to support 3G applications. India has become the world's third largest domestic OFC market in the year 2009.

The Indian market for copper telecom cable viz. Jelly Filled Telephone Cable (JFTC) has been passing through a very difficult time 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. Presently, the market for JFTC is primarily driven by last mile connectivity besides repair & maintenance activities of the existing telecommunication networks owned predominantly by the two state owned companies viz. Bharat Sanchar Nigam Ltd. and Mahanagar Telephone Nigam Ltd. However, marked acceleration in the take-off of broadband services in India is likely to mean some recovery in demand for copper telecom cables, as provision of broadband connection via DSL over copper pairs requires good quality access lines.

OVERALL REVIEW

Business Review and Outlook

The growth in Indian Telecom sector continues unabated. The total number of telephone subscribers in India reached 621.28 millions at the end of March, 2010 with an overall teledensity of 52.74 percent making India the third largest telecom subscribers base in the world. However, rural teledensity is abysmal as compared to urban teledensity which has reached close to 80 percent. In order to correct the wide disparity, the Government plans to provide financial support for rolling out networks by the telecom operators in rural regions by offering subsidies in large measure from the Universal Service Obligation (USO) Fund which was set up in 2002 to provide basic services. In December, 2006 an amendment in the Indian Telegraph Act led to a widening in the scope of the USO Fund whereby the broadband connectivity and general infrastructure like optic fibre communications augmentation were, inter alia, brought under its ambit. To achieve these objectives, optic fibre connectivity throughout the length and breadth of country is essential for carrying large volumes of data and backhaul in turn, is critical for providing mobile and wireless broadband services. The Government is keen to encourage investment in the country's telecom networks and is providing incentives in support of telecom networks in rural areas from USO Fund which will lead to exponential growth in demand for Optical Fibre Cables in foreseeable future.

Further, the much awaited process of auction of 3G spectrum in India has already commenced which will bring next phase of growth and technology leap with services launches lined up towards 2010 end. 3G and BWA services will be able to provide the benefit of voice, broadband connectivity, high speed data downloading & computing and audio and video screening to the common man on their mobile devices. This will also pave the way for deployment of optical transmission platforms and infrastructure to support the roll out of 3G networks which provide greater bandwidth efficiency and decrease in operating costs as data traffic grows exponentially and revenues per bit decline. The demand for high speed and bandwidth hungry applications in 3G networks will make optical fibre based transmission a necessity promising huge opportunity for OFC manufacturers.

In a move that could add to the broadband uptake in the country, Indian railways is also planning to roll out 15000 route KM of Optical Fibre Cable through the Public Private Partnership route. This cable infrastructure will be utilized to offer broadband services across the country and will allow Optical Fibre Cable manufacturers to partner Railways in the venture. In addition to this, the tenders floated by BSNL on behalf of Indian Army & Navy, for laying nation wide Optical Fibre Cable backbone networks will accelerate the demand for OFC in a sizeable way.

Jelly Filled Telephone Cables (JFTC)

The Company's sales turnover on account of JFTC reduced from Rs.2979.61 lacs in the previous year to Rs.1243.04 lacs during the year under review, mainly due to sharp contraction in demand from BSNL leading to further erosion in margins and profits in the remaining small business from other customers. The JFTC business has been undergoing the shift to Specialty Cables for wireless and broadband applications that has been predicted for in last few years. In line with the market



trends, the Company's overall revenue share from JFTC business has come down drastically from 66% to approx. 13% in the last 4 years with a significant shift in turnover to Specialty Copper Cables which have contributed over 25% of the total sales revenue from manufactured goods during the year. The Company, has launched a slew of new products keeping abreast with the demand from customers and to derisk the revenue model and has successfully executed orders aggregating to Rs.2455.35 lacs during the year under review. The focus by some of the private operators is also shifting towards Structured Copper cables for giving Broadband connections to both residential and corporate consumers, where the Company is planning to reap more opportunities. The upgradation in the production facilities and the capability of producing different variant of copper cables as well as the ability to cater to the stepped-up demand for such products has enabled the Company to spread the customer base in order to offset impact of rapidly declining traditional JFTC business.

Optical Fibre Cables (OFC)

The drop in revenue from OFC business at Rs.5728.09 lacs as compared to Rs. 8054.86 lacs in the previous year is mainly due to lower demand from certain key private sector customers and deferment of tender for high fibre count Ribbon type OFC by BSNL. However, the Company's strong emphasis on expanding its product base by launching various customized cables by leveraging its technical expertise, world class production facilities and corporate brands have yielded rich dividend resulting in a increased export turnover during the year under review. The Company has been constantly looking for export opportunities in order to cope with lower demand in domestic market which is evident from the Company achieving an export sales of Rs.1140.34 lacs as compared to Rs.190.72 lacs in the previous year. The momentum in export turnover is expected to continue based on the encouraging response from the satisfied customers in the overseas markets.

Addressing 'India Telecom 2009' the Prime Minister expressed concern at the digital divide between urban and rural and the said programme for providing broadband connectivity to all the gram panchayats in the country will be completed by 2010. Apart from this the auctions for 3G and wireless broadband spectrum which will be held during the next financial year 2010-11 will provide huge opportunities for your Company to bag sizeable orders.

Despite the increase in demand of OFC, there may not be any significant improvement in the domestic OFC prices and 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.

Keeping this in view, the Company has taken a strategic decision to participate in turnkey projects which eventually will lead to additional revenue opportunities by cross-marketing its business to the customers besides helping in retention of the customers under the changed business environment.

Financial Review

- (a) The gross sales decreased by 20.82% to Rs.10518.79 lacs as compared to Rs. 13284.26 lacs in previous year primarily due to substantial decline in sales of JFTC/OFC both in value and volume.
- (b) The other income has increased to Rs.182.29 lacs as against Rs.156.54 lacs in the previous year due to substantial increase in interest on inter corporate deposits and increased export benefits.
- (c) The raw material consumption and other charges were lower as compared to previous year due to reduction in production level.
- (d) The financial charges decreased from Rs.71.47 lacs in previous year to Rs.70.54 lacs mainly due to lower utilization of working capital limits during the year under review. Also, the interest cost has come down to Rs.74.33 lacs (previous year Rs.121.64 lacs) due to better receivable management throughout the year.
- (e) Despite reduction in the turnover from Rs. 13284.26 lacs to Rs.10518.79 lacs in the financial year under review, the Company has recorded a gross profit (profit before depreciation) of Rs.586.59 lacs as against the gross loss (loss before depreciation) of Rs.199.89 lacs.
- (f) There was no change in the capital structure during the year. However, the increase in Reserves & Surplus of Rs.228.20 lacs is because of the net profit in the current year.
- (g) The additions to the fixed assets of Rs.371.78 lacs during the year mainly comprise of installation of Metal Tape Armouring attached for Sheathing Line, Wire Armouring machine, Fine Wire Drawing machine, Double Twist Bunching machine and upgradation of certain machinery, etc.
- (h) For detailed information on the financial performance with respect to operational performance, a reference may please be made to the financial statements.

OPPORTUNITIES AND THREATS

The overall telecom cables market has shown negative growth during the year 2009-10, but driving forces such as the tremendous growth experienced by the wireless telecom sector with subscriber base growing by the day, the entry of new telecom operators, and the impending auction of the 3G spectrum, point toward the significant growth potential in the near future.

Optic fibre cables currently rule the telecom cables market in India. The overall trend of the technologies is focused on data and converged services, and making the solutions more robust. This is bolstered by the fact that there has been a constant



rise in Copper prices in the last few years driven primarily due to the shortage of the supply, thereby shifting the focus of Wireline market to Optic fibre cables. Besides, Bandwidth is a major constraint in the Indian market which has further fuelled the increase in demand for Optic fibre cables.

FTTx deployment is on the telecom service providers priority list. The concerted initiatives by both BSNL and MTNL to begin roll out of FTTH across the country to provide high speed broadband and triple play services will potentially help boost the demand for Optical Fibre Cables in future with current demand mainly being driven by the long distance and metro networks. Several other prominent pan-India telecom service providers, rail operator, gas and power utilities, Cable TV Companies and realty developers too are evaluating the techno-commercial benefits of this technology which on implementation will augment the demand for OFC.

Though India ranks amongst the lowest rank in the world in broadband base, the Government's ambitious plan to lay a nationwide Optical Fibre Cable network to bring the country's 12 lacs villages into the high speed internet fold may result in an explosive growth of OFC business.

Telecommunication is a regulated industry and regulatory changes affect both our customers and us. However, as explained above the Government's ambitious targets for telecommunication expansion and broadband penetration seamlessly upto village levels should see favourable regulatory environment in India.

The customer base in telecommunication cable industry is relatively concentrated. The Company has, however, been able to retain and expand its customer base in domestic and overseas market places with enlargement of products range and consistent quality. Your Company with the excellent brand image apart from the value addition from the Joint Venture Partner viz. Ericsson AB, Sweden, is set to capitalize the surging growth opportunities in exports to a great extent.

Telecom Sector is impacted substantially by government policies and investment. While no reversal in the planned investment is envisaged, prices and demand are definitely subject to changes in policies on tendering and indenting. This sector has a long term evolution strategy and the Government needs to locate the necessary environment for growth with the Indian Optical Fibre Cables and LAN Data Cable market now forecast to be set for a period of strong growth, a number of leading international cable manufacturers may enter the market which shall further intensify the cutthroat competition. The recent proposal mooted in certain quarters of the Government for unbundling of all fibre/copper long distance infrastructures may have an adverse impact on the growth of OFC business.

RISKS AND CONCERNS

Despite the fact that the Indian economy has not been severely affected by the global recession due to its strong fundamentals and the inclusive growth, the major risks for 2010-11 towards conducting the business for any corporate are listed as credit crunch, regulation and compliance, recession, cost cutting, non traditional entrants, managing talent and controlling the attrition, developing a risk free business model, etc. and the Company is fully aware of all the above risks and has adopted suitable measures to work more efficiently and responsively with long term vision and business acumen.

Technological

- (a) The consumption of JFTC per DEL is expected to remain low due to increasing telephone density and large scale deployment of wireless technology as compared to JFTC in access networks in India.
- (b) As against opting for Optical Fibre for broadband rollout plans, the BSNL's strategy of endorsing "ADSL modems" as a means to its broadband connectivity may impact demand of OFC in access network and Fiber-To-The-Home applications.
- (c) The Competition within the OFC business is becoming fierce due to emerging new technologies and frequent new product introductions in optical fibre arena by certain integrated overseas players that command competitive prices and preference in the market place.
- (d) In spite of the numerous advantages of laying optical fibre cables, the process meets resistance in the cities due to the very high Rights-of-Way (RoW) charges levied by local bodies besides inordinate delays and bureaucratic hurdles. Accordingly obtaining RoW clearances is an extremely time consuming and cumbersome process leading to deferment of network expansion plans by the telecom operators.

Financial

Financial risks would include, inter alia, low capacity utilization, unremunerative prices, highly concentrated customers base, shorter delivery schedule and liquidated damages, foreign exchange exposure and related exchange rates variation, commodity price including adverse movements in prices of raw-materials, warranty and security, current or future litigations, working capital management and interest rate, contingent liabilities, etc. In addition, the credit risks could increase, if the financial condition of Company's customers decline. The Company regularly identifies and monitors the financial risks as well as potential business threats and develops appropriate risk mitigation plans. The Company's crisis management capability is also reasonably honed to protect its reputation with its stakeholders.

INTERNAL CONTROL SYSTEMS

The Company's system of financial, operational and compliance control and risk management is embedded in the business process by which the Company pursues its objectives. The established system also provides a reasonable assurance on the efficiencies of operations, safety of assets besides orderly and legitimate conduct of Company's business in the circumstances



which may reasonably be foreseen. The Company has a defined organization structure, authority levels delegated powers, internal procedures, rules and guidelines for conducting business transactions.

During the year under review, the Company has significantly implemented the new Enterprise Resource Planning (ERP) SAP-R3 in the areas of finance, purchase, logistics. The earnest efforts are ongoing for successful implementation of the remaining modules of sales and production despite the constraints of modifying the same in line with industry specific peculiar non-standard procedures, to enable the Company to maximize the benefits of ERP implementation.

The Company has engaged a firm of Chartered Accountants for internal auditing, who besides conducting periodic audits, independently reviews and strengthens the control measures. The Internal Auditors regularly brief the Management and the Audit Committee on their findings and also on the steps to be taken with regard to deviations, if any.

ENVIRONMENT & SAFETY

The Company successfully continued with the implementation of industrial safety, quality and environmental protection measures and these are on going processes at the Company's plant and facilities. As a recognition of these objectives, the entire range of activities of the Company continue to remain certified to the requirement of international standard IS/ISO 14001:2004 by the Bureau of Indian Standards.

The Company has taken initiative for RoHS (Restriction of Hazardous Substances Directive) compliance in its products and manufacturing processes in accordance with existing and anticipated environmental legislations and relevant market requirements.

INDUSTRIAL RELATIONS & HUMAN RESOURCE DEVELOPMENT

The Company sees its relationship with its employees as critical to the future and believes that every employee needs to possess apart from competence, capacity and capabilities, sustainable values, current and contemporary which would make him useful, relevant and competitive in managing the change constructively for overall growth of the organisation. To this end, the Company's approach and efforts are directed towards creating a congenial work atmosphere for individual growth, creativity and greater dedicated participation in organisational development. In-house and external training and instructions are also provided to employees at all levels, which help in attaining professional and productive culture by a blend of technology and highly skilled manpower.

The Company is committed to maintain good industrial relations through active participation of workers, regular meetings and discussions on all legitimate and legally tenable issues. The Company employed 173 number of permanent employees on its Roll as on 31st March, 2010.

CAUTIONARY STATEMENT

Statements in the Management's Discussion & Analysis Report which seek to describe the Company's objectives, projections, estimates, expectations and predictions may be considered to be "forward-looking statements" as of the date of this report and are stated as required by applicable laws and regulations. Actual performance and results could differ materially from those expressed or implied and the Company owes no obligation to publicly update these forward looking statements to reflect subsequent events or circumstances. Market data and product analysis contained in this Report has been obtained from internal Company reports and industry publications, but their accuracy and completeness are not guaranteed and their reliability cannot be assured.

Report on Corporate Governance

The detailed Corporate Governance Report pursuant to Clause 49 of the Listing Agreement with the stock exchanges is set out below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

The Company's Philosophy on Corporate Governance envisages the attainment of corporate excellence by providing greater customer satisfaction, high employee morale and commitment, enhanced shareholder value and sensitivity to societal concerns by maintaining equilibrium between the aspirations of owners, employees, customers and other stakeholders. The Company believes that the governance process should ensure economic prosperity and long term value creation for the enterprise and its shareholders by applying implicit principles of independence, transparency, accountability and responsibility, fairness, investor protection, better compliance with statutory laws & regulations and societal concerns. The Company also respects the inalienable rights of its investors and other stakeholders to information on the performance of the Company based on highest professional, ethical and financial reporting standards.

2. BOARD OF DIRECTORS :

The present strength of the Board of Directors is eight (8), out of which four (4) are Independent Non-Executive Directors. The remaining four (4) Directors comprises of one Non-Executive Chairman, one Managing Director being nominees of Indian Promoters and two Non-Executive Directors representing Foreign Promoter Company as their nominees in accordance with the rights enshrined in the Joint Venture Agreement and Articles of Association of the Company. The constitution of the Board reflects compliance in respect of appointing independent directors in terms of Clause 49 of the Listing Agreement.

During the financial year ended on 31st March, 2010, four Board Meetings were held as per Statutory requirements on 11th May, 2009, 30th July, 2009, 30th October, 2009 and 28th January, 2010. The maximum time gap between any two meetings was not more than four months.

The following table gives the composition and category of the Directors on the Board, their attendance at the Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships/ Chairmanships held by them in other companies:-

Name of the Director	Category	Attendance Particulars		No. of other Directorships and Committee Memberships/Chairmanships		
		Board Meetings	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
Mr. Harsh V. Lodha (Chairman)	Non-Executive Chairman	4	No	9	1	3
Mr. Janne Sjoden (upto 30.07.2009)	Non-Executive	-	-	-	-	-
Mr. Magnus Kreuger	Non-Executive	2	No	None	None	None
Mr. Mats O. Hansson (w.e. from 30.07.2009)	Non-Executive	1	No	None	None	None
Mr. R.C. Tapuriah	Independent Non-Executive	4	No	10	2	3
Mr. A.P. Dadoo (upto 17.08.2009)	Independent Non-Executive	-	Yes	-	-	-
Dr. Aravind Srinivasan	Independent Non-Executive	2	No	None	None	None
Mr. B.R. Nahar (upto 11.05.2009)	Independent Non-Executive	-	-	-	-	-
Mr. Arun Kishore (w.e. from 30.07.2009)	Independent Non-Executive	3	No	1	None	None
Mr. K. Raghuraman (w.e. from 30.10.2009)	Independent Non-Executive	2	No	7	2	None
Mr. D.R. Bansal	Managing Director	4	No	3	2	None
Mr. S.K. Daga (Alternate to Mr. Mats O. Hansson)	Non-Executive	-	No	9	1	4
Mr. Dinesh Chanda (Alternate to Mr. Magnus Kreuger)	Non-Executive	2	No	1	2	None

**Notes:**

- (i) 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 Agreement(s) and reflects the Membership/Chairmanship of the Audit Committee and Shareholders/Investors' Grievance Committee alone of all other Public Limited Companies.
- (ii) The requirement that a Director shall not be a member of more than 10 Committees and Chairman of more than 5 Committees across all Companies in which he is a Director, has been complied with while constituting the Committee of Directors.
- (iii) No disclosure regarding number of other Directorship and Committee Membership/Chairmanship is given in the above table in respect of Mr. B.R. Nahar, Mr. Janne Sjoden and Mr. A.P. Dadoo on their having ceased to be a Director consequent upon resignation from such office with effect from 11th May, 2009, 30th July, 2009 and 17th August, 2009 respectively.
- (iv) Disclosure of the number of equity shares of the Company held by non-executive directors as on 31st March, 2010 - Mr. S.K. Daga (Alternate director) - 2000
- (v) None of the Directors on the Board of our Company enjoys any relationship with other Directors of the Company.

All material information are circulated to the directors before the meeting or placed at the meeting including minimum information as required under Annexure-IA of Clause 49 of the Listing Agreement(s). The Board has complete and unrestricted access to any information required by them to understand the transactions and take decisions. This enables the Board to discharge its responsibilities effectively and take informed decisions. The compliance report of all laws applicable to the Company as prepared and compiled by the Compliance Officer is circulated to all the Directors along with the Agenda and placed/reviewed in each Board Meeting.

The Board has laid down a Code of Conduct for all Board Members and senior Management Personnel of the Company and the same has been posted on the website of the Company. For the year under review, all Directors and senior Management Personnel of the Company have confirmed their adherence to the provisions of the said Code.

A brief resume and the profile of Directors retiring by rotation and eligible for appointment/re-appointment at the ensuing Annual General Meeting (AGM) and also of the Managing Director proposed to be re-appointed w.e. from 8th August, 2010 are given in the Notice of AGM of the Company, annexed to this Annual Report.

3. AUDIT COMMITTEE :

The Audit Committee was formed during the financial year 2000-01 and has been re-constituted over the years as per applicable legal and regulatory requirements from time to time. The existing Audit Committee consists of four Independent Non-Executive Directors as specified below:-

- (i) Mr. R.C. Tapuriah : Chairman (Independent Non-Executive Director)
- (ii) Dr. Aravind Srinivasan : Member (Independent Non-Executive Director)
- (iii) Mr. Arun Kishore : Member (Independent Non-Executive Director)
- (iv) Mr. K. Raghuraman : Member (Independent Non-Executive Director)

Notes:

- (i) Mr. B.R. Nahar and Mr. A.P. Dadoo ceased to be the members of the Committee on stepping down as Directors of the Company with effect from 11th May, 2009 and 17th August, 2009 respectively.
- (ii) Mr. R.C. Tapuriah and Mr. Arun Kishore have been co-opted as Members of the Audit Committee with effect from 30th July, 2009 and Mr. K. Raghuraman has been co-opted as Member of the Audit Committee with effect from 30th October, 2009.
- (iii) Mr. R.C. Tapuriah has been elected as the Chairman by the Members of the Audit Committee with effect from 30th October, 2009 consequent upon resignation of Mr. A.P. Dadoo from the membership and Chairmanship of the Audit Committee.

The constitution and composition of the Audit Committee also meets with the requirements of Section 292A of the Companies Act, 1956.

All the members of the Audit Committee are financially literate and having insight to interpret and understand financial statements.

Consequent upon the resignation of Mr. Dinesh Kumar Sonthalia, Secretary of the Company who acted as Secretary to the Audit Committee upto the date of his resignation. Ms. Poonam Mishra, Assistant Company Secretary of the Company was appointed as Secretary to the Audit Committee. The Company has also advertised for the recruitment of a Wholtime Company Secretary in compliance with the provisions of 383A of the Companies Act, 1956 and the recruitment is under process.

The functioning and terms of reference of the Audit Committee including the role, powers and duties, quorum for meeting and frequency of meetings are in accordance with Clause 49(II) of the Listing Agreement with Stock Exchanges besides complying with the requirements of Section 292 A of the Companies Act, 1956. The terms of reference of the Audit Committee include, inter alia, -

- (i) Oversight of the Company's financial reporting process and the disclosure of its financial information.
- (ii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees and also approval of payment for any other services rendered by the statutory auditors.

- (iii) Reviewing, with the management, the annual and quarterly financial statements before submission to the board for approval.
- (iv) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- (v) Discussion with internal auditors any significant findings and follow up thereon.
- (vi) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- (vii) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- (viii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors
- (ix) To review mandatorily the following information –
 - (a) Management discussion and analysis of financial condition and results of operations;
 - (b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - (c) Management letters/letters of internal control weaknesses issued by the statutory auditors;
 - (d) Internal audit reports relating to internal control weaknesses; and
 - (e) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

During the financial year ended 31st March, 2010, four Audit Committee Meetings were held and attendance thereof are given below:-

Name of Members	Meetings held and attendance particulars			
	May 11, 2009	July 30, 2009	October 30, 2009	January 27, 2010
Mr. A.P. Dadoo	Yes	Yes	–	–
Dr. Aravind Srinivasan	Yes	Yes	Yes	–
Mr. B.R. Nahar	Yes	–	–	–
Mr. R.C. Tapuriah	–	–	Yes	Yes
Mr. Arun Kishore	–	–	Yes	Yes
Mr. K. Raghuraman	–	–	–	Yes

The necessary quorum was present at all these meetings. While the Statutory Auditors and Internal Auditors attended all meetings, the Cost Auditors of the Company attended one meeting. President and other invited executives also attended the meetings to answer and clarify the issues raised at the meetings.

4. REMUNERATION COMMITTEE :

During the year, the composition of the Remuneration Committee constituted in pursuance of the provisions of the Listing Agreement and Schedule XIII to the Companies Act, 1956, has been changed with the co-option of Mr.Arun Kishore and Mr.K.Raghuraman as its members instead of Mr.B.R.Nahar and Mr.A.P.Dadoo ceased to be the members of the Committee on stepping down as Directors of the Company with effect from 11th May, 2009 and 17th August, 2009 respectively. Accordingly, the present Committee comprises of all three Independent Non-Executive Directors viz. Dr.Aravind Srinivasan as Chairman with Mr.Arun Kishore and Mr.K.Raghuraman, as its members.

The Remuneration Committee formulates and recommends to the Board from time to time a compensation structure for whole-time members of the Board. During the financial year ended on 31st March, 2010, the Remuneration Committee met only once on 11th May, 2009 which was attended by all the members. As per terms of reference, the Remuneration Committee recommended the Annual Increment of Mr.D.R.Bansal, Managing Director in the basic salary together with consequential increase in all other perquisites, allowances and benefits payable with effect from 1st April, 2009.

At present, the Company does not have any policy for payment of remuneration to Non-Executive Directors including Non-Executive Independent Directors except by way of sitting fees for each meeting of the Board or a Committee thereof attended by any such Director. While the sitting fees for attending the Audit Committee, Remuneration Committee and Share Transfer-Cum-Investors' Grievance Committee Meetings have been kept unchanged at the level of Rs.5000/-, Rs.5000/- and Rs.2000/- respectively throughout the year, the sitting fees payable for attending the Board Meeting was increased from Rs.5000/- per Meeting to Rs.15000/- per Meeting with effect from the Board Meeting held on 30th July, 2009. The details of remuneration paid to Directors/Managing Director for the financial year ended March 31, 2010, are set out below:-

(a) Non-Executive Directors:

Name of the Director	Sitting Fees (Rs. in lacs)
Mr. Harsh V. Lodha	0.50
Mr. Magnus Kreuger	0.30
Mr. Mats O. Hansson	0.15
Mr. R.C. Tapuriah	0.62
Mr. A.P. Dadoo	0.17
Dr. Aravind Srinivasan	0.44
Mr. B.R. Nahar	0.12
Mr. Arun Kishore	0.55
Mr. K. Raghuraman	0.35
Mr. S.K. Daga	–
Mr. Dinesh Chanda	0.20

(b) Managing Director:

(Rs. in lacs)

Name	Salary	Perquisites, etc.	Sitting Fees	Total
Mr. D.R. Bansal	10.80	4.05	0.56	15.41

- Notes:**
- Sitting fees include fees paid for attending Committee Meetings.
 - All appointments are non-contractual except that of the Managing Director which is for three years with effect from 8th August, 2007. The re-appointment of the Managing Director is conditional upon and subject to termination by three calendar months notice in writing on either side but no severance fees of any other kind is payable.
 - The Managing Director's remuneration as disclosed above is exclusive of contribution to gratuity fund and provisions for pension and leave encashment benefits which are based on actuarial valuation done on an overall company basis and hence not precisely ascertained.
 - As per the terms of agreement, for the purpose of Gratuity, Pension and other benefits, the services of the Managing Director will be considered continuous service with the Company from the date he joined the service of sister concern(s) or this Company in any capacity from time to time. However, in case of gratuity, any benefit already obtained from such sister concern(s) of the Company is deducted from the final amount payable.
 - Presently, the Company does not have any scheme for grant of Stock Options to its Directors, Managing Director or other employees.
 - None of the employees is related to any of the Directors of the Company.

5. SHARE TRANSFER-CUM-INVESTORS' GRIEVANCE COMMITTEE :

The Share Transfer-cum-Investors' Grievance Committee constituted by the Board acts in accordance with the terms of reference specified by the Board from time to time which, inter alia, include overseeing and reviewing all matters connected with investors' complaints and redressal mechanism besides approval or authorizations for issue of duplicate share certificate, share transfer/transmission/refusal of transfer/ consolidation/sub-division/dematerialisation or rematerialisation, etc. as per applicable statutory and regulatory provisions.

The compensation of the Share Transfer-cum-Investors' Grievance Committee and details of meetings attended by the members thereof are as follows -

Name of the Members	Category	No. of Meetings attended
Mr. A.P. Dadoo	Non-Executive Independent	1
Mr. B.R. Nahar	Non-Executive Independent	1
Dr. Aravind Srinivasan	Non-Executive Independent	2
Mr. R.C. Tapuriah	Non-Executive Independent	1
Mr. D.R. Bansal	Executive-Managing Director	3

Notes:

- Mr.B.R.Nahar and Mr.A.P.Dadoo ceased to be the members of the Share Transfer-cum-Investors' Grievance Committee on stepping down as Directors of the Company with effect from 11th May, 2009 and 17th August, 2009 respectively.
- Dr.Aravind Srinivasan and Mr.R.C.Tapuriah have been co-opted as Members of the Share Transfer-cum-Investors' Grievance Committee with effect from 30th July, 2009.

Dr.Aravind Srinivasan has been elected as the Chairman by the members of the Share Transfer-cum-Investor's Grievance Committee with effect from 30th October, 2009 consequent upon resignation of Mr.A.P.Dadoo from the membership and Chairmanship of the Share Transfer-cum-Investor's Grievance Committee. Mr.Y.S.Lodha, President of the Company has been designated as the Compliance Officer.

During the year ended 31st March, 2010 three meetings of the Committee were held on 11th May, 2009, 30th October, 2009 and 13th January, 2010.

During the year under review, 12 complaints (excluding those correspondences which are not in the nature of complaints) were received from shareholders and investors, directly or through regulatory authorities. All the complaints have been attended/resolved to the satisfaction of complainants during the year except in cases which are constrained by disputes or legal impediments or other sub-judice matters, if any. No request for share transfer was pending for approval as on 31st March, 2010.

6. GENERAL BODY MEETINGS :

Location and time where General Body Meetings were held in last three years are given below:

Financial Year	Type of Meeting	Date	Time	Venue of the Meeting
2006-07	AGM	18th July, 2007	11.30 A.M.	Registered Office of the Company at : Udyog Vihar, P.O.Chorhata, Rewa (M.P.) - 486 006
2007-08	AGM	14th August, 2008	11.30 A.M.	
2008-09	AGM	6th August, 2009	11.30 A.M.	

All the resolutions set out in the respective notices of the above mentioned meetings were passed by the members as ordinary resolutions except two special resolution(s) concerning re-appointment of Mr.D.R.Bansal as Managing Director and alteration of Articles of Association of the Company which were passed on show of hands. No special resolution was passed through Postal Ballot during 2009-10. None of the Businesses proposed to be transacted in the ensuing Annual General Meeting requires passing a special resolution through Postal Ballot.

7. DISCLOSURES :

- (a) There are no materially significant related party transactions entered into by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. A statement in summary form of transactions with the related parties during the year in the ordinary course of business is disclosed in Note B.9 of Schedule-21 to the accounts in the Annual Report.
- (b) The Company has complied with the requirements of Stock Exchanges, Securities and Exchange Board of India and other statutory authorities on matter relating to capital markets during the last three years and consequently no penalties or strictures have been imposed on the Company by these authorities.
- (c) The Company has generally complied with all the mandatory requirements as stipulated under revised Clause 49 of the Listing Agreement with the Stock Exchanges, to the extent these apply and extend to the Company.
- (d) While preparation of the financial statements during the year under review, no accounting treatment which was different from that prescribed in the Accounting Standards was followed. The significant accounting policies applied in preparation and presentation of financial statements have been set out in Schedule-21 forming part of the accounts in the Annual Report.
- (e) The Company has laid down procedures to inform the Board Members about the risk assessment and minimization procedures covering the entire gamut of business operations of the Company. These procedures are periodically reviewed to ensure that executive management controls risks by means of a properly defined framework.
- (f) The designated senior Management Personnel of the Company have disclosed to the Board that no material, financial and commercial transactions have been entered into during the year under review in which they have personal interest, which may have a potential conflict with the interest of the Company at large.
- (g) The CEO (Managing Director) and the CFO (President) have furnished a duly signed Certificate to the Board for the year ended 31st March, 2010 in accordance with the provisions of revised Clause 49.V of the Listing Agreement(s) and the same has been placed in the Board Meeting held on 11th May, 2010.
- (h) In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, Mr.Y.S.Lodha, President has been designated as the Compliance Officer of the Company under the Company's Code of Conduct for Prevention of Insider Trading. He is responsible for adherence to the Code by the Company and its designated employees. The Company also adheres to the disclosure practices for Prevention of Insider Trading as specified in the aforesaid SEBI Regulations.
- (i) The Company has presently not adopted the non-mandatory requirements in regard to maintenance of Non-Executive Chairman's office, tenure of independent directors, sending half-yearly declaration of financial performance to each household of shareholders, training of Board Members, Mechanism for evaluating non-executive Board Members and establishment of whistle Blower policy, etc. The Company has, however, constituted a Remuneration Committee, which has been dealt elaborately in point No.4 of this Report.

**8. MEANS OF COMMUNICATION :****(a) Quarterly Results:**

Quarterly results are taken on record by the Board of Directors and submitted to the Stock Exchanges as per requirements of the Listing Agreements.

(b) Newspapers wherein results are normally published:

English Newspaper – Financial Express (all editions)
Vernacular Newspaper – Dainik Jagran (Rewa edition)

(c) Any website, where displayed :

www.birlaericsson.com

Annual Report of the Company is also available on the above website in a user friendly form. In addition, as per the requirement of Clause 51 of the listing agreement(s), all the required financial and other information have also been posted regularly on SEBI's website www.sebidifar.nic.in. However, this information filing Clause stands withdrawn under the listing agreement(s) with effect from April 1, 2010.

(d) Whether it also displays official news releases : No**(e) The presentations made to institutional investors or to the analysis : NIL****9. GENERAL SHAREHOLDER INFORMATION :****9.1 Annual General Meeting:**

- Date and Time : 25th June, 2010 at 12.30 P.M.
- Venue : Registered Office of the Company at
Udyog Vihar,
P.O. Chorghata,
Rewa (M.P.) – 486 006

9.2 Financial Calendar (2010-11) :
(tentative)

- Quarter ending June 30, 2010 : Last week of July, 2010
- Quarter ending September 30, 2010 : Last week of October, 2010
- Quarter ending December 31, 2010 : Last week of January, 2011
- Quarter ending March 31, 2011 : Second week of May, 2011

9.3 Book Closure date(s) : Friday, June 18, 2010 to Friday, June 25, 2010
(both days inclusive)**9.4 Dividend Payment date : Not Applicable****9.5 Listing on Stock Exchanges :**

- (a) Bombay Stock Exchange Ltd. (BSE)
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001
- (b) National Stock Exchange of India Ltd. (NSE)
Exchange Plaza, Plot No. C-1, G.Block,
Bandra-Kurla Complex,
Bandra (East),
Mumbai – 400 051

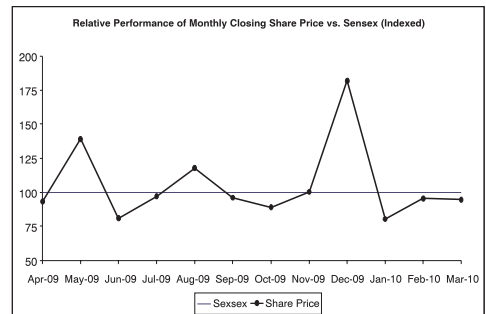
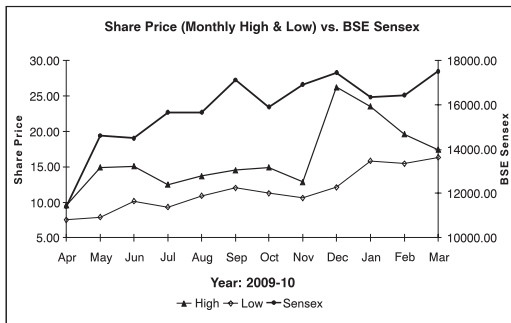
The Company has timely paid the Annual listing fees for the financial year 2009-10 to BSE & NSE.

9.6 Stock Code – Physical : BSE, Mumbai – 500060
NSE, Mumbai – BIRLAERIC EQ
Demat ISIN Number for NSDL & CDSL : INE800A01015**9.7 Market Price Data :**

Monthly high and low quotations of shares and Volume of Equity Shares traded on Bombay Stock Exchange Ltd., Mumbai (BSE) and National Stock Exchange of India Ltd, Mumbai (NSE) are as follows :

Month	BSE			NSE		
	High (in Rs.)	Low (in Rs.)	Monthly Volume (in Nos.)	High (in Rs.)	Low (in Rs.)	Monthly Volume (in Nos.)
April, 2009	9.59	7.50	92456	9.10	7.50	139479
May, 2009	14.90	7.91	499205	15.00	7.80	716084
June, 2009	15.10	10.14	162540	15.00	10.15	156448
July, 2009	12.50	9.30	122124	12.40	9.15	76858
August, 2009	13.75	10.93	214115	13.80	11.00	121662
September, 2009	14.52	12.01	326413	14.60	12.00	261083
October, 2009	14.95	11.25	259917	14.95	11.50	204853
November, 2009	12.90	10.60	117547	13.80	10.55	105881
December, 2009	26.30	12.10	3214914	26.90	11.75	3197765
January, 2010	23.50	15.90	917669	24.00	15.80	912195
February, 2010	19.60	15.50	281081	19.55	15.50	214822
March, 2010	17.45	14.90	241874	18.00	15.00	253870

9.8 Share price performance in comparison to broad based indices - BSE Sensex:



9.9 Registrar and Share Transfer Agents :

M/s Link Intime India Pvt. Ltd.
 C-13, Pannalal Silk Mills Compound
 L.B.S. Marg, Bhandup (West) Mumbai – 400 078
 Phone : +91-22-25946970
 Fax : +91-22-25946969
 Email : rnt.helpdesk@linkintime.co.in

9.10 Share Transfer System:

The trading in Company's Equity Shares on the stock exchanges is permitted only in dematerialised form for all classes of investors as per notification issued by the Securities and Exchange Board of India (SEBI).

All transactions in connection with transfer, transmission, etc. are processed by the Registrar and Share Transfer Agents of the Company on fortnightly basis and the same are placed before the Committee of Directors/Committee of Officers, as the case may be, for approval at regular interval. With a view to expediting the process of share transfer in physical segment, the Board of Directors has delegated the authority to a Committee of Officers for approving transfer upto 1000 equity shares in each request. A summary of transfer/transmission of equity shares so approved by the Committee of Officers is placed at every Board Meeting. The average time taken for processing Share Transfer requests in physical form including despatch of Share Certificates is generally three weeks on receipt of duly completed documents in all respects. The request for dematerialisation of equity shares is generally confirmed/rejected within an average period of 15 days. The Company obtains from a Company Secretary in practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with stock exchanges and files a copy of the certificate with the stock exchanges.

The Company's representatives visit the office of the Registrar and Share Transfer Agents from time to time to monitor, supervise and ensure that there are no delays or lapses in the system.

9.11 (a) Distribution of Shareholding as on 31st March, 2010:

No. of Equity Shares held	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shareholding
1 – 500	30877	91.98	4441697	14.81
501 – 1000	1519	4.52	1298229	4.33
1001 – 2000	587	1.75	902730	3.01
2001 – 3000	229	0.68	591495	1.97
3001 – 4000	69	0.21	249557	0.83
4001 – 5000	112	0.33	541707	1.80
5001 – 10000	106	0.32	769920	2.57
10001 and above	71	0.21	21204665	70.68
GRAND TOTAL	33570	100.00	30000000	100.00
Physical Mode	12833	38.23	21458587	71.53
Electronic Mode	20737	61.77	8541413	28.47

(b) Category of Shareholders as on 31st March, 2010:

Category	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shareholding
Indian Promoter & Promoter Group*	33	0.10	11655943	38.85
Foreign Promoter*	1	–	8250000	27.50
Resident Individuals & Corporates	33309	99.22	9725363	32.41
Financial Institutions/Banks/Mutual Funds	8	0.02	3520	0.01
NRI's	140	0.42	92595	0.31
Society	6	0.02	91240	0.31
Clearing Member	73	0.22	181339	0.61
GRAND TOTAL	33570	100.00	30000000	100.00

* For definitions of "Promoter Shareholding" and "Promoter Group" refer to Clause 40A of Listing Agreement(s) with the stock exchanges.

9.12 Dematerialisation of Shares and liquidity: 8541413 equity shares representing 28.47% of the total Equity Capital of the Company are held in a dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services(India) Limited(CDSL) as on 31st March,2010.

Company's shares are reasonably liquid and are quite actively traded on the Bombay Stock Exchange Ltd.(BSE) and National Stock Exchange of India Ltd.(NSE). Relevant data for the approximate average daily turnover in terms of volume for the financial year 2009-10 is given below :

BSE	NSE	BSE+NSE
26543	26177	52720

(Source: This information is compiled from the data available from the websites of BSE and NSE)

9.13 Outstanding GDRs/ADRs/ Warrants or any Convertible instruments, Conversion date and likely Impact on equity: The Company has not issued any of these instruments so far.

9.14 Plant Location: Udyog Vihar Industrial Area, P.O. Chorhata, Rewa (M.P.) - 486 006

9.15 Address for Correspondence:

M/s Link Intime India Pvt. Ltd.
 C-13, Pannalal Silk Mills Compound
 LBS Marg, Bhandup (West)
 Mumbai – 400 078
 Phone : +91-22-25946970
 Fax : +91-22-25946969
 Email : rnt.helpdesk@linkintime.co.in

OR Share Department
 Birla Ericsson Optical Ltd.,
 Udyog Vihar, P.O. Chorhata,
 Rewa (M.P.) - 486 006
 Phone: +91-7662-400580
 Fax : +91-7662-400680
 Email : headoffice@birlaericsson.com or
 investorservices@birlacables.com



Auditors' Report

TO THE SHAREHOLDERS OF BIRLA ERICSSON OPTICAL LIMITED

1. We have audited the attached Balance Sheet of Birla Ericsson Optical Limited as at 31st March, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted the audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.
3. We report that:-
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of these books;
 - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of Account;
 - (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 to the extent applicable;
 - (v) on the basis of written representation received from the directors and taken on record by the Board of Directors, we report that none of the directors are, prima facie, disqualified under Section 274(1)(g) of the Companies Act, 1956 as on 31st March, 2010 from being appointed as director of the Company;
 - (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of cash flow statement, of the cash flows for the year ended on that date.
4. As required by the Companies (Auditor's Report) Order, 2003 issued by the Department of Company Affairs, Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report on the matters specified in paragraphs 4 and 5 of the said Order as under:
 - i.
 - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The management has physically verified the fixed assets at the year end, the frequency of which, in our opinion is adequate. No material discrepancies were noticed on such verification.
 - (c) Since there is no substantial disposal of fixed assets during the year, the preparation of financial statements on a going concern basis is not affected on this account.
 - ii.
 - (a) The stock of raw materials, stores, spare parts and packing materials, except stock in transit, have been physically verified by the management at reasonable intervals.
 - (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
 - iii.
 - (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register required to be maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (b), (c), and (d) of the Order are not applicable to Company.
 - (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register required to be maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (f) and (g) of the Order are not applicable to Company.
 - iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.



- v. According to the information given to us, there are no contracts or arrangements during the year that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956.
- vi. The Company has not accepted any deposits from the public in terms of sections 58A and 58AA or any other relevant provisions of the Act and the rules made there under.
- vii. A firm of Chartered Accountants has carried out internal audit during the year. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business;
- viii. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 and are of opinion that prima facie, the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate and complete.
- ix. (a) The Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities though there has been a slight delay in few cases. No undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they became payable.
- (b) There are no amounts in respect of sales-tax, income-tax, customs duty, wealth-tax, service-tax, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute, other than those mentioned below:-

Name of the Statute	Nature of dues	Amount (Rs. in Lacs)	Period to which relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	0.09	F.Y. 1997-98	Central Excise Service Tax Appellate Tribunal (CESTAT) New Delhi.

- x. In our opinion the accumulated losses of the Company are not more than fifty percent of its net worth. Further, the Company has not incurred cash losses during the financial year covered by our audit. However, it incurred cash losses in the immediately preceding financial year.
- xi. On the basis of the verification of records and information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks. The Company has not issued any debentures during the year.
- xii. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable to the Company.
- xiii. The Company does not carry on the business of a Chit fund/Nidhi/Mutual Benefit Fund. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- xiv. The Company is not dealing or trading in shares, securities, debentures and other investments.
- xv. According to information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- xvi. In our opinion, the term loans have been applied for the purpose for which they were raised.
- xvii. According to the information and explanations given to us, the cash flow statement examined by us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have not been used for long term investment.
- xviii. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- xix. The Company has neither issued nor had any outstanding debenture during the year.
- xx. Since there were no public issue of securities during the year, verification of the end use of money does not arise.
- xxi. Based on the audit procedure performed and the representation obtained from the management, we report that no case of fraud on or by the Company has been noticed or reported during the year under audit.

For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

Place : New Delhi
Dated : May 11, 2010

R. Raghuraman
Partner
Membership no. 81350

**BALANCE SHEET AS AT MARCH 31, 2010**

	Schedule	As at March 31, 2010 Rs. in lacs	As at March 31, 2009 Rs. in lacs
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Share capital	1	3000.00	3000.00
Reserves and surplus	2	3575.61	3347.41
		<u>6575.61</u>	<u>6347.41</u>
LOAN FUNDS			
Secured loans	3	555.63	348.20
Unsecured loans	4	1852.92	2328.60
		<u>2408.55</u>	<u>2676.80</u>
	Total	<u>8984.16</u>	<u>9024.21</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	5	11182.93	10437.30
Less: Accumulated depreciation/amortisation		7972.30	7800.86
Net block		3210.63	2636.44
Capital work-in-progress		76.43	650.57
		<u>3287.06</u>	<u>3287.01</u>
INVESTMENTS	6	1406.19	1406.19
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	1593.37	2088.42
Sundry debtors	8	2344.35	2208.88
Cash and bank balances	9	912.36	1116.13
Other current assets	10	27.03	33.99
Loans and advances	11	645.94	619.53
		<u>5523.05</u>	<u>6066.95</u>
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	12	1078.34	1576.78
Provisions	13	153.80	159.16
		<u>1232.14</u>	<u>1735.94</u>
NET CURRENT ASSETS		<u>4290.91</u>	<u>4331.01</u>
	Total	<u>8984.16</u>	<u>9024.21</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS 21

The schedules referred to above form an integral part of the Balance Sheet.

As per our attached report of even date.

For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

R. Raghuraman
Partner
Membership No. 81350

Harsh V. Lodha
Magnus Kreuger
R.C. Tapuriah
Dr. Aravind Srinivasan
Arun Kishore
K. Raghuraman
D.R. Bansal

Chairman

Directors

Managing Director

New Delhi, May 11, 2010

New Delhi, May 11, 2010

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

	Schedule	For the year ended March 31, 2010 Rs. in lacs	For the year ended March 31, 2009 Rs. in lacs
INCOME			
Turnover (Gross)	14	10518.79	13284.26
Less:- Excise duty		<u>652.24</u>	<u>1479.26</u>
Turnover (Net)		9866.55	11805.00
Other income	15	182.29	156.54
	Total	<u>10048.84</u>	<u>11961.54</u>
EXPENDITURE			
Raw materials consumed	16	6910.51	9179.40
(Increase)/decrease in inventories	17	100.25	812.32
Cost of traded goods sold		606.37	31.98
Personnel expenses	18	628.44	685.85
Operating and other expenses	19	1071.81	1258.77
Financial expenses	20	144.87	193.11
	Total	<u>9462.25</u>	<u>12161.43</u>
PROFIT/ (LOSS) BEFORE DEPRECIATION/AMORTISATION AND TAX		586.59	(199.89)
Depreciation/amortisation		358.76	370.83
PROFIT/(LOSS) BEFORE TAX		<u>227.83</u>	<u>(570.72)</u>
(Excess)/ short provision for tax in respect of earlier years		(0.37)	(4.48)
Fringe benefit tax		-	8.75
Total tax (Credit)		<u>(0.37)</u>	<u>4.27</u>
NET PROFIT/(LOSS) FOR THE YEAR		228.20	(574.99)
Credit /(Debit) Balance brought forward		<u>(253.04)</u>	321.95
(Deficit) carried to Balance Sheet		<u>(24.84)</u>	<u>(253.04)</u>
Earnings per share (EPS)			
Weighted average number of equity shares in calculating basic and diluted EPS		30000000	30000000
Basic and diluted EPS (Nominal value of shares Rs.10/- each)		0.76	(1.92)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS 21

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account.

As per our attached report of even date.

For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

R. Raghuraman
Partner
Membership No. 81350

Harsh V. Lodha
Magnus Kreuger
R.C. Tapuria
Dr. Aravind Srinivasan
Arun Kishore
K. Raghuraman
D.R. Bansal

Chairman

Directors

Managing Director

New Delhi, May 11, 2010

New Delhi, May 11, 2010



SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

	As at March 31, 2010 Rs. in lacs	As at March 31, 2009 Rs. in lacs
SCHEDULE 1 : SHARE CAPITAL		
Authorized		
4,25,00,000 Equity shares of Rs.10/- each	4250.00	4250.00
75,00,000 Preference shares of Rs.10/- each	750.00	750.00
	<u>5000.00</u>	<u>5000.00</u>
Issued & Subscribed		
3,00,00,000 Equity shares of Rs.10/- each fully paid up	<u>3000.00</u>	<u>3000.00</u>

SCHEDULE 2 : RESERVES AND SURPLUS

Capital Reserve		
Balance as per last account	<u>15.00</u>	<u>15.00</u>
Securities Premium Account		
Balance as per last account	<u>2000.00</u>	<u>2000.00</u>
General Reserve		
Balance as per last account	1585.45	1585.45
Less : Debit Balance in Profit and Loss Account	(24.84)	(253.04)
	<u>1560.61</u>	<u>1332.41</u>
	<u>3575.61</u>	<u>3347.41</u>

SCHEDULE 3 : SECURED LOANS

Working Capital Loans from Banks		
Cash credit	107.53	-
Buyers Credit (for operational use)	159.54	-
Export packing credit	288.56	5.27
Term Loan	-	342.93
	<u>555.63</u>	<u>348.20</u>

Note: Working Capital Loans/Credit facilities including buyers credit (fund and non-fund based) and Term Loan from State Bank of India are secured by way of hypothecation of stock of Inventories, cash and other current assets, book debts, outstanding moneys, receivables, claims, bills, invoices, documents, contracts, etc., both present and future, and are further secured by way of hypothecation of all moveable fixed assets, both present and future, and first charge created by way of joint mortgage by deposit of title deeds of all immovable properties of the Company.

SCHEDULE 4 : UNSECURED LOANS

Sales tax loans	<u>1852.92</u>	<u>2328.60</u>
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Notes : (a) Repayment of dues within next twelve months Rs. 612.02 lacs (Rs.475.67 lacs).
 (b) Sales Tax Loans are as per scheme of State Government and for administration of these Loans, Madhya Pradesh State Industrial Development Corporation Limited (MPSIDC Ltd.) has been nominated by the State Government. As per the governing scheme, the deferred Sales Tax loan/liability subsists upto a period of ten years, commencing from the expiry of each financial year and is payable thereafter within 30 days in one instalment.



SCHEDULE 5: FIXED ASSETS

Rs. in lacs

Nature of fixed assets	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.04.2009	Additions during the Year	Deductions/ Adjustments	As at 31.03.2010	Upto 31.03.2009	Provided during the period	Deductions/ Adjustments	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
LEASEHOLD LAND	24.35	-	-	24.35	6.29	0.41	-	6.70	17.65	18.06
BUILDINGS	1030.77	-	-	1030.77	384.75	28.73	-	413.48	617.29	646.02
PLANT & MACHINERY	9252.92	917.67	195.20	9975.39	7345.65	317.37	184.59	7478.43	2496.96	1907.27
FURNITURE & OFFICE										
APPLIANCES	67.90	15.91	0.07	83.74	43.12	4.13	0.07	47.18	36.56	24.78
VEHICLES	43.11	7.53	5.02	45.62	15.19	3.59	2.66	16.12	29.50	27.92
INTANGIBLES (Software)	18.25	4.81	-	23.06	5.86	4.53	-	10.39	12.67	12.39
	<u>10437.30</u>	<u>945.92</u>	<u>200.29</u>	<u>11182.93</u>	<u>7800.86</u>	<u>358.76</u>	<u>187.32</u>	<u>7972.30</u>	<u>3210.63</u>	<u>2636.44</u>
CAPITAL WORK-IN-PROGRESS									76.43	650.57
									<u>3287.06</u>	<u>3287.01</u>
PREVIOUS YEAR	10215.26	229.90	7.86	10437.30	7437.39	370.83	7.36	7800.86	3287.01	

- Notes:** 1. Buildings include premises of Rs. 63.98 lacs (Rs. 63.98 lacs) given on operating lease. Written down value of the same at the end of the year was Rs. 55.56 lacs (Rs. 56.60 lacs) and depreciation charged during the year is Rs. 1.04 lacs (Rs. 1.04 lacs).
 2. Additions to Plant and Machinery during the year include interest expenses capitalised amounting to Rs.45.97 lacs.

	As at March 31, 2010 Rs. in lacs	As at March 31, 2009 Rs. in lacs
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SCHEDULE 6 : INVESTMENTS

Long Term Trade (At cost)

Quoted - Fully paid up equity shares of Rs. 10/- each

11,07,407 (11,07,407)	Universal Cables Limited	1404.04	1404.04
280 (280)	Birla Corporation Limited	0.13	0.13
100 (100)	Vindhya Telelinks Limited	0.06	0.06

Unquoted - Fully paid up equity shares of Rs. 10/- each

9,800 (9,800)	Universal Telelinks Private Limited	0.98	0.98
9,800 (9,800)	Universal Electricals Private Limited	0.98	0.98
		<u>1406.19</u>	<u>1406.19</u>

Aggregate amount of quoted investments - Book value	1404.23	1404.23
Market value of quoted investments (See Note B. 5 of Schedule 21)	928.20	396.48
Aggregate amount of unquoted investments - Book value	1.96	1.96



	As at March 31, 2010 Rs. in lacs	As at March 31, 2009 Rs. in lacs
SCHEDULE 7 : INVENTORIES (At lower of cost and net realisable value)		
Raw materials [including in transit Rs. 101.78 lacs (Rs. 141.36 lacs)]	813.23	1200.41
Stores, spares and packing material	261.86	269.50
Traded goods	1.41	1.39
Material under process	412.41	516.81
Finished goods	85.93	75.85
Scrap	18.53	24.46
	<u>1593.37</u>	<u>2088.42</u>
SCHEDULE 8 : SUNDRY DEBTORS		
Unsecured, considered good		
Over Six Months	200.01	133.39
Other Debts	2144.34	2075.49
	<u>2344.35</u>	<u>2208.88</u>
SCHEDULE 9 : CASH AND BANK BALANCES		
Cash on hand [including cheques/drafts in hand Rs. 320.04 lacs (Rs. 66.11 lacs)]	323.21	68.70
Balance with scheduled banks in		
– Current/collection accounts	107.42	11.90
– Cash credit	–	548.53
– Term deposit accounts (Pledged with banks and others)	481.73	480.12
– Unclaimed dividend accounts	–	6.88
	<u>912.36</u>	<u>1116.13</u>
SCHEDULE 10 : OTHER CURRENT ASSETS		
Unsecured, considered good		
Interest receivable on deposits and others	17.63	33.99
Assets held for disposal (At lower of net book value or net realisable value)	9.40	–
	<u>27.03</u>	<u>33.99</u>
SCHEDULE 11 : LOANS AND ADVANCES		
Unsecured, considered good		
Loans to Employees	31.38	25.98
Advances recoverable in cash or kind or for value to be received	117.69	47.63
Deposits	62.70	64.31
Balances with Customs, Central Excise, etc.	313.27	415.58
Advance Income Tax (net of provisions Rs. 28.78 lacs)	23.65	11.04
Claims, refunds etc. receivable	97.25	54.99
	<u>645.94</u>	<u>619.53</u>



	As at March 31, 2010 Rs. in lacs	As at March 31, 2009 Rs. in lacs
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SCHEDULE 12 : CURRENT LIABILITIES

Acceptances	212.85	210.38
Sundry creditors		
Dues to Micro and Small Enterprises (See Note B.6 of schedule 21)	–	0.29
Others	851.38	1272.42
Advance from customers	14.11	86.81
Unclaimed dividend*	–	6.88
	<u>1078.34</u>	<u>1576.78</u>

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

SCHEDULE 13 : PROVISIONS

For Compensated Absences	84.51	78.57
For Pension	69.29	80.59
	<u>153.80</u>	<u>159.16</u>

	For the year ended March 31, 2010 Rs. in lacs	For the year ended March 31, 2009 Rs. in lacs
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SCHEDULE 14 : TURNOVER

Finished Goods	9426.48	12849.64
Others	1092.31	434.62
	<u>10518.79</u>	<u>13284.26</u>

SCHEDULE 15 : OTHER INCOME

Interest:		
- on bank deposits [Tax deducted at source Rs.6.64 lacs (Rs. 5.74 lacs)]	44.13	64.53
- on inter corporate deposits etc. [Tax deducted at source Rs. 10.51 lacs (Rs. 0.44 lac)]	48.61	20.02
Dividend on long term trade investments	11.09	26.59
Unspent liabilities/sundry balances written back	8.52	18.47
Profit on disposal of fixed assets	3.45	0.10
Rent	4.80	4.80
Processing charges	4.84	2.97
Exchange rate fluctuation (Net)	5.79	–
Miscellaneous income	51.06	19.06
	<u>182.29</u>	<u>156.54</u>



	For the year ended March 31, 2010 Rs. in lacs	For the year ended March 31, 2009 Rs. in lacs
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SCHEDULE 16 : RAW MATERIALS CONSUMED

Opening Balance	1200.41	1830.05
Add: Purchases [Less : Sales and claims Rs. 424.70 lacs (Rs.778.13 lacs)]	6523.33	8549.76
	<u>7723.74</u>	<u>10379.81</u>
Less: Closing Balance	813.23	1200.41
	<u>6910.51</u>	<u>9179.40</u>

SCHEDULE 17 : (INCREASE)/DECREASE IN INVENTORIES

Closing Inventories		
Material under process	412.41	516.81
Finished goods	85.93	75.85
Scrap	18.53	24.46
	<u>516.87</u>	<u>617.12</u>
Opening Inventories		
Material under process	516.81	1287.38
Finished goods	75.85	34.40
Scrap	24.46	107.66
	<u>617.12</u>	<u>1429.44</u>
	<u>100.25</u>	<u>812.32</u>

SCHEDULE 18 : PERSONNEL EXPENSES

Salaries, wages, bonus and benefits, etc.	524.52	571.23
Contribution/provision for provident and other funds, etc.	57.20	69.19
Welfare expenses	46.72	45.43
	<u>628.44</u>	<u>685.85</u>

SCHEDULE 19 : OPERATING AND OTHER EXPENSES

Consumption of stores and spares	46.27	66.70
Packing materials	178.07	233.43
Power and fuel	238.41	266.72
Sales commission	51.38	30.32
Freight and transportation	73.46	34.25
Processing/job work and testing charges	86.86	60.76
Excise duty on Increase/(Decrease) in stocks	(0.12)	(6.67)
Rent	5.02	3.95
Rates & taxes	11.85	11.21
Insurance	9.28	10.79
Repairs & maintenance :		
- Plant & machinery	90.13	141.56
- Buildings	18.94	11.87
- Others	0.78	0.23
Travelling and conveyance	82.11	81.72
Director's sitting fees	3.96	1.72



	For the year ended March 31, 2010 Rs. in lacs	For the year ended March 31, 2009 Rs. in lacs
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SCHEDULE 19 : OPERATING AND OTHER EXPENSES (Contd.)

Auditor's remuneration		
Statutory auditors as auditors		
-Audit fees	4.00	4.00
-Tax audit fee	0.50	0.50
-Quarterly reviews	1.50	0.90
as others		
-Company law matters	0.50	0.30
-Certification etc.	0.30	0.30
-Out of pocket expenses	0.58	0.81
Cost auditors		
-Audit fees	0.30	0.30
-Reimbursement of expenses	-	0.06
Sundry advances/bad debts written off	4.06	6.03
Legal and professional	50.09	48.29
Deficit on fixed assets sold/ scrapped	5.50	0.11
Exchange rate fluctuation (Net)	-	156.85
Charity & donation	1.07	0.70
Miscellaneous expenses	107.01	91.06
	1071.81	1258.77

SCHEDULE 20 : FINANCIAL EXPENSES

Interest		
- on others	74.33	121.64
Bank charges	70.54	71.47
	144.87	193.11

SCHEDULE 21: ACCOUNTING POLICIES & NOTES ON ACCOUNTS**A. SIGNIFICANT ACCOUNTING POLICIES:****(1) Basis of Accounting:**

The financial statements of the Company are prepared and presented under the historical cost convention and comply in all material respects with the applicable accounting standards as notified by the Central Government vide the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956. All income & expenditure are accounted for on accrual basis except certain Insurance Claims, which are recognised on acceptance basis, as and when the amount whereof can be ascertained with reasonable certainty.

(2) Use of Estimates:

The preparation and presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/materialised.

(3) Revenue Recognition:

Revenue from the sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer which coincides with despatch of goods to customers. Revenue to the extent of Price Variation disputes, if any, which are subjected to resolution through arbitration is recognized based on interim relief granted by a Court and/or after receipt of revenue in execution of the final award in favour of the Company, as the case may be.

Interest income is recognised on time proportion basis. Dividend income is recognised when the right to receive payment is established.

Duty drawback and Duty Scrips are accounted in the year of export.

(4) Fixed Assets:

Fixed Assets are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements, renewals and insurance spares (determined on the basis of irregular use) are capitalised and expenditure for repairs and maintenance are charged to the Profit & Loss Account. When assets are sold or discarded their cost and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is included in the Profit and Loss Account.

(5) Depreciation:

Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 on pro-rata basis from the month the assets are put to use except in case of new project where it is provided for the period of use. Depreciation on sale of assets is provided upto the month prior to the month in which the assets are sold or disposed off. Depreciation on incremental cost arising on account of translation of foreign currency liabilities for acquisition of fixed assets and capitalised insurance spares is amortised over the residual life of the respective assets. Premium on leasehold land is amortised over the period of the lease.

An intangible asset is measured at cost and amortised so as to reflect the pattern in which the assets economic benefits are consumed. The useful life has been estimated as five years.

(6) Impairment:

The carrying amount of the fixed assets is reviewed at each Balance Sheet date for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognised in the financial statement when the carrying amount of fixed assets exceeds the assessed estimated recoverable amount. The recoverable amount is the greater of assets' net selling price or its value in use. An impairment loss is reversed if there has been change in recoverable amount and such loss either no longer exists or has decreased. Impairment loss/reversal thereof is adjusted to the carrying value of the respective assets.

(7) Investments:

- (a) Long Term Investments are stated at cost. The diminution, if any, in the value of investments, is recognised when such diminution is considered other than temporary.
- (b) Current Investments are stated at lower of cost and fair value.

(8) Leases:

Where the Company is the Lessor:

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the Profit and Loss Account on a straight line basis over the lease term. Costs, including depreciation are recognized as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc are recognized immediately in the Profit and Loss Account.

(9) Inventories:

Inventories except scrap materials are valued at lower of cost or net realisable value. Scrap materials are valued at net realisable value. Cost is computed on the moving weighted average basis and is net of cenvat/vat. Cost of finished goods and material under process is determined by taking direct materials, labour cost and related manufacturing overheads including depreciation based on normal operating capacity. Finished goods and scrap materials also include excise duty. Provision is made for cost of obsolescence and other anticipated losses, whenever considered necessary.

(10) Foreign Currency Transactions:

- (a) Transactions in foreign currencies are accounted for at the exchange rate prevailing on the date of the transaction. Foreign currency monetary assets and liabilities at the year end are translated using closing exchange rates except those covered by forward exchange contracts which are translated at contracted rates, where the difference between the contracted rate and spot rate on the date of the transaction is dealt with in the Profit and Loss Account over the life of the contract.



- (b) The exchange difference arising on settlement of monetary items or on reporting, these items at rates different from rates at which these were initially recorded/reported by previous financial statement are recognised as income/expenses in the period in which they arise.
- (c) In case of forward exchange contracts, the premium or discount arising at the inception of such contracts is amortised as income or expense over the life of contract as well as exchange difference on such contract, i.e. difference between the exchange rate at the reporting/settlement date and the exchange rate on the date of inception/the last reporting date, is accounted for as income/expense for the period.

(11) Employee Benefits:

The Company makes regular contributions to recognised Provident Fund/Family Pension Fund and also to duly constituted and approved Superannuation Fund, which are charged to revenue. Gratuity, Pension and Leave Encashment benefits payable as per Company's schemes are charged to Profit & Loss Account on the basis of actuarial valuation made at the end of each financial year by independent actuaries. Ex-gratia or other amount disbursed on account of selective employees separation scheme are charged to Profit and Loss Account. Actuarial gains and losses comprise experience adjustments and effects of changes in actuarial assumptions are recognized in the Profit and Loss Account in the year in which they arise.

(12) Interest on Borrowings:

Borrowings cost is charged to the Profit & Loss Account for the year in which it is incurred except for capital assets which is capitalised till the date of commercial use of the asset.

(13) Government Grants:

Government Grant of the nature of project subsidy is credited to Capital Reserve. Other Government Grants are credited to the Profit & Loss Account as deduction from the related expenses.

(14) Taxes on Income:

Tax expense for the relevant period comprises of current, deferred and fringe benefit tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

Deferred Tax is measured based on the tax rates and tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax is recognised, subject to consideration of prudence, on all timing differences between taxable income and accounting income that originate in one period and are capable of being reversed in one or more subsequent periods. However, Deferred tax assets arising on account of brought forward losses and unabsorbed depreciation are recognised only when there is virtual certainty of realisation of such assets backed by convincing evidence. Deferred tax assets are reviewed and assessed at the Balance Sheet date to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

(15) Contingent Liabilities & Provisions:

A disclosure for a contingent liability is made after careful evaluation of the facts and legal aspects of the matter involved, when there is a possible or present obligation that may, but probably will not require an outflow of resources. When there is possible or present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are recognised when the Company has a legal/constructive obligation and on management discretion as a result of a past event, for which it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made.

(16) Cash and Cash equivalents:

Cash and Cash equivalent in the cash flow statement comprises cash at bank and in hand and short-term investments with an original maturity of three months or less.

B. NOTES ON ACCOUNTS :

- (1) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advance) Rs. 335.58 lacs (Rs. 77.97 lacs).

- (2) Contingent liabilities not provided for:
- Claims against the Company, not acknowledged as debts Rs. 2.23 lacs (Rs. 1.91 lacs).
 - Appeal preferred by the Income Tax Department against appellate decisions in favour of the Company, wherein should the ultimate decision be unfavourable to the Company, the liability/demand is estimated to be Rs. 11.67 lacs (Rs. 11.67 lacs).
 - Unredeemed Bank Guarantees Rs.1771.28 lacs (Rs. 2122.10 lacs).
 - Unredeemed Bonds given to Customs/Central Excise Authorities Rs.1081.01 lacs (Rs. 968.51 lacs). There is, however, no default to date.

The future cash flow on these accounts [(a) & (b) above] is determinable only on receipt of the decision/judgements pending before the authorities.

- (3) The Company has filed a Law Suit against a supplier and its agent relating to the validity and existence of an alleged Agreement before a competent Court which is already seized of the said Suit. The supplier in order to over reach the said Law Suit has initiated an arbitration claiming recovery of value of the unsupplied goods for the period from October, 2002 to September, 2006 aggregating to Rs.5514.52 lacs (value 31.03.2010) [Rs. 5919.97 lacs (value 31.03.2009)]. The said arbitration proceedings have been stayed by the Order of the competent Court. The Company has been legally advised that the said claim against the Company is unsustainable and there is no likelihood of any liability arising against the Company.
- (4) Disclosure of Derivative Instruments and Unhedged Foreign Currency Exposure:

- (a) Particulars of Hedged Contracts outstanding at the Balance Sheet Date.

Particulars	Currency	March 31, 2010	March 31, 2009
Secured Loan	USD	347840	–
Acceptances	USD	464641	–
Sundry Creditors(Raw Material)	USD	117101	–

- (b) Particulars of Unhedged Foreign Currency Exposure as at the Balance Sheet Date.

Particulars	Currency	March 31, 2010	March 31, 2009
Acceptances	USD	1987	408106
Sundry Creditors (For Raw Material)	USD	17338	8102
	EURO	8249	–
Sundry Creditors (For Machinery)	USD	12195	3025
	EURO	–	101500
Sundry Debtors	USD	325224	–
	EURO	105473	–

- (5) In the opinion of the Management, the decline in the market value of quoted investments at the year end is temporary and hence does not call for any provision there against.
- (6) Based on the information available with the Company, the balance due to Micro & Small Enterprises is Nil (Rs.0.29 lac). The provision for interest made is Nil (Rs.0.03 lac) on delayed payments as per provisions of Micro, Small & Medium Enterprises Development Act, 2006.
- (7) Employee Benefits:
- Company's contribution to defined contribution schemes such as Government administered Provident/Family Pension Fund and approved Superannuation Fund are charged to the Profit and Loss Account as incurred as the Company has no further obligations beyond its contributions. The Company's defined benefit plans include the approved funded Gratuity scheme which is administered through Group Gratuity scheme with Life Insurance Corporation of India and non-funded schemes viz. Pension (applicable only to certain categories of employees). Such defined benefits are provided for in the Profit and Loss Account based on valuations, as at the Balance Sheet date, made by independent actuaries.
 - Contributions to Provident/Family Pension and Superannuation Funds is recognised as an expense and included in Personnel Cost (refer Schedule 18) in the Profit and Loss Account. Disclosures for defined benefit plans based on actuarial reports as on March 31, 2010 are summarised below.

Changes in the present value of obligations :

(Rs. in lacs)

	Gratuity (Funded)		Pension (Unfunded)	
	2009-10	2008-09	2009-10	2008-09
Present value of Obligation in the beginning of the year	123.15	103.93	80.59	54.93
Interest Cost	9.68	7.56	6.11	3.80
Current Service Cost	9.09	8.99	–	–
Benefits paid	(4.21)	(6.17)	(2.79)	(2.79)
Actuarial (Gain)/Loss on obligations	(3.66)	8.84	(14.62)	24.65
Increase/(Decrease) in short term leave liability	–	–	–	–
Present value of obligation at the end of the year	134.05	123.15	69.29	80.59

Changes in the present value of plan assets are as follows :

	Gratuity (Funded)		Pension (Unfunded)	
	2009-10	2008-09	2009-10	2008-09
Fair value of Plan Assets at the beginning of the year	124.71	106.76	–	–
Variation in return from plan assets opening balance	(0.09)	–	–	–
Expected Return on Plan Assets	10.65	8.57	–	–
Contribution	18.32	15.90	–	–
Benefits paid	(4.21)	(6.17)	(2.79)	(2.79)
Actuarial Gain/(Loss) on Plan Assets	(0.41)	(0.35)	–	–
Benefits paid by the company	(0.22)	–	–	–
Amount payable on full & final settlement	–	–	–	–
Fair Value of Plan Assets at the end of the year	148.75	124.71	–	–

Fair Value of Plan Assets:

	Gratuity (Funded)		Pension (Unfunded)	
	2009-10	2008-09	2009-10	2008-09
Fair value of Plan Assets at the beginning of the year	124.71	106.76	–	–
Variation in return from plan assets opening balance	(0.09)	–	–	–
Actual Return on Plan Assets	10.24	8.22	–	–
Contribution	18.32	15.90	–	–
Benefits paid	(4.21)	(6.17)	(2.79)	(2.79)
Benefits paid by the company	(0.22)	–	–	–
Amount payable on full & final settlement	–	–	–	–
Fair value of Plan Assets at the end of year	148.75	124.71	–	–
Present value of Obligation at the end of the year	134.05	123.15	69.29	80.59
Funded Status	14.70	1.56		

Actuarial Gain/Loss recognized:

	Gratuity (Funded)		Pension (Unfunded)	
	2009-10	2008-09	2009-10	2008-09
Actuarial Gain/ Loss on obligations	3.66	(8.84)	(14.63)	(24.65)
Actuarial Gain/ Loss on plan assets	(0.41)	(0.35)	–	–
Total (Gain)/Loss for the year	(3.25)	9.19	14.63	24.65
Actuarial (Gain)/ Loss recognized in the year	(3.25)	9.19	14.63	24.65
Unrecognized Actuarial (Gain)/Loss at the end of the year	–	–	–	–



Amount recognized in the Balance Sheet:

(Rs. in lacs)

	Gratuity (Funded)			Pension (Unfunded)		
	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08
Present value of obligation at the end of the year	134.05	123.15	103.93	69.29	80.59	54.93
Fair value of the plan assets at the end of the year	148.75	124.71	106.76	-	-	-
Funded Status	14.70	1.56	2.83	(69.29)	(80.59)	(54.93)
Unrecognized Actuarial (Gain)/Loss at the end of the year	-	-	-	-	-	-
Net Asset/ (Liability) recognized in the Balance Sheet	14.70	1.56	2.83	(69.29)	(80.59)	(54.93)

Expenses recognized in the Profit and Loss Account:

	Gratuity (Funded)		Pension (Unfunded)	
	2009-10	2008-09	2009-10	2008-09
Current service cost	9.09	8.99	-	-
Interest cost	9.68	7.56	6.11	3.80
Expected return on plan assets	(10.65)	(8.57)	-	-
Actuarial (Gain)/Loss recognized in the year	(3.66)	8.84	(14.63)	24.65
Impact of changes in Short term leave liability	-	-	-	-
Impact of variation in actual and expected return on plan assets	0.41	0.35	-	-
Variation in return from plan assets opening balance	0.09	-	-	-
Benefits paid by the company	0.22	-	-	-
Amount payable on full & final settlement	-	-	-	-
Insurance cost paid by the company	0.91	0.57	-	-
Expenses recognized in the Profit & Loss Account	6.09	17.74	(8.52)	28.45
Actual return on plan assets	(10.24)	(8.22)	-	-

Key Assumptions for Actuarial valuation:

	Gratuity (Funded)		Pension (Unfunded)	
	2009-10	2008-09	2009-10	2008-09
Mortality Table	LIC 1994-96 Ultimate	LIC 1994-96 Ultimate	LIC 1994-96 Ultimate	LIC 1994-96 Ultimate
Attrition Rate	5.00% p.a.	5.00% p.a.	N.A.	N.A.
Imputed rate of Interest	8.00% p.a.	7.50% p.a.	7.50% p.a.	7.50% p.a.
Salary rise	7.50% p.a.	7.50% p.a.	N.A.	N.A.
Return on plan assets	9.25% p.a.	9.15% p.a.	N.A.	N.A.
Remaining working life	17.84 Years	17.84 Years	N.A.	N.A.

- (8) (a) As the entire operations of the Company relate to a single business segment of "Wire & Cables", the disclosure requirement of Accounting Standard (AS-17) on "Segment Reporting" is not applicable.
- (b) The following table shows the distribution of Company's sales (net of excise duty) by geographical market, regardless of where the goods were produced.

	Geographical Market Segment	2009-10 (Rs. in lacs)	2008-09 (Rs. in lacs)
(i)	Within India	7539.94	11519.07
(ii)	Outside India	2326.61	285.93

All the Assets of the Company, except the carrying amount of debtors aggregating to Rs. 363.95 lacs (Rs. 4.68 lacs), are within India.



- (9) Disclosures in respect of related parties as defined in Accounting Standard (AS-18), with whom transactions were carried out in the ordinary course of business during the year are given below:

Associate Bodies Corporate (Associates) : Universal Cables Ltd. **(UCL)**
 Vindhya Telelinks Ltd. **(VTL)**
 Ericsson Cables AB, Sweden and its holding Companies **(ECA)**

Key Management Personnel : Mr. D.R. Bansal, Managing Director

	2009-10 Rs. in lacs	2008-09 Rs. in lacs
(a) Nature of Transaction with Associates:		
Transaction during the year		
• Purchase of Fixed Asset	–	26.08
• Purchase of Raw Materials/Consumables & Traded Goods [UCL Rs.2040.29 lacs, VTL Rs.584.99 lacs, ECA Rs.0.46 lac]	2625.74	3227.69
• Sale of Finished /Traded Goods [ECA Rs.170.96 lacs]	170.96	74.83
• Sale of Raw Materials/Consumables [UCL Rs.5.04 lacs, VTL Rs.500.63 lacs]	505.67	838.65
• Processing & Other Charges [VTL Rs.63.80 lacs]	63.80	60.38
• Processing & Other Income [VTL Rs.4.84 lacs]	4.84	2.97
• Rent Paid [VTL Rs.1.00 lac]	1.00	1.00
• Rent Received [UCL Rs.4.80 lacs]	4.80	4.80
• Interest received on unsecured loans [VTL Rs.46.15 lacs]	46.15	12.57
• Unsecured Loans Given [VTL Rs.3250.00 lacs]	3250.00	2725.00
Balance Outstanding at the year end		
• Outstanding Payable	372.64	711.84
• Outstanding Receivable	24.08	80.61
• Equity Investment	1404.10	1404.10
(b) Key Management Personnel		
Mr. D.R. Bansal, Managing Director	15.41	13.51

- Notes:** (i) Significant Related Party Transactions with associates during the year 2009-10 have been disclosed in brackets under the appropriate Nature of Transaction head.
 (ii) Under the renewed Technical Collaboration Agreement with Ericsson Cables AB, Sweden, no royalty or lumpsum fee is payable.
 (iii) No amount has been provided as doubtful debt or advance/written off or written back in the year in respect of debts due from/to above related parties.
 (iv) Transactions relating to reimbursement of expenses to/from related parties have not been considered in the above disclosures.

- (10) (a) Pursuant to Accounting Standard (AS-22) “Accounting for Taxes on Income”, the Component and classification of deferred tax liability and deferred tax assets on account of timing differences are given below:

	As at 31.03.2010 Rs. in lacs	As at 31.03.2009 Rs. in lacs
(i) Deferred Tax Liability		
– Depreciation on Fixed Assets	385.32	388.63
Total (i)	385.32	388.63
(ii) Deferred Tax Assets		
– Unabsorbed Depreciation	366.30	371.19
– Expenses allowable for tax purpose when paid	19.02	17.44
Total (ii)	385.32	388.63
Net Deferred Tax Liability (i-ii)	Nil	Nil



(b) The Deferred Tax Assets amounting to Rs.366.30 lacs (Rs. 371.19 lacs) in respect of carry forward unabsorbed depreciation has been recognised considering the possible reversal of deferred tax liabilities in future years.

(11) There is no impairment of Assets during the year.

(12) Managerial Remuneration:

	2009-10 Rs. in lacs	2008-09 Rs. in lacs
(a) Salary	10.80	10.20
(b) Contribution to Provident Fund	1.30	1.23
(c) Sitting Fees	0.56	0.24
(d) Perquisites (Actual and/or evaluated as per Income Tax Rules,1962)	2.75	1.84
	<u>15.41*</u>	<u>13.51*</u>

* Excluding provision for gratuity and compensated absences, being the figures those are actuarially determined for the Company as a whole and therefore, are not separately available.

(13) Additional information as required under Part-II of Schedule VI to the Companies Act, 1956 to the extent relevant.

(a) (i) Capacity and Production :

Product	Unit	Licensed/ Registered Capacity*		Installed Capacity (as certified by the management)		Actual Production	
		31 st March		31 st March		31 st March	
		2010	2009	2010	2009	2009-10	2008-09
(a) Optical Fibre Cables	KMs	48000	48000	39984	39984	12436	12354
(b) Jelly Filled Telephone Cables	CKMs	4325000	4325000	4027000	4027000	77971	279978
(c) Insulated Cables, Cords & Flexes	MTRs	50000000	50000000	50000000	50000000	8322502	4821495
(d) Automotive Wires & Cables	KMs	200000	200000	30000	30000	10875	6247
(e) Co-axial Cables	KMs	10000	-	10000	-	41	-

* Capacity for which Memorandum filed pursuant to Scheme of delicensing vide Notification No.477(E) dated 25th July, 1991, as amended.

(ii) Stock of Finished Goods :

Product	Unit	2009-10				2008-09			
		Opening Stock		Closing Stock		Opening Stock		Closing Stock	
		Qty.	Value Rs. in lacs	Qty.	Value Rs. in lacs	Qty.	Value Rs. in lacs	Qty.	Value Rs. in lacs
(a) Optical Fibre Cables	KMs	40	10.61	0.40	0.13	51	17.25	40	10.61
(b) Jelly Filled Telephone Cables	CKMs	95	0.88	-	-	-	-	95	0.88
(c) Insulated Cables, Cords & Flexes	MTRs	172386	22.08	170695	21.74	111048	17.15	172386	22.08
(d) Automotive Wires & Cables	KMs	1390	42.28	1094	55.77	-	-	1390	42.28
(e) Co-axial Cables	KMs	-	-	41	8.29	-	-	-	-



(iii) Gross Sales (net of claims, deductions, etc.) :

Product	Unit	2009-10		2008-09	
		Qty.	Value Rs. in lacs	Qty.	Value Rs. in lacs
(a) Optical Fibre Cables	KMs	12462	5728.09	12362	8054.86
(b) Jelly Filled Telephone Cables	CKMs	78065	1243.04	279883	2979.61
(c) Insulated Cables, Cords & Flexes	MTRs	8362580	2073.87	4752688	1613.02
(d) Automotive Wires & Cables	KMs	11168	381.48	4838	199.44
(e) Other Sales			1092.31		437.33
	Total		10518.79		13284.26

Notes : (i) Other sales include sale of traded goods Rs. 818.61 lacs (Rs. 48.69 lacs).
(ii) Differences in quantitative tally, if any, represent samples and claims.
(iii) In accordance with Accounting Standard (AS) 9 Revenue Recognition, excise duty on sales amounting to Rs. 652.24 lacs (Rs.1479.26 lacs) has been reduced from Gross sales in the Profit and Loss Account and excise duty on decrease in stocks amounting to Rs. 0.12 lac has been considered as income (Rs. 6.67 lacs as expense on increase in stocks) in Schedule 19 of the financial statements.

(b) Raw Materials Consumed:

Product	Unit	2009-10		2008-09	
		Qty.	Value Rs. in lacs	Qty.	Value Rs. in lacs
(i) Optical Fibre (Singlemode/Multimode/NZDS)	KMs	432115	2157.10	786525	2996.41
(ii) Copper	MTs	597	1816.35	716	2489.77
(iii) Polyethylene	MTs	1312	959.24	1515	1218.53
(iv) Others			1977.82		2474.69
	Total		6910.51		9179.40

(c) Value of imported and indigenous Raw Materials and Spare Parts consumed and percentage thereof (as certified by the Management) :

Product	2009-10		2008-09	
	Value Rs.in lacs	% to Total	Value Rs.in lacs	% to Total
(i) Raw Materials :				
Imported	2505.85	36.26	4850.07	52.84
Indigenous	4404.66	63.74	4329.33	47.16
	Total	100.00	9179.40	100.00
(ii) Spare Parts*				
Imported	27.50	35.90	38.19	30.66
Indigenous	49.10	64.10	86.37	69.34
	Total	100.00	124.56	100.00

*Included under Stores Consumption and Repairs & Maintenance of Machinery.



	2009-10 Rs. in lacs	2008-09 Rs. in lacs
(d) Value of imports on CIF basis (as certified by the Management) :		
Raw Materials	1759.95	3990.20
Spare Parts (including components)	28.98	50.56
Capital Goods	151.88	591.08
(e) Expenditure in Foreign Currency (on payment basis) :		
Interest	2.32	3.54
Travelling	16.56	19.40
Others	24.79	16.15
(f) Earnings in Foreign Currency :		
Export of Goods in		
– Foreign Currency on F.O.B. basis	1305.77	277.71
[based on exchange rate(s) prevailing on Bill of Lading date]		
– Rupees (sales to Nepal)	991.74	–

(14) Figures of previous year have been shown in brackets and regrouped/reclassified wherever necessary.

Signatures to Schedules 1 to 21

As per our attached report of even date.

For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

R. Raghuraman
Partner
Membership No. 81350

New Delhi, May 11, 2010

Harsh V. Lodha
Magnus Kreuger
R.C. Tapuriah
Dr. Aravind Srinivasan
Arun Kishore
K. Raghuraman
D.R. Bansal

New Delhi, May 11, 2010

Chairman

Directors

Managing Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010**

	For the Year ended March 31, 2010		For the Year ended March 31, 2009	
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before tax		227.83		(570.72)
Adjustments for :				
Depreciation/Amortisation	358.76		370.83	
(Profit)/loss on disposal of fixed assets (Net)	2.05		0.01	
Interest income	(92.74)		(84.55)	
Dividend income	(11.09)		(26.59)	
Interest expense	74.33	331.31	121.64	381.34
Operating Profit before working capital changes		559.14		(189.38)
Movement in working capital:				
Decrease/(increase) in sundry debtors	(135.47)		681.61	
Decrease/(increase) in inventories	495.05		1504.04	
Decrease/(Increase) in loans and advances	(13.80)		143.48	
(Decrease)/increase in current liabilities and provisions	(496.92)	(151.14)	(11.76)	2317.37
Cash generated from/(used in) operations :		408.00		2127.99
Direct taxes (paid)/refund received		(12.24)		(11.09)
Net cash from/(used in) operating activities		395.76		2116.90
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(371.78)		(861.07)	
Proceeds from sale of fixed assets	10.92		0.49	
Interest received	99.70		194.83	
Dividend received	11.09		26.59	
Fixed deposits with banks encashed	—		715.00	
Net cash from/(used in) investing activities		(250.07)		75.84



	For the Year ended March 31, 2010		For the Year ended March 31, 2009	
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010 (Contd.)**C. CASH FLOW FROM FINANCING ACTIVITIES**

Proceeds /(Repayment) of short term borrowings	550.36		(1702.41)	
Proceeds/(Repayment) of long term borrowings	(818.61)		(3.94)	
Interest paid	(74.33)		(121.64)	
Dividend paid	(6.88)		(8.50)	
Net cash from/ (used in) financing activities		(349.46)		(1836.49)
Net Increase/(decrease) in cash and cash equivalents		(203.77)		356.25
Cash and cash equivalents at the beginning of the year		636.01		279.76
Cash and cash equivalents at the end of the year		432.24		636.01
Components of cash and cash equivalents as at 31st March				
Cash and cheques on hand		323.21		68.70
With scheduled banks- on current accounts/dividend accounts		107.42		18.78
– Cash credit account		–		548.53
– Fixed Deposit		1.61		–
		432.24		636.01

(a) The Cash Flow Statement has been prepared under the 'Indirect method' as set out in Accounting Standard-3 on Cash Flow Statements notified by the Companies (Accounting Standards) Rules, 2006.

(b) Negative figures have been shown in brackets.

As per our attached report of even date.

For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

R. Raghuraman
Partner
Membership No. 81350

Harsh V. Lodha
Magnus Kreuger
R.C. Tapuriah
Dr. Aravind Srinivasan
Arun Kishore
K. Raghuraman
D.R. Bansal

Chairman

Directors

Managing Director

New Delhi, May 11, 2010

New Delhi, May 11, 2010

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration details**

Registration No. State Code

Balance Sheet date
Date Month Year

II. Capital raised during the year (Amount in Rs.Thousands)

Public Issue

Bonus Issue

Rights Issue

Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Sources of Funds

Total Liabilities

Paid-up Capital

Secured Loans

Net Deferred Tax Liability

Total Assets

Reserves & Surplus

Unsecured Loans

Application of Funds

Net Fixed Assets

Net Current Assets

Accumulated Losses

Investments

Miscellaneous Expenditure

IV. Performance of Company (Amount in Rs. Thousands)

Net Sales

Total Expenditure

+ - Profit/Loss after Tax

Earning per Share in Rupees

Other Income

+ - Profit/Loss before Tax

Dividend rate %

V. Generic names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code) and

Product Description

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

FORM OF PROXY

BIRLA ERICSSON OPTICAL LIMITED

Regd. Office: Udyog Vihar, P.O.Chorhata, Rewa – 486 006 (M.P.)

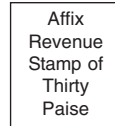
DP ID*	
Client ID*	

Registered Folio No.	
----------------------	--

I/We _____
of _____ in the district of _____
being a member/members of the above named Company, hereby appoint
Mr./Mrs. _____ of _____ in the
district of _____ or failing him/her Mr./Mrs. _____ of
_____ in the district of _____
as my/our proxy to vote for me/us and on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held
on Friday, the 25th June, 2010, and at any adjournment thereof.

Signed this _____ day of _____, 2010.

Signature _____



* Applicable for members holding shares in dematerialised form.

1. This proxy form must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the Meeting. Unless otherwise instructed, the proxy will vote as he/she thinks fit.
2. Members who hold shares in the dematerialised form are requested to quote their DPID and Client ID for identification.

Tear here

BIRLA ERICSSON OPTICAL LIMITED

Regd. Office: Udyog Vihar, P.O.Chorhata, Rewa – 486 006 (M.P.)

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

Full name of the Member attending : _____

Full name of the First joint-holder : _____

(To be filled in if first named joint-holder does not attend the Meeting)

Name of Proxy : _____

(To be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the EIGHTEENTH ANNUAL GENERAL MEETING being held at the Registered Office of the Company on Friday, the 25th June, 2010.

Registered Folio No.	
DP ID*	
Client ID*	
No. of Share held	

Member's/Proxy's Signature
(To be signed at the time of handing over this slip)

* Applicable for members holding shares in dematerialised form.

Note: Persons attending the Annual General Meeting are requested to bring their copies of Annual Report.



**"SHRI BALAJI TEMPLE" IN THE STAFF'S TOWNSHIP
AT REWA MADHYA PRADESH**



**VISIT OF GLOBAL MANAGEMENT TEAM OF ERICSSON AB CABLES & INTERCONNECT,
SWEDEN AT COMPANY'S REGISTERED OFFICE & WORKS AT REWA**

BOOK - POST
PRINTED MATTER

If undelivered please return to :

BIRLA ERICSSON OPTICAL LIMITED

Regd. Office: Udyog Vihar, P.O. Chorthata, Rewa-486 006 (M.P.)