Annual Report & Accounts 2009-10

VINDHYA TELELINKS LTD.

Syt. Madhav Prasadji Birla
(1918-1990)

Smt. Priyamvadaji Birla
(1928-2004)

Syt. Rajendra Singhji Lodha
(1942-2008)

Our source of Inspiration

VINDHYA TELELINKS LIMITED

ANNUAL REPORT 2009-10

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

PRESIDENT (COMMERCIAL) & SECRETARY

SHRI R. RADHAKRISHNAN

AUDITORS

S.R. BATLIBOI & CO.
CHARTERED ACCOUNTANTS
NEW DELHI

SOLICITORS

INTERNATIONAL LAW ASSOCIATES
NEW DELHI

BANKERS

STATE BANK OF INDIA
STATE BANK OF PATIALA

REGISTERED OFFICE & WORKS

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

EPC DIVISION

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

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NOTICE

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the Shareholders of the Company will be held at the Registered Office of the Company at Udyog Vihar, P.O. Chorhata, Rewa (M.P.) on Friday, the June 25, 2010 at 9.00 a.m. to transact the following business:-

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2010, Profit and Loss Account for the year ended on that date, and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Harsh V. Lodha, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri J. Veeraraghavan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Messrs V. Sankar Aiyar & Co., Chartered Accountants as Auditors of the Company in place of the retiring Auditors Messrs S.R. Batliboi & Co., Chartered Accountants, to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration and reimbursement of out-of-pocket expenses as the Board may decide, based on the recommendation of the Audit Committee.

Registered Office:	By order of the Board
Udyog Vihar,	
P.O. Chorhata,	
Rewa - 486 006 (M.P.)	R. Radhakrishnan
May 11, 2010	President (Commercial) & Secretary

NOTES FOR SHAREHOLDERS' ATTENTION:

(a) Messrs S.R. Batliboi & Co., Chartered Accountants, the retiring Auditors have given an intimation in writing expressing their inability to be re-appointed as Statutory Auditors of the Company. It is proposed to appoint Messrs V. Sankar Aiyar & Co., Chartered Accountants, as Statutory Auditors in place of the retiring Auditors at the ensuing Annual General Meeting of the Company to be held on June 25, 2010. The Company has received a consent letter from Messrs V. Sankar Aiyar & Co., Chartered Accountants, under Section 224(1-B) of the Companies Act, 1956 for their appointment as Statutory Auditors of the Company. The Company has also received Special Notice of the proposed resolution to this effect pursuant to the provision of Section 225 of the Companies Act, 1956 and the text of the item No.4 of the Notice read together with this note may be treated as Notice thereof to the Members as required by Section 190 of the Companies Act, 1956.

(b) A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND PROXY NEED NOT BE A SHAREHOLDER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING.

(c) The Register of Beneficial Owners, Register of Shareholders and Share Transfer Books of the Company shall remain closed from Friday, the June 18, 2010 to Friday, the June 25, 2010 (both days inclusive).

(d) Shareholders are requested to notify immediately the changes, if any, in their registered addresses alongwith PINCODE Number-

- to their Depository Participants in respect of equity shares held in electronic form (Demat Account); and
- to the Company or its Registrars and Share Transfer Agents viz. Messrs Link Intime India Pvt. Ltd. (Unit: Vindhya Telelinks Ltd.) C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078 in respect of equity shares held in physical form.

(e) As per Circular No(s) MRD/DoP/Cir-05/2009 dated May 20, 2009 and SEBI/MRD/DoP/SE/RTA/Cir-03/2010 dated January 7, 2010 issued by the Securities and Exchange Board of India, it is mandatory to quote PAN for transfer and transmission of shares in physical form. Therefore, the transferee(s) are required to furnish a copy of their PAN to the Registrar and Share Transfer Agents of the Company.

(f) Additional information pursuant to Clause 49 of the Listing Agreement(s) with Stock Exchanges, on Directors recommended for re-appointment at the forthcoming Annual General Meeting, are given in the Annexure to the Notice.

(g) Shareholders/Proxies are requested to deposit the Attendance Slip duly filled in and signed for attending the meeting. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote. Corporate Shareholders intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Annual General Meeting.

ANNEXURE TO NOTICE

Details of Directors seeking re-appointment in ensuing Annual General Meeting scheduled to be held on June 25, 2010.

Name	Shri Harsh V. Lodha	Shri J. Veeraraghavan
Date of Birth	13.02.1967	04.03.1932
Date of Appointment	05.05.2004	27.10.2004
Expertise in specific functional areas	An eminent Chartered Accountant and a Partner of Messrs Lodha & Co., Chartered Accountants. He has served various committees and working groups set up by Federation of Indian Chambers of Commerce and Industry (FICCI); Indian Chambers of Commerce, Kolkata; Department of Company Affairs, Government of India; Reserve Bank of India; apart from being a member of the Accounting Standards Board set up by the Institute of Chartered Accountants of India and alternate member of the National Advisory Committee on Accounting Standards set up by Government of India. He has handled professional advisory assignments in various fields and has been involved in various Trusts, Educational and Cultural Institutions.	Retired Senior IAS Officer who has served as Secretary to the Govt. of India including of the HRD Ministry.
List of outside Directorships held	1. Alfred Herbert (India) Ltd. 2. Birla Corporation Ltd. 3. Birla Ericsson Optical Ltd. 4. Birla Furukawa Fibre Optics Ltd. 5. Fenner (India) Ltd. 6. Hindustan Gum & Chemicals Ltd. 7. Punjab Produce Holdings Ltd. 8. Sicpa India Ltd. 9. Universal Cables Ltd.	None
Chairman/Member of the Committee of the Board of Directors of the Company	None	Chairman - Share Transfer-cum-Investor Grievance Committee Member - Audit Committee
Chairman/Member of the Committee of the Board of Directors of other Public Company	Chairman - Audit Committee of Sicpa India Ltd. - Share Transfer & Investor Grievance Committee of Birla Corporation Ltd. & Alfred Herbert (India) Ltd. Member - Audit Committee of Fenner (India) Ltd.	None
Shareholding (both own or held by/for other persons on a beneficial basis), if any, in the paid up equity share capital of the Company.	Nil	Nil
Relationship between Directors of the Company	No	No

NOTE : Number of other Directorships held by the Directors, as mentioned above, do not include alternate directorships and directorships held in foreign companies, Section 25 Companies and Indian private limited companies besides trustee/membership of managing Committees of various trusts and other bodies and are based on the latest declarations received from the Directors. The details of Committee Membership/ Chairmanship is in accordance with revised Clause 49 of the Listing Agreements and reflects the Membership/Chairmanship of the Audit Committee and Shareholders'/Investors' Grievance Committee alone of all other Public Limited Companies.

Directors' Report
TO THE SHAREHOLDERS

Your Directors have the pleasure of presenting their Annual Report, together with the Audited Financial Statements of the Company for the year ended March 31, 2010.

ACCOUNTS & FINANCIAL MATTERS

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

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

GENERAL & CORPORATE MATTERS

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

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

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

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

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

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

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

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the Management Discussion and Analysis, Report on Corporate Governance and a Certificate by the Managing Director (CEO) confirming compliance by all the Board Members and Senior Management Personnel with Company's Code of Conduct and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the Annual Accounts for the year ended March 31, 2010, the applicable accounting standards have been followed;
- the Company has selected such accounting policies, applied them consistently, made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year 2009-10 and of the profit for the year ended March 31, 2010;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the attached Annual Statement of Accounts for the year ended March 31, 2010 have been prepared on a 'going concern' basis.

JOINT VENTURE

Birla Ericsson Optical Ltd., a venture promoted by your Company in association with Universal Cables Ltd. and Ericsson AB, Sweden has made a positive turnaround during the year under review.

INDUSTRIAL RELATIONS

Industrial relations remained cordial through out the year. The Board wishes to place on record its sincere appreciation for the contribution made by the employees to the significant improvement in operational performance of the Company, their commitment and dedicated efforts in most difficult and challenging environment during the year.

The Company continues to accord a very high priority to both industrial safety and environmental protection and these are on going process at the Company's plant and facilities.

RECOGNITION

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

DIRECTORS

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

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Harsh V. Lodha and Shri J.Veeraraghavan, the Directors are due to retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment. Details about Directors seeking re-appointment are given in the Notice of the ensuing Annual General Meeting which is being sent to the shareholders along with Annual Report.

AUDITORS

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

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

AUDITORS' REPORT

The remark of Auditors at Para 4.vi of the Auditors' Report read with Note No. 6 in Schedule 23 – Notes to the Accounts are self explanatory and therefore, do not call for any further comments or explanations.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Accounting Standard (AS)-21 "Consolidated Financial Statements" read with Accounting Standard (AS)-27 "Financial Reporting of Interests in Joint Venture", the Consolidated Financial Statements form part of the Annual Report. These Group Accounts have been prepared on the basis of audited financial statements received from Subsidiaries and a Joint Venture Company.

SUBSIDIARY COMPANIES

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

The Company has sought exemption from the Central Government under Section 212(8) of the Companies Act, 1956, from attaching to the Balance Sheet of the Company, the accounts and other reports of its Subsidiary companies. Accordingly, the annual accounts relating to Subsidiary companies as provided in Section 212(1) of the Companies Act, 1956 have not been attached with the Balance Sheet of the Company. The Company will make available hard copies of these documents, upon written demand by any member of the Company interested in obtaining the same at any point of time. The Company has displayed details of the accounts of individual Subsidiary companies in its website as well. These documents will also be kept at the Registered Office of the Company and of the respective Subsidiary companies for inspection by any member of the Company. The consolidated financial statements presented by the Company include audited financial statements of its all subsidiaries which are non-listed Indian companies. None of the Subsidiary company is a material non-listed Indian Subsidiary company as defined under Clause 49 of the Listing Agreement(s) with stock exchanges.

PARTICULARS OF EMPLOYEES

Particulars of employees in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are not given as none of the employees qualifies for such disclosure.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under Section 217(1)(e) of the Companies Act, 1956 and the Rules made therein, the concerned particulars relating to Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo are given in Annexure, which is attached hereto and forms part of the Directors' Report.

ACKNOWLEDGEMENT

The Board desires to place on record its grateful appreciation for the excellent assistance and co-operation received from the State Government and continued support extended to the Company by the bankers, investors, suppliers and esteemed customers and other business associates.

Yours faithfully,

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

New Delhi, May 11, 2010

ANNEXURE

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 AND THE RULES MADE THEREIN AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2010.

(A) CONSERVATION OF ENERGY

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

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

(B) TECHNOLOGY ABSORPTION

I. Research and Development (R&D)

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

II. Technology absorption, adaptation and innovation

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

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

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

New Delhi, May 11, 2010

Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENTS

The company is presently engaged in the business of manufacturing and sale of telecom cables comprising of Jelly Filled Telephone cables (JFTC), Optical Fibre Cables (OFC) including Fibre Ribbon and a turnkey Division (Engineering, Procurement & Construction).

The opening of the telecom sector has led to a rapid growth in the subscriber base of wireless telecom and with 525.1 million wireless connections, Indian telecom has become the second largest wireless network in the world, however, throwing the fixed lines telecom manufacturers into disarray over this period of time.

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.

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 certain 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 by many orders of magnitude over wireless. 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. Also in our country, it is proposed to achieve rural tele-density of 25% with 200 million rural connections by the end of the Eleventh Five Year Plan. Recognising the potential importance of broadband services, the Eleventh Five Year Plan targets providing broadband to all secondary and higher secondary schools, Public Health Care Centers and Gram Panchayats. It is also envisaged that internet and broadband subscribers will increase to 40 million and 20 million respectively by 2010. Also the allocation of spectrum for 3G and BWA services through a controlled simultaneous E-Auction process will provide ample opportunities for the industry in the next financial year.

The Economic Survey 2009-10 reports the estimated GDP growth for this year at 7.2% as against 6.7% in 2008-09. With the Central Government's focus on improving the infrastructure to world class levels by drawing a road map for the next 10 years of growth on Railway, Telecom and Ports, infrastructure will be the next driver of growth.

As the Government's focus sustained budgetary allocations, and increased funding by international finance institutions, etc. are resulting in several infrastructure projects in India, the Company has started capitalizing on the attractive growth opportunities in Power and Telecommunication sectors by concentrating on EPC contracting and turnkey solutions on the specific target segments having high growth potential during the year under review.

PRODUCT-WISE PERFORMANCE

Jelly Filled Telephone Cables (JFTC)

Turnover in Jelly Filled Telephone Cables was significantly down both in volume and value terms during the year, as the Company's major customer, Bharat Sanchar Nigam Ltd. stayed away from floating a new tender due to negative growth in fixed line telephone subscribers base. The demand from other private operators also remained restricted for maintenance of networks to a major extent which added to the woes of the JFTC manufacturers. However, lower volumes in domestic market were offset somewhat by higher exports to Europe, Middle East and SAARC countries where the Company successfully added new customers. The Company achieved an export of Rs.1344.10 lacs as compared to the export sales of Rs.457.75 lacs during the corresponding previous year. Also with reference to other products like Aerial Bunch Cable, Signalling Cable, Composite Cable, Specialty Copper Cable, Electroplated Tinned Copper, FRP Rod, etc. your Company has maintained its market share.

Optical Fibre Cables (OFC)

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 2012. 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.

A number of technologies have been developed to provide broadband on copper networks in order to provide high data rate services like file sharing, video, conferencing, video downloads, but because of the limitations of copper cables to carry high speed data for long distances (more than 70-80m) and because of interference due to electromagnetic fields, applications requiring high data rate transmission are not possible. Today, even basic services require large bandwidth that cannot be provided by most of the current copper cable based broadband networks. OFC with its price-cum-bandwidth benefit is the obvious solution for high data rate transmission.

With supportive policies, broadband subscribers grew from 0.2 million in 2005 to 6.2 million by end April 2009 and about to 7.98

million by end December 2009. India faces technological and commercial challenges in broadband penetration, the most important of which are low PC penetration and affordability issues due to high cost. Although wireless technology will soon provide high speed data, there is still a great need for “fixed” data and video services for rural India. This is where fibre plays a vital role for large scale backbone deployments. Optical backhaul networks can support robust access connectivity and track rising bandwidth demands. This is very true in India where there are clusters of DSL deployments which need to be connected by fibre backhaul. Hence the next level demand for bandwidth for data and video can be met by fibre only.

The USO Fund continues to be used to subsidize telecom development in rural areas. 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, interalia, 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.

Despite the increase in demand of OFC, there will 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.

EPC Contracting/Turnkey Services

The EPC Division currently concentrates on 3 business segments viz. Telecom, Power and Gas distribution Pipeline and provides solutions in trenching and laying of optical fibre cables, installation and commissioning of telecom equipments, FTTH installation, civil work and foundation of towers and maintenance of network. In the power domain the services are offered in rural electrification, underground transmission and distribution, lighting projects, etc. As mentioned in your earlier Directors’ Report the EPC Division has completed the first overseas project awarded by a globally renowned telecom operator in connection with laying of optical fibre cables. Apart from this, vying on customers like BSNL and multinational companies in the telecom sector and with various Electricity Transmission & Distribution Companies, the Company is optimistic of bagging substantial orders in the next financial year. To execute these orders, substantial working capital arrangements from financial institutions and banks will be explored. The Division has grown steadily into a vertical capable of show casing the Company’s strength into innovative, service capability profit centre with young and talented leadership properly placed.

As the number of projects in EPC division grows, the attention shifts more on project management. Well experienced employees within the organization have been deployed at the right time and to ensure monitoring more web enabled software programmes are under execution. Also your Company has identified the acute shortage of trained manpower for both the roll out and subsequent operation and maintenance of the OFC/ FTTx networks as a business opportunity and is in the process of establishing an Institute which will provide a regular source of trained personnel for the Company’s future projects and be a stand alone profit centre. The Institute is likely to commence operation by middle of ensuing fiscal year.

OVERALL REVIEW

In the year 2009-10 your Company has largely maintained its market share with other customers in the traditional business despite a lower sales to BSNL, MTNL & Bharti Airtel. The company has concentrated on its new EPC division for moving quickly towards being a service provider on turn key projects. The Company earned a reasonable profit before tax of Rs.1156.40 lacs during the year under review. Your Company is confident that with the focus on innovation and improvement in the technology as well in reducing the operating cost, future will be bright.

FINANCIAL REVIEW

- The gross turnover decreased by approx. 24.67% to Rs.20908.34 lacs in 2009-10 as compared to Rs.27756.83 lacs in the previous year.
- The aggregate other income increased to Rs.854.99 lacs as against Rs.648.93 lacs compared to the previous year mainly due to higher dividend income on investments and write back of sundry balances, unspent liabilities, etc.
- The Company achieved gross profit before depreciation of Rs.1577.63 lacs as against a gross loss before depreciation of Rs.401.12 lacs mainly due to significant contribution from EPC Division, higher dividend income and decent contribution from cable business.
- The financial expenses are slightly lower at Rs.505.87 lacs (previous year Rs.538.42 lacs) due to better receivable management from cable business.
- There was no change in the capital structure during the year. However, the increase in Reserves & Surplus of Rs.1158.49 lacs is because of the net profit in the current year.
- The additions to the fixed assets of Rs.799.07 lacs during the year mainly consist of capital expenditure incurred for modernization and upgradation, installation of balancing equipments and new testing facilities and certain additions to the furniture, building, office equipment/vehicles.
- The inventory value decreased to Rs.2317.22 lacs as on March 31, 2010 from Rs.3006.19 lacs as at the end of the previous year due to decrease in raw material inventory and lower work-in-progress, finished goods and scrap.
- The Debtors level at Rs.10386.92 lacs as at March 31, 2010 as compared to Rs.6778.22 lacs as at March 31, 2009 has increased due to staggering payments of EPC division receivables.

- For detailed information on the financial performance with respect to operational performance, a reference may please be made to the financial statements.

OPPORTUNITIES, THREATS & BUSINESS OUTLOOK

Fiscal year 2009-10 has not been good for the telecom cables market, which has witnessed negative growth in 2009-10. However, driving forces such as the tremendous growth experienced by the 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 fact that the Indian telecom cables market is down at the moment, but certainly not out.

The tenders to be floated by BSNL for supply and construction of Optical Fibre Cable network on turnkey basis have laid down stringent conditions for the participating Companies mainly on the capacity, quality commitments and previous records of supplies, etc. to ensure customers are benefited by those suppliers who have had continuous goods track records of business. Your Company is expected to take advantage of the above tenders with the proven track records and state-of-the art Optical Fibre Cable production facilities.

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.

As India is hungry for more energy, Oil & Gas exploration and subsequent production is picking up, and the players in the Natural Energy market are planning to lay National Pipeline grid and they are also laying Optic Fibre Cables along the pipelines for their SCADA control and telecom applications. This is where, additional opportunities are coming up in the near future for the use of Optic Fibre Cables.

FTTH development is on the service provider's priority list. The increasing focus of service providers on FTTH deployment is providing a major thrust to the telecom cables market. In fact, BSNL, helped pace the FTTH deployment by purchasing equipment to support their 700000 lines rollout throughout India. These FTTH networks would be capable of providing high speed internet, VoIP, IPTV solutions and other value added services to two million subscribers. Several other prominent pan-India service providers and realty developers too are evaluating the techno-commercial benefits of this technology.

Today's users are increasingly looking for a quadruple play of high speed broadband, high-definition video, unlimited anywhere telephony, and real-time surveillance. FTTH refers to the broadband telecommunications system based on fibre-optic cables and associated optical electronics for delivery of this quadruple play. Indian government's policy is focused on network expansion, rural telephony, broadband coverage, R&D and the provision of an enabling environment, leading to a competitive sectoral growth. There is potential for exponential growth in India, if optical fibre starts to get deployed in the premise network. However to date, there has been no concerted focus on deploying optical fibre, closer to subscribers in premise networks. In India, another key challenge is the large rural footprint. Wireless is the obvious choice of technology for operators and the critical success factors will be to improve coverage while reducing operational cost. Consumers are getting used to broadband speed and availability, and more often than not, they will evaluate service providers by the overall quality of experience and not just on pricing. As such, having a good network performance is vital. Also, keeping in mind the vast rural landscape, the telecom cables need to be highly reliable, anti-corrosive, and weather resistant to provide the required service level.

The subscriber base of telecom operators is growing at an unprecedented rate and 3G spectrum is on the verge of getting auctioned. Such initiatives imply that there will be a surge in demand for telecom cables and the Indian telecom cables market will gain an upward momentum. The Universal Service Obligation Fund (USFO) continues to be used to subsidize the developments in the telecom sector in the rural areas and the huge investments planned by telecom operators and increase in the distribution network will improve the demand to some extent for OFC. As the JFTC manufacturers have started diversifying into other businesses, the scenario for OFC appears brighter. However, due to the non-reliable power sector specially in the rural pockets by not meeting the power requirements which is a basic necessity for an efficient access of mobile network may pushdown the wireless line network in those areas for some time.

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 should see favourable regulatory environment in India.

The customer base in telecommunication cable industry is relatively concentrated. The Company's major customer over the years has been BSNL. The Company has, however, been able to retain and expand customers in Private Sector and is striving hard to expand the product and customer base to meet the growing challenges in the industry.

RISKS AND CONCERNS

Despite the Indian economy has not been severely affected by the global recession due to strong fundamentals and the inclusive growth of the economy, the major risks for 2010 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/has been adopting itself with the zigzag changing scenario in conducting the business with long term mission 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) Despite the aggressive management and quality work across in the EPC division weakness factor is due to difficulties in obtaining orders in the power sector which is mainly due to lack of direct credentials and limited reach to the market. However, with the rising economy and the government aggressiveness to reduce the demand and supply gap and with the scenario of infrastructure boom the weaknesses can be converted into opportunities provided a big support on the working capital management and investments are available.

Financial

Financial risks would include, interalia, 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 ISO 14001:2004 by the Det Norske Veritas.

INDUSTRIAL RELATIONS, HUMAN RESOURCE DEVELOPMENT AND SOCIAL RESPONSIBILITIES

The Company sees its relationship with its employees as critical to the future and its employee relations agenda focuses on ensuring that employees feel valued, on managing change constructively, and on creating an environment and culture within which every employee can maximize his contribution.

The Company is committed in providing the necessary development and training opportunities to equip our people with skills they will need in the future. Our approach integrates development and training with business objectives, job performance and personal development needs.

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 402 number of permanent employees on its Roll as on March 31, 2010.

The Industrial Training Institute established by the Company with the help of M.P. Birla Foundation Educational Society for providing vocational training to students from surrounding villages continues to get encouraging response and students passing out from this Institute are either self employed or have been successfully employed in various industries nation wide.

CAUTIONARY STATEMENT

The Management Discussion and Analysis Report may contain certain statements that might be considered "forward looking statements". These statements are subject to certain risks and uncertainties. Actual results may differ materially from those expressed or implied in the Statement as important factors could influence the Company's operations such as demand supply conditions, Government policies, local, political and economic development, industrial relations, risks inherent to the Company's growth and such other factors. The Company does not undertake any obligation to publicly update, inform or revise such statements, whether as a result of developments, events or actual materialization. Market data and product analysis contained in this report has been taken from internal company reports, industry & research publications, but their accuracy and completeness are not guaranteed and their reliability can not 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. CORPORATE GOVERNANCE PHILOSOPHY

Good Corporate Governance is an integral part of the Company's Management and Business Philosophy.

The importance of Corporate Governance lies in its contribution both to business prosperity and to accountability. Corporate Governance envisages commitment of the Company towards the attainment of high levels of transparency, accountability and business prosperity with the ultimate objective of realising long term shareholder value, whilst taking into account the interest of all other stakeholders for wealth creation.

The Company will continue its efforts towards raising its standard in Corporate Governance and will also review its systems and procedures constantly in order to keep pace with the changing economic environment.

2. BOARD OF DIRECTORS

The present strength of the Board of Directors is Seven (7). The number of Independent Directors on the Board is Four (4), which is more than 1/3rd of the total number of Directors and the number of Non-Executive Directors is Six (6), which is more than 50% of the total number of Directors, as laid down under Clause 49.

None of the Directors on the Board is a member in more than 10 committees or acts as chairman of more than 5 committees (as specified in Clause 49), across all the companies in which he is a Director. The necessary disclosures regarding Committee memberships/chairmanships have been made by the Directors.

During the financial year ended on March 31, 2010, four Board Meetings were held on May 11, 2009, July 30, 2009, October 30, 2009 and January 28, 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
Shri Harsh V. Lodha	Non-Executive	4	No	9	1	3
Shri J. Veeraraghavan	Independent Non-Executive	4	No	None	None	None
Shri S.K. Misra	Independent Non-Executive	3	No	None	None	None
Shri R.C. Tapuriah	Independent Non-Executive	4	Yes	10	3	3
Shri D.R. Bansal	Non-Executive	4	No	3	2	None
Shri Pracheta Majumdar	Independent Non-Executive	3	No	1	1	None
Shri Y.S. Lodha (Managing Director)	Executive	4	No	2	1	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) None of the Non-Executive Directors hold any Equity Shares of the Company as per the declarations received from them.

(iii) 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 alongwith 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 re-appointment at the ensuing Annual General Meeting (AGM) 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 legal requirements from time to time. The existing Audit Committee consists of four Independent Non-Executive Directors as specified below:

(a) Shri R.C. Tapuriah : Chairman (Independent Non-Executive Director)
(b) Shri J. Veeraraghavan : Member (Independent Non-Executive Director)
(c) Shri S.K. Misra : Member (Independent Non-Executive Director)
(d) Shri Pracheta Majumdar : Member (Independent Non-Executive Director)

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

The Secretary of the Company as appointed within the meaning of Section 383A of the Companies Act, 1956 acts as the Secretary to the Audit Committee.

The Terms of Reference stipulated by the Board to the Audit Committee are as contained in Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956 and broadly are as follows:

(i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
(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) Reviewing the adequacy of internal audit function and 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 -
  - Management discussion and analysis of financial condition and results of operations;
  - Statement of significant related party transactions (as defined by the audit committee) submitted by management;
  - Management letters/letters of internal control weaknesses issued by the statutory auditors;
  - Internal audit reports relating to internal control weaknesses; and
  - The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
  - The financial statements, in particular, the investments made by the unlisted Subsidiary Companies.

Details of meetings held during the year and attendance thereof are given below:

Name of the Members	Meetings held and attendance particulars			
	May 11, 09	July 30, 09	October 29, 09	January 27, 10
Shri R.C. Tapuriah	Yes	Yes	Yes	Yes
Shri J. Veeraraghavan	Yes	Yes	Yes	Yes
Shri S.K. Misra	Yes	Yes	Yes	No
Shri Pracheta Majumdar	No	Yes	Yes	Yes

The meeting of the Audit Committee attended by the Secretary of the Committee and the necessary quorum was present at all the above meetings. While the Statutory Auditors were present in all meetings, the Internal Auditors and the Cost Auditors of the Company attended three and one meeting respectively. The Managing Director and other invited executives also attended the meetings to answer and clarify the issues raised at the meetings.

4. REMUNERATION COMMITTEE

The Remuneration Committee constituted in pursuance of the provisions of the Listing Agreement and Schedule XIII to the Companies Act, 1956, comprises of all three Independent Non-Executive Directors viz. Shri Pracheta Majumdar as Chairman with Shri J. Veeraraghavan and Shri S.K. Misra as its members.

The Remuneration Committee formulates and recommends to the Board from time to time a compensation structure for wholetime members of the Board. As per terms of reference, the Remuneration Committee vide a circular resolution dated April 30, 2009 recommended the Annual increment of Shri Y.S. Lodha, Wholetime Director in the basic salary together with consequential increase in all other perquisites, allowances and benefits payable with effect from April 1, 2009. During the financial year ended on March 31, 2010, Remuneration Committee met only once on October 29, 2009 which was attended by all the members. The Committee approved the remuneration package of Shri Y.S. Lodha on his re-appointment as the Managing Director for a further period of 3 (Three) years with effect from November 4, 2009 to November 3, 2012.

At present, the Company does not have any policy for payment of remuneration to Non-Executive Directors including Non-Executive Independent Director 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 July 30, 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)
Shri Harsh V. Lodha	0.50
Shri J. Veeraraghavan	0.79
Shri S.K. Misra	0.55
Shri R.C. Tapuriah	0.70
Shri D.R. Bansal	0.54
Shri Pracheta Majumdar	0.67

(b) Managing Director: (Rs. in lacs)

Name	Salary	Perquisites, etc.	Sitting Fees	Total
Shri Y.S. Lodha	10.80	5.80	0.50	17.10

Notes:
(1) Sitting fees include fees paid for attending Committee Meetings.
(2) All appointments are non-contractual except that of the Managing Director which is for three years with effect from November 4, 2009. The re-appointment of the Managing Director is conditional upon and subject to termination by either party (the Company or the Managing Director) by giving to other party six calendar month's prior notice in writing of such termination or the Company paying six month's remuneration in lieu of the notice.
(3) 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.
(4) As per the terms of agreement, for the purpose of gratuity, pension/superannuation or deferred annuity policy and leave encashment benefits, the services of the Managing Director 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.
(5) The Company does not have any scheme for grant of Stock Options to its Directors, Managing Director or other employees.
(6) 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, interalia, include overseeing and reviewing all matters connected with investor's complaints and redressal mechanism besides approval or authorisations for share transfer/transmission/ refusal of transfer/ consolidation/sub-division/dematerialisation or rematerailisation, issue of duplicate share certificate(s), etc. as per applicable statutory and regulatory provisions.

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

Name of the Members	Category	No. of Meetings attended
Shri J. Veeraraghavan	Independent Non-Executive	2
Shri D.R. Bansal	Non-Executive	2
Shri Pracheta Majumdar	Independent Non-Executive	1

Shri J.Veeraraghavan was elected as Chairman of the Committee. Shri R. Radhakrishnan, President (Commercial) & Secretary of the Company has been designated as the Compliance Officer.

During the financial year ended March 31, 2010, two Meetings of the Committee were held on May 11, 2009 and October 29, 2009.

During the year under review, 9 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 the complainants during the year except disputed cases and sub-judice matters, which would be resolved on final disposal of the cases by the judicial and other authorities. No request for share transfer was pending for approval as on March 31, 2010.

6. GENERAL BODY MEETINGS

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

Financial Year	Venue of the Meeting	Type of Meeting	Date	Time
2006-07	Registered Office of the Company - Udyog Vihar, P.O. Chorhata, Rewa - 486 006 (M.P.)	AGM	July 18, 2007	11 a.m.
2007-08	Same as above	AGM	August 14, 2008	11 a.m.
2008-09	Same as above	AGM EGM	August 6, 2009 December 21, 2009	11 a.m. 11 a.m.

All the resolutions set out in the respective notices of the above meetings were passed by the members as ordinary resolutions except one Special Resolution concerning re-appointment of Shri Y.S. Lodha as the Managing Director which was passed by the requisite majority at the EGM of the Company held on December 21, 2009. 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 4 of Schedule 23 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) None of the subsidiary companies of the Company is a material non-listed Indian subsidiary as defined in Clause 49 and hence is not required to nominate an independent director of the Company on the Board of any subsidiary. The Audit Committee of the Company periodically reviews the financial statements, in particular, the investments made by the unlisted subsidiary companies. The Minutes of the Board Meetings of all the unlisted subsidiary Companies are placed before the Board Meeting(s) of the Company.

(e) 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 23 forming part of the accounts in the Annual Report.

(f) 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.

(g) 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.

(h) The CEO (Managing Director) and the CFO [President (Commercial) & Secretary] have furnished a duly signed Certificate to the Board for the year ended March 31, 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 May 11, 2010.

(i) In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, Shri R. Radhakrishnan, President (Commercial) & Secretary 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.

(j) 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, unqualified financial statements, 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.vtlrewa.com
The 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.sebiedifar.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 analysts:**
Nil

9. GENERAL SHAREHOLDER INFORMATION

9.1 **Annual General Meeting:**

• Date and Time	:	June 25, 2010 at 9.00 A.M.
• Venue	:	Registered Office of the Company at Udyog Vihar, P.O. Chorhata, Rewa – 486 006 (M.P.)

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

Quarterly Results :

Ending June 30, 2010	:	Last week of July, 2010
Ending September 30, 2010	:	Last week of October, 2010
Ending December 31, 2010	:	Last week of January, 2011
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, 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 - 517015
NSE, Mumbai - VINDHYATEL EQ

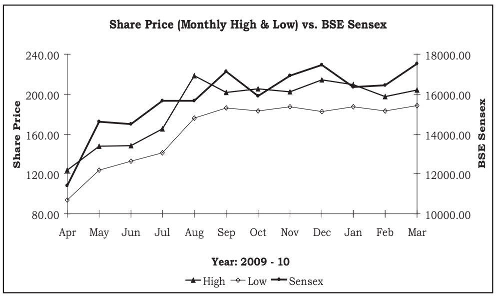
Demat ISIN Number for NSDL & CDSL : INE707A01012

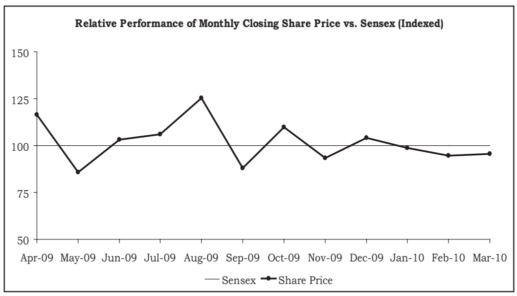
9.7 **Stock Market Data :**

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	123.90	93.85	20681	127.00	87.10	9474
May, 2009	147.50	123.80	253538	149.65	124.50	206451
June, 2009	148.60	133.00	153268	149.75	128.10	56975
July, 2009	164.90	141.00	116117	166.75	138.10	40030
August, 2009	218.25	176.00	141034	218.45	171.90	48685
September, 2009	201.80	186.30	74929	209.80	186.20	9688
October, 2009	205.30	183.30	28800	205.25	187.10	10288
November, 2009	202.45	187.25	9209	205.45	188.00	4603
December, 2009	214.10	182.40	58311	208.10	187.95	20073
January, 2010	209.40	187.20	42663	209.40	186.20	68117
February, 2010	197.70	182.90	52784	198.80	178.00	25678
March, 2010	203.90	188.45	251237	202.80	188.30	77005

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





9.9 **Registrar and Share Transfer Agents :** Messrs 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 & 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 expedite 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 March 31, 2010:**

No.of Equity Shares held	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shareholding
1 - 500	5677	91.95	787788	6.65
501 - 1000	273	4.42	201351	1.70
1001 - 2000	91	1.47	134923	1.14
2001 - 3000	35	0.57	89118	0.75
3001 - 4000	11	0.18	38147	0.32
4001 - 5000	13	0.21	60496	0.51
5001 - 10000	21	0.34	152144	1.28
10001 and above	53	0.86	10386896	87.65
GRAND TOTAL	**6174**	**100.00**	**11850863**	**100.00**
Physical Mode	**2673**	**43.29**	**6464500**	**54.55**
Electronic Mode	**3501**	**56.71**	**5386363**	**45.45**

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

Category	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shareholding
Promoter and Promoter Group*	14	0.23	5157405	43.52
Resident Individuals & Corporates	5803	93.99	4087333	34.49
Financial Institutions/Banks/Mutual Funds	18	0.29	104423	0.88
NRIs/FIIs/Foreign Bank	324	5.25	1242331	10.48
Societies**	6	0.10	1253886	10.58
Clearing Member	9	0.14	5485	0.05
GRAND TOTAL	**6174**	**100.00**	**11850863**	**100.00**

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

** Includes 1257586 equity shares (10.61%) continued to be held by certain Companies, Societies, etc. earlier shown as a part of the Promoter Group but now shown under Public Shareholding as per amended Clause 35 of the Listing Agreement.

9.12 **Dematerialisation of Shares and liquidity:** 5386363 Equity Shares representing 45.45% of total Equity Capital of the Company are held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services(India) Limited(CDSL) as on March 31, 2010.

Company's shares are reasonably liquid and are 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
5096	2498	7594

[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 - 486 006 (M.P.)

9.15 **Address for Correspondence:**

Messrs 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

OR

Share Department
Vindhya Telelinks Limited
Udyog Vihar, P.O. Chorhata,
Rewa - 486 006 (M.P.)
Phone : +91-7662-400400
Fax : +91-7662-400591
Email : headoffice@vtlrewa.com OR
investorgrievance@vindhyatelelinks.com

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 Vindhya Telelinks Limited

Place : Rewa
Date : April 28, 2010

Y.S. Lodha
Managing Director

AUDITOR'S CERTIFICATE

To

The Members of Vindhya Telelinks Limited

We have examined the compliance of conditions of corporate governance by Vindhya Telelinks Limited, for the year ended on March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to 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 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 S.R. BATLIBOI & CO.
Firm registration number : 301003E
Chartered Accountants

Per ANIL GUPTA
Partner
Membership No. 87921

Place : New Delhi
Date : May 11, 2010

Auditors' Report

TO THE MEMBERS OF VINDHYA TELELINKS LIMITED

1. We have audited the attached Balance Sheet of Vindhya Telelinks Limited ('the Company') as at March 31, 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 our 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, 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 those 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 sub-section (3C) of section 211 of the Companies Act, 1956.

   (v) On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   (vi) *In earlier years and previous year, in view of change to excise duty rates on the Company's finished products, and such rates being lower than the cenvatable customs duty on imported inputs, the Company has accumulated CENVAT credits aggregating to Rs. 628.54 lacs as at March 31, 2010. As stated in note 6 to attached financial statements, the management has devised an alternative mechanism for utilization of these balances. In view of prevailing inverted duty structure, we are unable to comment on the utilization of the aforesaid balances and consequent adjustments, if any, required to the attached financial statements. Our auditors' reports on the financial statements for the year ended March 31, 2009 were also modified in respect of the above matter.*

   (vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, *subject to the effects of our observation in paragraph 4.vi above,* 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 March 31, 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.

For S.R. BATLIBOI & CO.
Firm registration number : 301003E
Chartered Accountants

Per ANIL GUPTA
Partner
Membership No. 87921

Place : New Delhi
Date : May 11, 2010

Annexure referred to in paragraph [3] of our report of even date

Re: Vindhya Telelinks Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) There was no substantial disposal of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) 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) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register 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 the Company.

(e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register 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 the Company.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system 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 and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) (a) Based on the audit procedures applied and according to the information and explanations provided by the management, we are of the opinion that there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(v) of the Order are not applicable to the Company.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases.*

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

(b) According to the information and explanations given to us, undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of the dues	Amount Rs. in lacs	Period to which the amount relates	Due Date	Date of Payment
Madhya Pradesh Entry Tax Act, 1976	Entry Tax	35.84	2007-08 and upto September 2009	Various dates	Not paid

(c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current year *but has incurred cash losses in the immediately preceding financial year.*

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. We have been informed that the Company did not have any outstanding debentures and loans from financial institutions during the year.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) The Company did not have any term loans outstanding during the year.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money through a public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.R. BATLIBOI & CO.
Firm registration number : 301003E
Chartered Accountants

Per ANIL GUPTA
Partner
Membership No. 87921

Place : New Delhi
Date : May 11, 2010

BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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	**1182.22**	1182.19
Reserves and surplus	2	**21698.34**	20540.35
		22880.56	21722.54
LOAN FUNDS			
Secured loans	3	**3605.08**	3642.65
Unsecured loans	4	**1500.00**	-
		5105.08	3642.65
		27985.64	25365.19
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	5	**14665.04**	14505.58
Less: Accumulated depreciation/amortisation		**10075.87**	10132.81
Net block		**4589.17**	4372.77
Capital work-in-progress		**142.57**	6.01
		4731.74	4378.78
INVESTMENTS	6	**11768.37**	11768.37
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	**2317.22**	3006.19
Sundry debtors	8	**10386.92**	6778.23
Cash and bank balances	9	**927.68**	936.70
Other current assets	10	**43.37**	34.27
Loans and advances	11	**1697.69**	1802.52
		15372.88	12557.91
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	12	**3639.95**	3117.18
Provisions	13	**247.40**	222.69
		3887.35	3339.87
NET CURRENT ASSETS		**11485.53**	9218.04
		27985.64	25365.19
NOTES TO THE ACCOUNTS	23		

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

As per our attached report of even date.

For S.R. BATLIBOI & CO.
Firm registration number : 301003E
Chartered Accountants

Per ANIL GUPTA
Partner
Membership No.87921

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

Y.S. Lodha — Managing Director
R. Radhakrishnan — President (Commercial) & Secretary

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	**20908.34**	27756.83
Less: Excise duty		**822.18**	2677.47
Turnover (Net)		**20086.16**	25079.36
Other income	15	**854.99**	648.93
		20941.15	25728.29
EXPENDITURE			
Raw materials consumed	16	**8371.11**	18333.39
Decrease in inventories	17	**343.78**	1209.71
Cost of traded goods sold		**2.73**	10.51
Materials purchased/Subcontract expenses	18	**6391.99**	2795.62
Personnel expenses	19	**1297.72**	1059.31
Operating and other expenses	20	**2450.32**	2182.45
Financial expenses	21	**505.87**	538.42
		19363.52	26129.41
PROFIT/(LOSS) BEFORE DEPRECIATION/AMORTISATION AND TAX		**1577.63**	(401.12)
Depreciation/amortisation	22	**421.23**	535.24
PROFIT/(LOSS) BEFORE TAX		**1156.40**	(936.36)
Tax credit of earlier years		**(2.09)**	(17.37)
Deferred tax (credit)		**-**	(0.71)
Fringe benefit tax		**-**	17.75
Total tax/(credit)		**(2.09)**	(0.33)
NET PROFIT/(LOSS) FOR THE YEAR		**1158.49**	(936.03)
Credit balance brought forward		**-**	749.68
Adjusted by transfer from General Reserve		**-**	186.35
Surplus carried to Balance Sheet		**1158.49**	-
Earnings per share (EPS)			
Weighted average number of equity shares in calculating basic and diluted EPS		**11850863**	11850863
Basic and diluted [Nominal value of shares Rs.10/- each (Rs. 10/- each)]		**9.80**	(7.92)

NOTES TO THE ACCOUNTS 23

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our attached report of even date.

For S.R. BATLIBOI & CO.
Firm registration number : 301003E
Chartered Accountants

Per ANIL GUPTA
Partner
Membership No.87921

New Delhi, May 11, 2010

Harsh V. Lodha, J. Veeraraghavan, S.K. Misra, R.C. Tapuriah, D.R. Bansal, Pracheta Majumdar — Directors

Y.S. Lodha — Managing Director

R. Radhakrishnan — President (Commercial) & Secretary

New Delhi, May 11, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

		Rs. in lacs	For the Year ended March 31, 2010 Rs. in lacs	Rs. in lacs	For the Year ended March 31, 2009 Rs. in lacs
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit/(Loss) before tax		**1156.40**		(936.36)
	Adjustments for :				
	Depreciation	421.23		535.24	
	(Profit)/loss on disposal of fixed assets (Net)	-		(2.64)	
	Interest income	(58.14)		(64.57)	
	Dividend income	(495.02)		(371.37)	
	Interest expense	388.00	**256.07**	434.41	531.07
	Operating Profit before working capital changes		**1412.47**		(405.29)
	Movement in working capital:				
	(Increase) in sundry debtors	(3608.69)		(3596.71)	
	Decrease/(increase) in inventories	688.97		1513.43	
	(Increase) in loans and advances	258.52		(493.58)	
	Increase in current liabilities and provisions	548.21	**(2112.99)**	831.81	(1745.05)
	Cash generated (used in) operations :		**(700.52)**		(2150.34)
	Direct taxes (paid)/refund received		**(151.60)**		(47.06)
	Net cash (used in) operating activities		**(852.12)**		(2197.40)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of fixed assets	(799.07)		(533.21)	
	Proceeds from sale of fixed assets	5.95		24.91	
	Interest received	67.33		109.57	
	Dividend received	495.02		371.37	
	Fixed deposits with banks placed	(165.22)		(519.50)	
	Fixed deposits with banks encashed	19.70		682.96	
	Net cash (used in)/ from investing activities		**(376.29)**		136.10

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010 (Contd.)

	Rs. in lacs	For the Year ended March 31, 2010 Rs. in lacs	Rs. in lacs	For the Year ended March 31, 2009 Rs. in lacs
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from share capital	0.03		0.01	
Proceeds from securities premium	0.14		0.02	
Proceeds/(Repayment) of short term borrowings	1462.43		2956.92	
Proceeds/(Repayment) of long term borrowings	-		(257.54)	
Interest paid	(384.76)		(434.41)	
Dividend paid	(3.97)		(3.22)	
Net cash from financing activities		**1073.87**		2261.78
Net (decrease) /Increase in cash and cash equivalents		**(154.54)**		200.48
Cash and cash equivalents at the beginning of the year		**417.12**		216.64
Cash and cash equivalents at the end of the year		**262.58**		417.12
Components of cash and cash equivalents as at 31st March*				
Cash and cheques on hand		**142.21**		273.40
With scheduled banks- on current accounts/dividend accounts/ cash credit accounts (see note(a) below)		**67.84**		143.72
With other banks- on current accounts		**52.53**		-
		262.58		417.12

(a) Difference of Rs. 665.10 lacs (Rs. 519.58 lacs) compared with Schedule 9 represents short term investments with an original maturity of three months or more and deposits pledged with banks and others.

(b) The Cash Flow Statement has been prepared under the 'Indirect method' as set out in Accounting Standard-3 on Cash Flow Statements.

(c) Negative figures have been shown in brackets.

As per our attached report of even date.

For S.R. BATLIBOI & CO.
Firm registration number : 301003E
Chartered Accountants

Per ANIL GUPTA
Partner
Membership No.87921

New Delhi, May 11, 2010

Harsh V. Lodha, J. Veeraraghavan, S.K. Misra, R.C. Tapuriah, D.R. Bansal, Pracheta Majumdar — Directors

Y.S. Lodha — Managing Director

R. Radhakrishnan — President (Commercial) & Secretary

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			
1,50,00,000	Equity shares of Rs.10/- each	**1500.00**	1500.00
Issued			
1,18,52,014	Equity shares of Rs.10/- each	**1185.20**	1185.20
Subscribed			
1,18,50,863	Equity shares of Rs.10/- each fully paid up	**1185.09**	1185.09
	Less: Calls unpaid	**2.87**	2.90
		1182.22	1182.19

	As at March 31, 2010 Rs. in lacs	As at March 31, 2009 Rs. in lacs
SCHEDULE 2 : RESERVES AND SURPLUS		
Capital Reserve		
On revaluation of plant and machinery		
Balance as per last account	**4.26**	5.00
Less : Transferred to Profit and Loss Account being difference of depreciation on revalued cost of assets and that on the original cost	**0.64**	0.74
	3.62	4.26
Securities Premium Account		
Balance as per last account	**3877.24**	3877.22
Add : Received during the year	**0.14**	0.02
	3877.38	3877.24
General Reserve		
Balance as per last account	**16658.85**	16845.20
Less : Transferred to Profit and Loss Account	**-**	186.35
	16658.85	16658.85
Profit and Loss Account Balance	**1158.49**	-
	21698.34	20540.35

	As at March 31, 2010 Rs. in lacs	As at March 31, 2009 Rs. in lacs
SCHEDULE 3 : SECURED LOANS		
Working Capital Loans from Banks		
Cash credit facilities	**1719.32**	2918.72
Buyers' Credit (for operational use)	**978.88**	-
Export packing credit	**906.88**	723.93
	3605.08	3642.65

Note: Fund and Non-fund based credit facilities (including Buyers' credit) from State Bank of India (SBI) and State Bank of Patiala (SBP) are secured by hypothecation of the Company's entire goods, movable and other assets, present and future, including documents of title to goods and other assets such as book-debts, outstanding moneys, receivables, claims, bills, invoices, documents, contracts, engagements, securities, investments and rights and all machinery, present and future. These facilities are further secured by deposit of title deeds of the certain immovable properties of the Company as and by way of collateral security. The facilities from SBI are additionally secured by way of pledge of 12,50,000 equity shares of Birla Ericsson Optical Limited.

	As at March 31, 2010 Rs. in lacs	As at March 31, 2009 Rs. in lacs
SCHEDULE 4 : UNSECURED LOANS		
Short term loans from Bodies Corporate	**1500.00**	-
	1500.00	-

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 Period	Deductions/ Adjustments	As at 31.03.2010	As at 01.04.2009	Provided during the Period	Deductions/ Adjustments	As at 31.03.2010	**As at 31.03.2010**	As at 31.3.2009
LAND										
Freehold	113.18	-	-	113.18	-	-	-	-	**113.18**	113.18
Leasehold	44.68	-	-	44.68	6.54	0.68	-	7.22	**37.46**	38.14
BUILDINGS	2043.19	7.71	-	2050.90	1020.11	48.15	-	1068.26	**982.64**	1023.08
PLANT & MACHINERY	11881.56	580.75	498.65	11963.66	8858.37	335.34	476.05	8717.66	**3246.00**	3023.19
FURNITURE & OFFICE EQUIPMENT	327.21	25.57	0.59	352.19	208.71	25.03	0.40	233.34	**118.85**	118.50
VEHICLES	77.87	41.27	3.81	115.33	33.11	7.77	2.36	38.52	**76.81**	44.76
INTANGIBLES (Software)	17.89	7.21	-	25.10	5.97	4.90	-	10.87	**14.23**	11.92
	14505.58	662.51	503.05	14665.04	10132.81	421.87	478.81	10075.87	**4589.17**	4372.77
Capital Work-in-progress									**142.57**	6.01
									4731.74	4378.78
Previous Year	13822.44	789.16	106.02	14505.58	9680.58	535.98	83.75	10132.81	4372.77	

Notes: (1) Freehold Land and Buildings include Rs.5.47 lacs (Rs.5.47 lacs) and Rs.112.79 lacs (Rs. 112.79 lacs) respectively given on operating lease. The aggregate written down value of these fixed assets as on March 31, 2010 is Rs. 39.25 lacs (Rs. 41.32 lacs) and depreciation charged during the year is Rs. 2.07 lacs (Rs. 2.17 lacs).

(2) Gross Block of Plant & Machinery include Rs.905.42 lacs (Rs. 905.42 lacs) on account of addition on revaluation during the year ended March 31, 1990 as per valuation carried out by approved valuer.

(3) Capital work in progress includes software under implementation of Rs. 17.01 lacs (Rs. Nil).

			As at March 31, 2010 Rs. in lacs	As at March 31, 2009 Rs. in lacs
SCHEDULE 6 : INVESTMENTS				
Long Term Investments (At cost)				
(A) Trade				
Quoted - Fully paid up equity shares of Rs. 10/- each				
48,39,908	(48,39,908)	Universal Cables Limited	**3193.75**	3193.75
40,00,100	(40,00,100)	Birla Ericsson Optical Limited	**900.01**	900.01
63,80,243	(63,80,243)	Birla Corporation Limited	**1917.58**	1917.58
Unquoted - Fully paid up equity shares of Rs. 10/- each				
In the Subsidiary Companies				
1,52,50,200	(1,52,50,200)	August Agents Limited	**1525.02**	1525.02
1,50,00,200	(1,50,00,200)	Insilco Agents Limited	**1500.02**	1500.02
1,50,00,200	(1,50,00,200)	Laneseda Agents Limited	**1500.02**	1500.02
Other than the Subsidiary Companies				
2,99,940	(2,99,940)	Birla Financial Corporation Limited	**29.99**	29.99
1,20,00,000	(1,20,00,000)	Punjab Produce Holdings Limited	**1200.00**	1200.00
9,800	(9,800)	Universal Telelinks Private Limited	**0.98**	0.98
9,800	(9,800)	Universal Electricals Private Limited	**0.98**	0.98
(B) Other than trade				
Unquoted - Fully paid up equity shares of Re. 1/- each				
6,900	(6,900)	Free Press House Limited	**0.02**	0.02
			11768.37	11768.37
Aggregate amount of quoted investments			**6011.34**	6011.34
Market value of quoted investments			**30025.72**	13352.40
Aggregate amount of unquoted investments			**5757.03**	5757.03

	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	**1103.87**	1432.41
Stores and spares	**254.04**	266.08
Traded goods	**28.93**	33.54
Work-in-progress	**923.06**	1160.91
Finished goods	**2.41**	90.67
Scrap	**4.91**	22.58
	2317.22	3006.19
SCHEDULE 8 : SUNDRY DEBTORS (Unsecured)		
For Sales on deferred payment terms		
Debts outstanding for a period exceeding six months- Considered good	**10.73**	-
Considered doubtful	**-**	10.73
For other sales		
Debts outstanding for a period exceeding six months- Considered good	**3084.58**	193.39
Considered doubtful	**114.83**	86.70
Other debts		
Considered good	**7291.61**	6584.84
Considered doubtful	**-**	0.40
	10501.75	6876.06
Less: Provision for doubtful debts	**114.83**	97.83
	10386.92	6778.23
SCHEDULE 9 : CASH AND BANK BALANCES		
Cash on hand (including cheques/drafts in hand Rs.137.06 lacs (Rs.272.88 lacs))	**142.21**	273.40
Balance with scheduled banks		
On current/collection accounts	**64.56**	119.77
" cash credit account	**3.28**	19.98
" term deposit accounts (term deposit receipts pledged with banks and others)	**665.10**	519.58
" unclaimed dividend accounts	**-**	3.97
Balance with other bank		
On current account in foreign currency (with Nepal SBI Bank Limited, maximum amount outstanding during the year Rs. 214.10 lacs)	**52.53**	-
	927.68	936.70
SCHEDULE 10 : OTHER CURRENT ASSETS		
Interest receivable on deposits and others	**25.08**	34.27
Assets held for disposal (at lower of written down value and net realisable value)	**18.29**	-
	43.37	34.27

	As at March 31, 2010 Rs. in lacs	As at March 31, 2009 Rs. in lacs
SCHEDULE 11 : LOANS AND ADVANCES (Unsecured and Considered good)		
Loans to employees	**14.27**	18.19
Advances recoverable in cash or kind or for value to be received	**492.72**	296.47
VAT Credit (Input) Receivable	**3.41**	70.05
Deposits (Others)	**348.31**	400.57
Balance with Customs, Central Excise, etc. (net of service tax payable Rs. 347.06 lacs (Rs. 216.64 lacs))	**628.54**	932.68
Advance Income Tax (net of provision)	**194.10**	40.41
Claims, Payment of refunds etc. receivable	**16.34**	44.15
	1697.69	1802.52
SCHEDULE 12 : CURRENT LIABILITIES		
Acceptances	**265.46**	101.16
Sundry creditors		
Due to Micro and Small Enterprises	**0.40**	0.42
(Refer Note No. 14 of Schedule 23)		
Others	**3265.66**	2949.74
Mobilisation and other advances from customers	**52.40**	15.94
Sundry deposits	**52.79**	45.95
Interest accrued but not due on loans	**3.24**	-
Unclaimed dividend*	**-**	3.97
	3639.95	3117.18

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

	As at March 31, 2010 Rs. in lacs	As at March 31, 2009 Rs. in lacs
SCHEDULE 13 : PROVISIONS		
For Gratuity	**86.61**	77.95
For Compensated Absences	**121.85**	103.44
For Pension	**38.94**	41.30
	247.40	222.69

	For the year ended March 31, 2010 Rs. in lacs	For the year ended March 31, 2009 Rs. in lacs
SCHEDULE 14 : TURNOVER		
Finished Goods*	**11552.15**	22879.81
Contract Revenue	**8985.93**	4080.51
Miscellaneous	**370.26**	796.51
	20908.34	27756.83

* includes price variation claims of Rs. 117.13 lacs (Rs. Nil) related to an earlier year but settled during the year.

	For the year ended March 31, 2010 Rs. in lacs	For the year ended March 31, 2009 Rs. in lacs
SCHEDULE 15 : OTHER INCOME		
Interest:		
-on bank deposits (Tax deducted at source Rs. 7.75 lacs (Rs.4.36 lacs))	**50.41**	56.20
-on inter corporate deposits etc. (Tax deducted at source Rs. 0.47 lac (Rs. 0.71 lac))	**7.73**	8.37
Dividend		
-On Investments (Long term) (Trade)	**495.02**	371.37
Rent	**82.28**	74.34
Unspent liabilities/sundry balances written back	**57.31**	12.97
Provision for doubtful debts written back	**13.51**	8.20
Profit on disposal of fixed assets (Net)	**-**	2.64
Processing charges	**99.82**	97.83
Exchange rate fluctuation (Net)	**23.05**	-
Miscellaneous income	**25.86**	17.01
	854.99	648.93

SCHEDULE 16: RAW MATERIALS CONSUMED		
Opening Stock	**1432.41**	1698.84
Add: Purchases (Less : Sales and claims Rs.192.98 lacs (Rs. 1061.38 lacs))	**8042.57**	18066.96
	9474.98	19765.80
Less: Closing Stock	**1103.87**	1432.41
	8371.11	18333.39

SCHEDULE 17 : DECREASE IN INVENTORIES		
Closing Inventories		
Work-in-progress	**923.06**	1160.91
Finished goods	**2.41**	90.67
Scrap	**4.91**	22.58
	930.38	1274.16
Opening Inventories		
Work-in-progress	**1160.91**	1884.91
Finished goods	**90.67**	371.98
Scrap	**22.58**	226.98
	1274.16	2483.87
	343.78	1209.71

SCHEDULE 18: MATERIALS PURCHASED/SUBCONTRACT EXPENSES		
Cost of materials purchased	**4001.08**	1170.84
Other engineering & construction expenses	**2390.91**	1624.78
	6391.99	2795.62

SCHEDULE 19 : PERSONNEL EXPENSES		
Salaries, wages, provision for bonus, etc.	**1099.30**	895.06
Contribution to provident and other funds, etc.	**102.12**	94.34
Welfare expenses	**96.30**	69.91
	1297.72	1059.31

	For the year ended March 31, 2010 Rs. in lacs	For the year ended March 31, 2009 Rs. in lacs
SCHEDULE 20 : OPERATING AND OTHER EXPENSES		
Consumption of stores and spares	**208.75**	242.02
Packing materials	**261.56**	476.85
Power and fuel	**310.16**	405.40
Sales commission (other than sole selling agent)	**404.87**	206.70
Freight and transportation (Net)	**88.53**	-
Processing/Job Work and testing charges	**44.89**	100.48
Excise duty on Increase/(Decrease) of stocks	**(7.98)**	(61.97)
Rent	**107.65**	50.61
Rates & taxes	**58.22**	26.37
Sales tax paid	**79.57**	17.44
Insurance	**39.80**	27.41
Repair & maintenance :		
- Plant & machinery	**37.13**	42.16
- Buildings	**31.36**	51.15
- Others	**15.32**	15.83
Travelling and conveyance	**283.57**	157.29
Director's sitting fees	**4.25**	2.47
Auditor's remuneration		
Statutory auditors		
as auditors		
- Audit fees	**6.00**	6.00
- Tax audit fee	**0.75**	0.75
- Quarterly reviews	**4.50**	4.50
as others		
- Company law matters	**-**	1.75
- Certification etc.	**3.85**	7.50
- Out of pocket expenses	**0.99**	1.04
Cost auditors		
- Audit fees	**0.35**	0.35
- Reimbursement of expenses	**-**	0.06
Legal and professional	**140.91**	99.59
Provision for doubtful debts	**80.88**	16.45
Sundry balances written off	**8.38**	2.49
Exchange rate fluctuation (Net)	**-**	85.78
Charity & donation	**1.02**	1.11
Miscellaneous expenses	**235.04**	194.87
	2450.32	2182.45

	For the year ended March 31, 2010 Rs. in lacs	For the year ended March 31, 2009 Rs. in lacs
SCHEDULE 21 : FINANCIAL EXPENSES		
Interest		
- to banks and others	**388.00**	434.41
Bank charges	**117.87**	104.01
	505.87	538.42
SCHEDULE 22 : DEPRECIATION/AMORTISATION		
On fixed assets	**421.87**	535.98
Less: Transfer from capital reserve	**0.64**	0.74
	421.23	535.24

SCHEDULE 23 : NOTES TO THE ACCOUNTS

1. NATURE OF OPERATIONS

   Vindhya Telelinks Limited is engaged in the business of manufacturing and sale of "Cables" including Jelly Filled Telephone Cables, Optic Fibre Telephone Cables, Aerial Bunched Cable and Fibre Ribbon, etc. and Engineering, Procurement and Construction ("EPC") business.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

   (a) Basis of Preparation

   The financial statements have been prepared to comply in all material respects with the notified Accounting standards by Companies (Accounting Standard) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

   (b) Use of estimates

   The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

   (c) Fixed Assets

   Fixed Assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation, amortization and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. When fixed assets are revalued, any surplus on revaluation is credited to assets revaluation reserve.

   The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

   Software

   Cost relating to purchased software is capitalized and is amortized on a straight-line basis over their estimated useful lives of five years.

   Software licenses costing Rs. 5,000 and below are fully depreciated in the year of acquisition.

(d) Depreciation

(i) Premium on leasehold land is amortized over the life of the Lease.

(ii) Depreciation on certain second hand Plant and Machinery purchased during the financial year 2004-05, which are estimated to have lower residual lives than envisaged as per the rates provided in Schedule XIV to the Companies Act, 1956 has been provided based on such estimated lower residual life, using the straight line method.

(iii) Depreciation on Fixed Assets of Unit No.1 and Computer Systems is provided on Written Down Value Method at rates, computed based on estimated useful life of the assets, which are equal to the corresponding rates prescribed under Schedule XIV to the Companies Act, 1956.

(iv) Depreciation on all other Fixed Assets is provided on Straight Line Method at rates, computed based on estimated useful life of the assets, which are equal to the corresponding rates prescribed under Schedule XIV to the Companies Act, 1956.

(v) Depreciation on insurance spares which can be used only in connection with an item of fixed assets and whose use as per technical assessment is expected to be irregular, are capitalized and depreciated over the residual useful life of the respective assets.

(e) 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.

Where the Company is the Lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

(f) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

(g) Inventories

Inventories are valued as follows

Raw Materials and Stores & Spares	:	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a transaction moving weighted average basis.
Traded Goods	:	Lower of cost and net realizable value. Cost is determined on a transaction moving weighted average cost basis.
Work–in-progress and Finished Goods (Own manufactured)	:	Lower of cost and net realizable value. Cost includes direct materials (determined on weighted average cost basis) and labour and proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.
Scrap	:	Net realizable value

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(h) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise duty deducted from gross turnover is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arose during the year. Credits/debits arising out of finalization of provisional prices on supplies are accounted for in the year of their acceptance since it is not possible to ascertain the exact quantum in respect thereof with reasonable accuracy. Revenue to the extent of price variation disputes, 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.

Contract Revenue

The Company follows the percentage of completion method as per Accounting Standard (AS)-7 to recognize revenue in respect of contracts executed. The stage of completion of the project is determined by the proportion to the contract cost incurred for work performed upto the balance sheet bear to the estimated total contract cost.

Contract Revenue is accounted for on the basis of bills submitted to clients/bills certified by the clients or on technical evaluation of work executed based on joint inspection with customers and do not include material supplied by customers/ clients free of cost. The income on account of claims/rewards or extra item works are recognized to the extent Company expects reasonable certainty about receipt or acceptance from the clients/customers. In case the total cost of a contract, based on technical and other estimates, is expected to exceed the corresponding contract value, such expected loss is fully provided for.

Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend

Revenue is recognized when the shareholder's right to receive payment is established by the Balance Sheet date.

(i) Foreign Currency Translations

(i) Initial Recognition

Foreign Currency Transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency at the date of the transactions.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical costs denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise.

(iv) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the Profit and Loss Account in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or expense for that year.

(v) Translation of Integral foreign operations

In respect of a Branch, which is having integral foreign operations, all transactions are translated at rates prevailing on the date of transaction or that approximates the actual rate at the date of transaction. Branch monetary assets and liabilities are restated at the year end rate.

(j) Retirement and other Employee Benefits

(i) Retirement benefits in the form of Provident Fund and Superannuation Fund is a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. The Company accounts for the contributions under Superannuation Scheme being made/to be made to Life Insurance Corporation of India (LIC) against an insurance policy taken with them. There are no other obligations other than the contributions payable to the funds.

(ii) Gratuity liability and pension liability (including past services of employees who were employed in other group companies) are defined benefit obligations and are provided for on the basis of an actuarial valuation performed in accordance with Projected Unit Credit Method made at the end of each financial year by an independent actuary.

(iii) Short term compensated absences are provided for on estimate basis. Long term compensated absences are provided for on actuarial valuation basis.

(iv) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

(v) Payments made under Voluntary Retirement Scheme are charged to the profit and loss account in the year when the employee accepts the early retirement.

(vi) Ex-gratia or other amount disbursed on account of selective employees separation scheme are charged to Profit and Loss Account.

(k) Income Taxes

Tax expense comprises current and deferred tax. Current income tax are measured at the amount expected to be paid to the tax authorities in accordance with Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of deferred tax assets to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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.

(l) Segment Reporting Policies

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Include general corporate income and expense items which are not allocated to any business segment.

(m) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share splits, and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(n) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

(o) 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.

(p) Derivative Instruments

The Company uses derivative instruments such as forward contract to hedge its risks associated with fluctuations in raw material prices. As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11 are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedged item is charge to the income statement. Net gains are ignored.

3. Segment Information

The business segment of the Company is divided into two categories i.e. Cables and EPC (Engineering, Procurement and Construction). A brief Description of the types of products and Services provided by each reportable segment is as follows:

1. Cables- The Company manufactures and markets various types of cables including Jelly Filled Telephone Cables, Optic Fibre Cables, Aerial Bunched Cable and Fibre Ribbon, etc.

2. EPC (Engineering, Procurement and Construction) –The Company undertakes and executes Contracts and provide services with or without materials, as the case may be.

(a) Primary Segment Information (by Business Segments)

The following table presents revenue and profit/(loss) information regarding industry segments for the years ended March 31, 2010 and March 31, 2009 and certain liabilities information regarding industry segments at March 31, 2010 and March 31, 2009.

Business Segments	**Year ended March 31, 2010**			Year ended March 31, 2009		
	Cables Rs. in lacs	**EPC Rs. in lacs**	**Total Rs. in lacs**	Cables Rs. in lacs	EPC Rs. in lacs	Total Rs.in lacs
Revenue						
External Sales (Net)	**11100.23**	**8985.93**	**20086.16**	20998.85	4080.51	25079.36
Other Income*	**218.60**	**0.95**	**219.55**	146.07	-	146.07
Total Revenue	**11318.83**	**8986.88**	**20305.71**	21144.92	4080.51	25225.43
Results						
Segment result (PBIT)	**(162.34)**	**1076.57**	**914.23**	(1741.20)	732.55	(1008.65)
Unallocable Income/ (Expenses) (Net)			**572.03**			442.13
Operating Profit/(Loss)			**1486.26**			(566.52)
Interest (Net)			**(329.86)**			(369.80)
Tax Credit (Net)			**2.09**			0.33
Profit/(Loss) after Tax			**1158.49**			(936.03)
Other Information						
Segment Assets	**10621.35**	**9289.17**	**19910.52**	12390.18	4502.13	16892.31
Unallocable Assets			**11962.47**			11812.75
Total Assets			**31872.99**			28705.06
Segment Liabilities	**1638.10**	**2249.28**	**3887.38**	2162.10	1173.80	3335.90
Unallocable Liabilities			**5105.08**			3646.62
Total Liabilities			**8992.46**			6982.52
Capital Expenditure	**399.84**	**399.23**	**799.07**	212.96	320.25	533.21
Depreciation	**354.60**	**66.63**	**421.23**	511.67	23.57	535.24
Other Non Cash Expenditure	**3.76**	**85.50**	**89.26**	10.74	-	10.74

* Excludes Rs. 635.44 lacs (Rs. 510.28 lacs) netted off from Unallocated Expenses and Interest Expense.

(b) Geographical Segments

The following table shows the distribution of the Company's consolidated sales by geographical market, regardless of where the goods were produced:

Sales revenue by geographical market

Geographical Market Segment	**2009-10 Rs. in lacs**	2008-09 Rs. in lacs
Domestic Market	**17448.33**	24621.40
Overseas Market	**2637.83**	457.96
Total	**20086.16**	25079.36

The following table shows the carrying amount of debtors by geographical market

Geographical Market Segment	**2009-10 Rs. in lacs**	2008-09 Rs. in lacs
Domestic Market	**9637.42**	6596.41
Overseas Market	**749.50**	181.82
Total	**10386.92**	6778.23

The Company has common fixed assets for producing goods/providing services to Domestic Market as well as for Overseas Markets. Hence, separate figures for fixed assets/additions to fixed assets have not been furnished.

4. Related Party Disclosure

Subsidiaries : August Agents Ltd.*, Insilco Agents Ltd.*, Laneseda Agents Ltd.*

Joint Venture : Birla Ericsson Optical Ltd. (BEOL)

Key Management Personnel : Shri Y.S. Lodha (Managing Director)

* No transaction has taken place during the year.

Note: The Company by itself or along-with its subsidiaries hold more than 20% of the voting power of certain bodies corporate. The Company has been legally advised that it does not have any "significant influence" in the said bodies corporate as defined in Accounting Standard '18' "Related Party Disclosure" and accordingly, has not considered the above investees as related parties under AS-18.

Particulars			**Joint Venture**	
			2009-10 Rs. in lacs	2008-09 Rs. in lacs
(i)	**Transactions during the year**			
	(a)	Purchases of Finished Goods, Traded items, Raw Materials, Stores, Spares and Packing Materials	**500.63**	588.12
	(b)	Sale of Raw-Materials, Stores, Finished Goods Spares and Packing Materials	**584.99**	1403.86
	(c)	Other Service Charges/Lease Rent Received	**64.80**	60.40
	(d)	Other Service Charges Paid	**4.84**	2.97
	(e)	Sale of Fixed Assets	**-**	25.74
	(f)	Purchases of Fixed Assets	**-**	10.73
	(g)	Inter-Corporate Deposits taken	**3250.00**	2725.00
	(h)	Inter-Corporate Deposits repaid	**3250.00**	2725.00
	(i)	Interest on Inter-Corporate Deposits paid	**46.15**	12.57
(ii)	**Balance outstanding at the year end**			
	Payables		**-**	80.61

Notes:

(a) 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 party.

(b) Transactions and balances relating to reimbursement of expenses to/from the above related party have not been considered.

(c) Transactions with related parties are done at arm's length basis.

(iii) Key Management Personnel

	2009-10 Rs. in lacs	2008-09 Rs. in lacs
Shri Y.S. Lodha, Managing Director	**17.10***	13.01*

* As the liability of gratuity and compensated absences is provided on an actuarial basis for the Company as a whole, the amount pertaining to the director is not included above.

5. Interest in Joint Venture

Pursuant to Accounting Standard '27' "Financial Reporting of Interest in Joint Ventures" the relevant information relating to a Joint Venture is as given below:

Name of the Joint Venture	Country of Incorporation	Proportion of Ownership Interest	Description of Interest
Birla Ericsson Optical Ltd. (BEOL)	India	13.33%	JV is established principally for manufacture of Optic Fibre Cables and Jelly Filled Telephone Cables.

The Company's share in the aggregate amounts of each of the assets, liabilities, income, expenses, contingent liabilities and capital commitments as at/for the years ended March 31, 2010 and March 31, 2009 in the above company as per its audited financial statements are as under:

	As at/For the year ended March 31, 2010 Rs. in lacs	As at/For the year ended March 31, 2009 Rs. in lacs
Assets		
- Fixed Assets (Net Block)	**438.17**	438.16
- Investments	**187.45**	187.45
- Inventories	**212.40**	278.38
- Sundry Debtors	**312.50**	294.44
- Cash and Bank Balances	**121.62**	148.79
- Other Current Assets	**3.60**	4.53
- Loans and Advances	**86.10**	82.58
	1361.84	1434.33
Liabilities		
- Secured Loans	**74.07**	46.41
- Unsecured Loans	**246.99**	310.40
- Current Liabilities and Provisions	**164.24**	231.40
	485.30	588.21
Income		
- Income from Operations	**1315.21**	1573.61
- Other Income	**24.30**	20.06
Expenses		
Manufacturing and Other Expenses	**1242.01**	1594.57
Interest and Financial Charges	**19.31**	25.74
Depreciation	**47.82**	49.43
Provision for Tax/(Tax Credit)	**(0.05)**	0.57
Contingent Liabilities	**1117.15**	1202.92
Capital Commitments	**44.73**	10.39

6. The Company has accumulated CENVAT credit aggregating to Rs. 628.54 lacs as at March 31, 2010 (as appearing in Schedule 11 of Loans and Advances) due to inverted duty structure. The management has devised alternative mechanism for utilisation of the accumulated Cenvat credit as going concern over a reasonable period of time and hence this does not call for any provision thereagainst.

7. Contingent liabilities (not provided for) in respect of:

(i) Estimated amount of contracts remaining to be executed on Capital Account (Net of advances) and not provided for Rs.152.02 lacs (Rs.10.66 lacs).

(ii) Claims against the Company not acknowledged as debts Rs. Nil (Rs. 8.09 lacs).

(iii) Pending cases with Income-Tax Appellate authorities where Income Tax Department has preferred Appeals - liability not ascertainable*.

* Based on the discussions with the solicitors/meeting the terms and conditions by the Company, the management believes that the Company has a strong chance of success in the cases and hence no provision thereagainst is considered necessary.

8. In the opinion of the management, the decline in the market value of certain quoted long term investments (trade) (aggregate carrying cost amount Rs.900.01 lacs) by Rs. 273.99 lacs at the year end is temporary and hence, does not call for any provision thereagainst. However, there is no diminution in the value of long term quoted investments if market value of all investments is taken together.

9. The Company has filed a law suit against an overseas 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 overreach the said Law Suit has initiated an arbitration for claiming recovery of value of the unsupplied goods for the period from October, 2002 to September, 2006 aggregating to Rs.5514.52 lacs (value as on March 31, 2010). 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.

10. Sundry Debtors (considered good) and outstanding for a period exceeding six months include Rs. 86.73 lacs withheld by the customer against various bills which has been appropriately contested by the Company. Based on the relevant contract, the Company does not expect any material adjustments, in the books of the account.

11. The Company has during the year, written back liability for interest amounting to Rs. 29.51 lacs, no longer required as legally advised on the basis of interpretation of various provisions of relevant statutes and the rules made thereunder.

12. Derivative Instruments, Hedged and Unhedged Foreign Currency Exposure

(a) Particulars of Hedged Foreign Currency Exposure (Forward Contracts) as at the Balance Sheet date

Particulars	Currency	**As at March 31, 2010**	As at March 31, 2009
Secured loans	USD	**1165555.00**	–
Acceptances	USD	**232811.96**	–
Interest accrued but not due	USD	**2118.45**	–

(b) Particulars of Unhedged Foreign Currency Exposure as at the Balance Sheet date

Particulars	Currency	**As at March 31, 2010**	As at March 31, 2009
Acceptances	USD	**337236.35**	196245.00
	EURO	**8334.55**	–
Secured loans	USD	**928047.52**	–
Sundry Creditors	USD	**57317.13**	17438.13
	NPR	**7581835.20**	–
Advances given	USD	**100000.00**	–
	EURO	**4657.61**	8524.00
	CHF	**4933.00**	–
	NPR	**3438824.00**	–
Cash in hand	NPR	**11459.20**	–
Sundry Debtors	USD	**464691.21**	42782.62
	EURO	**189031.90**	233532.13
	NPR	**68706232.37**	–
Advance from customer	EURO	**17515.00**	–
Interest accrued but not due	USD	**4993.10**	–

(c) A sum of Rs. 3.92 lacs (Rs. Nil) on account of unamortized foreign exchange premium on outstanding forward exchange contracts is being carried forward to be charged to Profit and Loss Account of the subsequent period.

13. Employee Benefit plans (Notified AS 15)

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy. The Company has also agreed to provide pension to one senior employee. These benefits are unfunded.

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans.

Net employee benefit expense (recognized in Employee Cost)

	Gratuity		Pension	
	2009-10	2008-09	**2009-10**	2008-09
	Rs. in lacs	Rs. in lacs	**Rs. in lacs**	Rs. in lacs
Current service cost	**20.51**	17.85	**–**	–
Interest cost on benefit obligation	**12.76**	9.73	**2.77**	2.57
Expected return on plan assets	**(9.18)**	(7.13)	**–**	–
Net Acturial (Gain)/Loss recognized in the year	**(1.22)**	6.55	**(0.69)**	2.27
Add: Impact of variation in actual and expected return on plan assets	**(0.22)**	(0.50)	**–**	–
Add: Insurance cost borne by the Company	**0.71**	0.77	**–**	–
Add: Movement of short term liability of employee	**–**	–	**4.44**	4.44
Net Benefit Expense	**23.36**	27.27	**6.52**	9.28
Actual return on plan assets	**(9.40)**	(7.63)	**–**	–

Amount recognized in the Balance Sheet

	Gratuity			Pension		
	2009-10	2008-09	2007-08	**2009-10**	2008-09	2007-08
	Rs. in lacs	Rs. in lacs	Rs. in lacs	**Rs. in lacs**	Rs. in lacs	Rs. in lacs
Defined benefit obligation	**202.86**	171.79	138.88	**38.94**	41.30	40.90
Fair value of the plan assets	**116.25**	93.84	69.71	**–**	–	–
Net Asset (Liability)	**(86.61)**	(77.95)	(69.17)	**(38.94)**	(41.30)	(40.90)

Changes in present value of the defined benefit obligation are as follows

	Gratuity		Pension	
	2009-10	2008-09	**2009-10**	2008-09
	Rs. in lacs	Rs. in lacs	**Rs. in lacs**	Rs. in lacs
Opening Defined Benefit Obligation	**171.79**	138.88	**41.30**	40.90
Interest Cost	**12.76**	9.73	**2.77**	2.57
Current Service Cost	**20.51**	17.85	**–**	–
Benefits paid	**(0.98)**	(1.22)	**(4.44)**	(4.44)
Actuarial (Gain)/Loss on obligations	**(1.22)**	6.55	**(0.69)**	2.27
Closing defined benefit obligation	**202.86**	171.79	**38.94**	41.30

Changes in the fair value of plan assets are as follows

	Gratuity	
	2009-10	2008-09
	Rs. in lacs	Rs. in lacs
Opening Fair value of Plan Assets	**93.85**	69.72
Expected Return	**9.18**	7.13
Contributions by employer	**13.80**	17.72
Benefits paid	**(0.80)**	(1.22)
Actuarial Gain on Plan Assets	**0.22**	0.50
Closing Fair Value of Plan Assets	**116.25**	93.85

The major categories of plan assets in case of gratuity as a percentage of the fair value of total plan assets are as follows:

	Gratuity	
	2009-10 (%)	2008-09 (%)
Investments with insurer	**100**	100

The overall expected rate of return on assets is determined based on the actual rate of return during the current year.

The principal assumptions used in determining gratuity and pension obligations for the Company's plans are shown below:

	Gratuity		Pension	
	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.	**8.00%**	7.50%
Salary rise	**7.50% p.a.**	7.50% p.a.	**N.A.**	N.A.
Expected Return on plan assets	**9.15%**	9.15%	**N.A.**	N.A.
Remaining working life	**17.55 Years**	17.11 Years	**N.A.**	N.A.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Company expects to contribute Rs. 20.00 lacs to Gratuity Fund during the year 2010-11.

Notes:

1. Information relating to experience adjustments to plan assets and liabilities as required by Para 120(n)(ii) of the Accounting Standard 15 (Revised) on Employee Benefits is not available with the Company. The impact of the same is not material.
2. The actuarial valuation of gratuity and pension liability in the current year, previous year and year prior to previous year was done in accordance with the revised Accounting Standard 15, Employee Benefits. Accordingly, comparative numbers, has been disclosed since the date of adoption.

Defined Contribution Plan	**2009-10 Rs. in lacs**	2008-09 Rs. in lacs
Contribution to Provident Fund	**61.18**	53.58
Contribution to Superannuation Fund	**17.58**	13.48

14. Disclosure as per Section 22 of "The Micro, Small and Medium Enterprises Development Act, 2006".

Sl. No.	**Particulars**	**As at March 31, 2010 Rs. in lacs**	As at March 31, 2009 Rs. in lacs
1	the principal amount and interest due thereon remaining unpaid to any supplier		
	- Principal amount	**Nil**	0.02
	- Interest thereon	**0.40**	0.40
2	the amount of interest paid by the buyer in terms of Section 16, along with the amounts of the payment made to the supplier beyond the appointed day.	**Nil**	Nil
3	the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	**Nil**	Nil
4	the amount of interest accrued and remaining unpaid.	**0.40**	0.40
5	the amount of further interest remaining due and payable in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductable expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	**Nil**	Nil

15. Pursuant to Accounting Standard (AS) 22 "Accounting for Taxes on Income", the Company, has, based on prudence, not recognized deferred tax assets amounting to Rs. 625.27 lacs (Rs.873.96 lacs) on all the timing differences including Rs. 172.98 lacs (Rs 180.38) on unabsorbed depreciation.

16. Information pursuant to Accounting Standard "7"

Pursuant to Accounting Standard "7" (Revised) on "Construction Contracts", the relevant information relating to Contracts in Progress at the reporting date is as given below:

		2009-10 Rs. in lacs	2008-09 Rs. in lacs
(a)	Aggregate amount of Cost incurred	**8897.45**	3347.96
(b)	Recognized Profit upto the reporting date	**1092.73**	732.55
(c)	Amount of advance received	**Nil**	Nil
(d)	Amount of outstanding/retentions	**6141.23**	3579.25
(e)	Long Term Contracts in progress	**365.82**	88.68
(f)	Advance billing to Customers	**Nil**	Nil

17. Supplementary Statutory Information

17.1 Managerial Remuneration

		2009-10 Rs. in lacs	2008-09 Rs. in lacs
(a)	Salary	**10.80**	9.00
(b)	House Rent Allowance	**1.76**	Nil
(c)	Contribution to Provident Fund	**1.30**	1.08
(d)	Sitting Fees	**0.50**	0.20
(e)	Perquisites (Actual and/or evaluated as per Income Tax Rules, 1962)	**2.74**	2.73
		17.10*	13.01*

* As the liability of gratuity and compensated absences is provided on an actuarial basis for the Company as a whole, the amount pertaining to the director is not included above.

17.2 Earnings in Foreign Exchange (on accrual basis)		
Exports of goods on FOB basis	**1500.34**	431.55
Contract revenue	**1101.47**	–
17.3 Expenditure in Foreign Currency (on cash basis)		
Interest	**7.23**	–
Travelling	**19.31**	14.37
Commission	**2.38**	–
Others	**815.85**	42.49
17.4 Value of imports on CIF basis (on accrual basis)		
Raw Materials	**2717.03**	8966.32
Spare Parts	**12.30**	59.13
Traded Goods	**1.59**	–
Capital Goods	**202.38**	183.07

17.5 In accordance with Explanation below Para 10 of Notified Accounting Standard 9: Revenue Recognition, excise duty on sales amounting to Rs.822.18 lacs (Rs.2677.47 lacs) has been reduced from sales in the Profit and Loss Account and excise duty on decrease in stocks amounting to Rs.7.98 lacs has been considered as income (Rs.61.97 lacs as income on decrease in stocks) in Schedule 19 of the financial statements.

18. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part-II of Schedule VI to the Companies Act, 1956.

(a) (i) Licensed Capacity, Installed Capacity and Actual Production

	Product	Unit	Licensed/Registered Capacity		Installed Capacity (as certified by the management)		Actual Production	
			March 31		March 31		March 31	
			2010	2009	**2010**	2009	**2010**	2009
(a)	Jelly Filled Telephone Cable	**CKMs**	**10700000**	10700000	**7026000**	7026000	**577786**	1123538
(b)	Optical Fibre Cable	**KMs**	**34272**	34272	**34272**	34272	**14269**	11756
(c)	Fibre Ribbon	**KMs**	**75000**	75000	**75000**	75000	**–**	1951
(d)	Quad Jelly Filled Telephone Cable	**KMs**	**1800**	1800	**1800**	1800	**986**	1712
(e)	FRP Rod	**KMs**	**20000**	20000	**20000**	20000	**14957**	8179
(f)	E-Glass Roving	**MTs**	**25**	25	**25**	25	**0.36**	–
(g)	Tinned Copper Wire	**MTs**	**1036**	1036	**1036**	1036	**18.26**	0.10
(h)	Signalling Cable	**KMs**	**2000**	2000	**2000**	2000	**260**	341
(i)	Aerial Bunched Cable	**KMs**	**12000**	12000	**12000**	12000	**420**	1262

(ii) Sales (Gross)

Product	Unit	2009-10		2008-09	
		Quantity	Value Rs. in lacs	Quantity	Value Rs. in lacs
Jelly Filled Telephone Cable	**CKMs**	**579511**	**4445.92**	1160319	10332.71
Optical Fibre Cable	**KMs**	**14427**	**4200.37**	11811	6408.78
Fibre Ribbon	**KMs**	**–**	**–**	1951	126.12
Quad Jelly Filled Telephone Cable	**KMs**	**988**	**1544.61**	1712	3221.03
FRP Rod	**KMs**	**14957**	**142.85**	8179	135.46
E - Glass Roving	**KMs**	**0.36**	**0.37**	–	–
Tinned Copper Wire	**MTs**	**18**	**80.08**	0.10	0.21
Signalling Cable	**KMs**	**259**	**362.51**	341	456.44
Aerial Bunched Cable	**KMs**	**420**	**775.44**	1262	2199.06
Contract Revenue			**8985.93**	–	4080.51
Miscellaneous Sales*			**370.26**	–	796.51
Total			**20908.34**		27756.83

*Including Sale of traded goods Rs. 3.34 lacs (Rs. 6.46 lacs).

Note: Differences in quantitative tally are due to own consumption, claims and samples.

(b) Consumption of Raw Materials

		Unit	Quantity		Value (Rs. in lacs)	
			2009-10	2008-09	**2009-10**	2008-09
(i)	Copper	MTs	**997**	2070	**2942.95**	7409.19
(ii)	Polyethylene	MTs	**1518**	2637	**1081.69**	2095.49
(iii)	Single Mode Optical Fibre	KMs	**384784**	753160	**1644.50**	2796.20
(iv)	Aluminium Rod	MTs	**529**	1784	**510.99**	2044.97
(v)	Others				**2190.98**	3987.54
					8371.11	18333.39

(c) Value of imported and indigenous Raw Materials and Stores and Spares consumed and percentage thereof

		2009-10		2008-09	
		Value Rs. in lacs	**% to Total**	Value Rs. in lacs	% to Total
(i)	Raw Materials				
	Imported	**2712.71**	**32.41**	9500.03	51.82
	Indigenous	**5658.40**	**67.59**	8833.36	48.18
		8371.11	**100.00**	18333.39	100.00
(ii)	Stores and Spares				
	Imported	**9.74**	**4.67**	34.08	14.08
	Indigenous	**199.01**	**95.33**	207.94	85.92
		208.75	**100.00**	242.02	100.00

(d) 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
Jelly Filled Telephone Cable	**CKMs**	**1736**	**6.29**	**–**	**–**	39035	270.73	1736	6.29
Optical Fibre Cable	**KMs**	**181**	**84.38**	**10.09**	**2.41**	241	101.25	181	84.38
Total			**90.67**		**2.41**		371.98		90.67

19. Figures of previous year have been shown in brackets and regrouped wherever necessary.

Signatures to Schedules 1 to 23

As per our attached report of even date.

For S.R. BATLIBOI & CO.
Firm registration number : 301003E
Chartered Accountants

Per ANIL GUPTA
Partner
Membership No.87921

New Delhi, May 11, 2010

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

Y.S. Lodha — Managing Director
R. Radhakrishnan — President (Commercial) & Secretary

New Delhi, May 11, 2010

ADDITIONAL INFORMATION AS REQUIRED UNDER PART-IV OF SCHEDULE-VI TO THE COMPANIES ACT, 1956.
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.

I. Registration details

Registration No. 10-02134

State Code 10 Balance Sheet date 31 (Date) 03 (Month) 2010 (Year)

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

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

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

Total Liabilities	Total Assets
3187229	3187229

Sources of Funds

Paid-up Capital	Reserves & Surplus
118222	2169834
Secured Loans	Unsecured Loans
360508	150000

Application of Funds

Net Fixed Assets	Investments
437174	1176837
Net Current Assets	Misc. Expenditure
1148553	NIL
Accumulated Losses	
NIL	

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

Turnover	Total Expenditure
2094115	1978475

+ ✓ − Profit/Loss before Tax 115640

+ ✓ − Profit/Loss after Tax 115849

Earning per Share before Extraordinary Item in Rs.	Dividend rate %
9.80	– –
Earning per Share after Extraordinary Item in Rs.	
9.80	

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

Item Code No. (ITC Code)	85444990
Product Description	JELLY FILLED TELEPHONE CABLES
Item Code No. (ITC Code)	90011000 and 85447090
Product Description	OPTICAL FIBRE CABLES
Item Code No. (ITC Code)	85446090
Product Description	AERIAL BUNCH CABLES

STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES AS AT MARCH 31, 2010

(Rs.in lacs)

1	Name of the Subsidiary	August Agents Ltd.	Insilco Agents Ltd.	Laneseda Agents Ltd.
2	Date of becoming Subsidiary	22.09.1999	22.09.1999	22.09.1999
3	The Financial Year of the Subsidiary ended on	31.03.2010	31.03.2010	31.03.2010
4	Holding Company's Interest in the Equity Share Capital of Subsidiary	100%	100%	100%
5	Net aggregate amount of the Subsidiaries' profit so far as it concerns the members of the Holding Company			
	(i) Not dealt with in the Holding Company's Accounts			
	(a) For the current Financial Year	446.01	468.97	482.91
	(b) For the previous Financial Years since they became Holding Company's Subsidiary	776.08	774.58	776.82
	(ii) Dealt with in the Holding Company's Accounts			
	(a) For the current Financial Year	Nil	Nil	Nil
	(b) For the previous Financial Years since they became Holding Company's Subsidiary	Nil	Nil	Nil

FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

(Rs.in lacs)

Sl. No.	Name of the Subsidiary Company	As at March 31, 2010							For the year ended March 31, 2010				
		Share Capital	Reserves & Surplus	Total Assets*	Total Liabilities	Details of Investments (Other than Trade)**			Total Income	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
						Long Term	Current	Total					
1	August Agents Ltd.	1525.02	1222.09	2747.11	2747.11	2744.60	–	2744.60	450.33	449.51	3.50	446.01	–
2	Insilco Agents Ltd.	1500.02	1243.55	2743.57	2743.57	2738.94	–	2738.94	476.88	475.97	7.00	468.97	–
3	Laneseda Agents Ltd.	1500.02	1259.73	2759.75	2759.75	2755.03	–	2755.03	493.35	492.41	9.50	482.91	–

* Total Assets comprise of net current assets (total curent assets, loans and advances less total current liabilities & provisions).

** For break-up of details of Investments please refer Schedule '6' of Investments annexed to and forming a part of consolidated Balance Sheet as at March 31, 2010.

Harsh V. Lodha
J. Veeraraghavan
S.K. Misra
R.C. Tapuriah — Directors
D.R. Bansal
Pracheta Majumdar

Y.S. Lodha — Managing Director
R. Radhakrishnan — President (Commercial) & Secretary

New Delhi, May 11, 2010

Auditors' Report

TO THE BOARD OF DIRECTORS OF VINDHYA TELELINKS LIMITED

1. We have audited the attached consolidated balance sheet of Vindhya Telelinks Group, as at 31st March 2010, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Vindhya Telelinks Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of all subsidiaries, whose financial statements reflect total assets of Rs. 8226.89 lacs as at 31st March 2010, the total revenue of Rs. 1420.55 lacs and cash flows amounting to Rs. (3.39) lacs for the year then ended. We also did not audit the financial statements of joint venture of Vindhya Telelinks Limited out of which total assets of Rs. 1359.39 lacs as at March 31, 2010 and total revenue of Rs. 1332.73 lacs for the year have been considered for the purpose of preparation of these consolidated financial statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. Read *with Note No. 1 (v) in Schedule 25*, we report that the consolidated financial statements have been prepared by the Group's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures notified pursuant to the Companies (Accounting Standards) Rules, 2006.
5. *In earlier years and previous year, in view of change to excise duty rates on the Parent Company's finished products, and such rates being lower than the cenvatable customs duty on imported inputs, the Parent Company has accumulated CENVAT credits aggregating to Rs. 628.54 lacs as at March 31, 2010. As stated in note 6 to attached financial statements, the management has devised an alternative mechanism for utilization of these balances. In view of prevailing inverted duty structure, we are unable to comment on the utilization of the aforesaid balances and consequent adjustments, if any, required to the attached financial statements. Our auditors' reports on the financial statements for the year ended March 31, 2009 were also modified in respect of the above matter.*
6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, *subject to the effects, if any, of our observation in para 5 above,* give a true and fair view in conformity with the accounting principles generally accepted in India:
   (a) in the case of the consolidated balance sheet, of the state of affairs of the Vindhya Telelinks Group as at 31st March 2010;
   (b) in the case of the consolidated profit and loss account, of the profit of the Vindhya Telelinks Group for the year ended on that date; and
   (c) in the case of the consolidated cash flow statement, of the cash flows of Vindhya Telelinks Group for the year ended on that date.

For S.R. BATLIBOI & CO.
Firm registration number : 301003E
Chartered Accountants

Per ANIL GUPTA
Partner
Membership No. 87921

Place : New Delhi
Date : May 11, 2010

CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

CONSOLIDATED 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	**1182.22**	1182.19
Reserves and surplus	2	**25375.28**	22795.87
		26557.50	23978.06
LOAN FUNDS			
Secured loans	3	**3679.15**	3689.06
Unsecured loans	4	**1746.99**	310.40
		5426.14	3999.46
		31983.64	27977.52
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	5	**16157.97**	15899.12
Less: Accumulated depreciation/amortisation		**11141.93**	11176.02
Net block		**5016.04**	4723.10
Capital Work-in-progress		**152.76**	92.73
		5168.80	4815.83
INVESTMENTS	6	**14745.51**	13354.46
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	**2529.61**	3284.57
Sundry debtors	8	**10699.42**	7061.92
Cash and bank balances	9	**1051.15**	1090.74
Other current assets	10	**50.47**	38.80
Loans and advances	11	**1788.59**	1891.66
		16119.24	13367.69
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	12	**3783.96**	3316.76
Provisions	13	**265.95**	243.70
		4049.91	3560.46
NET CURRENT ASSETS		**12069.33**	9807.23
		31983.64	27977.52
NOTES TO ACCOUNTS	25		

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

As per our attached report of even date.

For S.R. BATLIBOI & CO.
Firm registration number : 301003E
Chartered Accountants

Per ANIL GUPTA
Partner
Membership No.87921

New Delhi, May 11, 2010

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

Y.S. Lodha — Managing Director
R. Radhakrishnan — President (Commercial) & Secretary

New Delhi, May 11, 2010

CONSOLIDATED 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	**22273.39**	29483.66
Less: Excise duty		**905.97**	2869.89
Turnover (Net)		**21367.42**	26613.77
Other income	15	**2283.97**	1488.37
		23651.39	28102.14
EXPENDITURE			
Raw materials consumed	16	**9258.33**	19522.00
Materials purchased/Subcontract Expenses	17	**6391.99**	2795.62
Cost of traded goods sold	18	**83.56**	10.58
Personnel expenses	19	**1381.97**	1152.95
Operating and other expenses	20	**2592.54**	2359.54
Decrease in inventories	21	**357.15**	1318.00
Financial expenses	22	**519.03**	562.48
		20584.57	27721.17
PROFIT BEFORE DEPRECIATION/AMORTISATION AND TAX		**3066.82**	380.97
Depreciation/Amortisation	23	**469.05**	584.67
PROFIT/ (LOSS) BEFORE TAX		**2597.77**	(203.70)
Taxes	24	**17.86**	11.87
NET PROFIT/ (LOSS) FOR THE YEAR		**2579.91**	(215.57)
Credit Balance brought forward		**2074.53**	2266.66
Transfer from General Reserve		**–**	186.35
Amount available for appropriation		**4654.44**	2237.44
APPROPRIATIONS			
Transferred to Reserve Fund (Under RBI Act, 1934)		**279.57**	162.91
Surplus carried to Balance Sheet		**4374.87**	2074.53
		4654.44	2237.44
Earnings per share (EPS)			
Weighted average number of equity shares in calculating basic and diluted EPS		**11850863**	11850863
Basic and diluted [(Nominal value of shares Rs.10 each (Rs. 10 each)]		**21.77**	(1.82)
NOTES TO ACCOUNTS	25		

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

As per our attached report of even date.

For S.R. BATLIBOI & CO. Firm registration number : 301003E Chartered Accountants Per ANIL GUPTA Partner Membership No.87921	Harsh V. Lodha J. Veeraraghavan S.K. Misra R.C. Tapuriah D.R. Bansal Pracheta Majumdar	Directors
	Y.S. Lodha	Managing Director
	R. Radhakrishnan	President (Commercial) & Secretary
New Delhi, May 11, 2010	New Delhi, May 11, 2010	

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

		Rs. in lacs	For the Year ended March 31, 2010 Rs. in lacs	Rs. in lacs	For the Year ended March 31, 2009 Rs. in lacs
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit/(Loss) before taxes		**2597.77**		(203.70)
	Adjustments for :				
	Depreciation/Amortisation	469.05		584.67	
	Loss/(Profit) on disposal of fixed assets (net)	0.27		(1.53)	
	(Profit) on sale of current investments	(119.48)		(90.98)	
	Provision for diminution in the value of current investments	6.82		16.36	
	Interest income	(64.35)		(74.16)	
	Dividend income	(1797.57)		(1113.75)	
	Interest expense	391.76	**(1113.50)**	448.94	(230.45)
	Operating Profit/(Loss) before working capital changes		**1484.27**		(434.15)
	Movement in working capital:				
	(Increase) in sundry debtors	(3637.50)		(3496.81)	
	Decrease/(increase) in inventories	754.96		1713.93	
	(Increase) in loans and advances	258.44		(473.84)	
	Increase in current liabilities and provisions	494.34	**(2129.76)**	821.18	(1435.54)
	Net Cash (used in) /generated from operations :		**(645.49)**		(1869.69)
	Direct taxes (paid)		**(173.23)**		(60.31)
	Net cash (used in)/operating activities		**(818.72)**		(1930.00)
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**				
	Purchase of fixed assets	(848.63)		(645.31)	
	Proceeds from sale of fixed assets	6.16		22.30	
	Purchase of investments	(2892.85)		(1549.96)	
	Sale of investments	1614.46		827.40	
	Interest received	75.72		133.86	
	Dividend received	1794.07		1113.75	
	Fixed deposits with banks placed	(165.43)		(583.48)	
	Fixed deposits with banks encashed	19.70		842.25	
	Net cash generated from (used in) investing activities		**(396.80)**		160.81

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010 (Contd.)

C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from share capital	0.03		0.01	
Proceeds from securities premium	0.14		0.02	
(Repayment of)/Proceeds from bank borrowings	1490.09		2775.68	
Repayment of long term borrowings	(63.41)		(303.78)	
Interest paid	(391.76)		(448.94)	
Dividend paid	(4.89)		(4.35)	
Net cash from/(used in) financing activities		**1030.20**		2018.64
Net Increase/(decrease) in cash and cash equivalents		**(185.32)**		249.45
Cash and cash equivalents at the beginning of the year		**507.16**		257.71
Cash and cash equivalents at the end of the year		**321.84**		507.16
Components of cash and cash equivalents as at March 31*				
Cash and cheques on hand		**185.58**		282.71
With scheduled banks - on current/collection accounts		**80.45**		126.46
- cash credit accounts		**3.28**		93.10
- Unclaimed dividend accounts		**–**		4.89
With Other banks - on current accounts		**52.53**		–
		321.84		507.16

(a) * Difference of Rs. 729.31 lacs (Rs. 583.58 lacs) from Schedule 9 represents short term investments with an original maturity of three months or more and deposits pledged with banks and others.

(b) The Cash Flow Statement has been prepared under the 'Indirect method' as set out in Accounting Standard-3 on Cash Flow Statements.

(c) Negative figures have been shown in brackets.

As per our attached report of even date.

For S.R. BATLIBOI & CO.
Firm registration number : 301003E
Chartered Accountants

Per ANIL GUPTA
Partner
Membership No.87921

New Delhi, May 11, 2010

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

Y.S. Lodha — Managing Director
R. Radhakrishnan — President (Commercial) & Secretary

New Delhi, May 11, 2010

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

		As at March 31, 2010			As at March 31, 2009		
		Company and its subsidiaries Rs. in lacs	Joint Venture Rs. in lacs	Total Rs. in lacs	Company and its subsidiaries Rs. in lacs	Joint Venture Rs. in lacs	Total Rs. in lacs
SCHEDULE 1 : SHARE CAPITAL							
Authorised							
150,00,000	Equity shares of Rs. 10 each	1500.00	–	**1500.00**	1500.00	–	1500.00
Issued							
118,52,014	Equity shares of Rs. 10 each	1185.20	–	**1185.20**	1185.20	–	1185.20
Subscribed							
118,50,863	Equity shares of Rs. 10 each fully paid up	1185.09	–	**1185.09**	1185.09	–	1185.09
	Less: Calls unpaid	2.87	–	**2.87**	2.90	–	2.90
		1182.22	–	**1182.22**	1182.19	–	1182.19

	As at March 31, 2010			As at March 31, 2009		
	Company and its subsidiaries Rs. in lacs	Joint Venture Rs. in lacs	Total Rs. in lacs	Company and its subsidiaries Rs. in lacs	Joint Venture Rs. in lacs	Total Rs. in lacs
SCHEDULE 2 : RESERVES AND SURPLUS						
Capital Reserve						
Difference between the cost of the investment in the Subsidiaries and Company's portion in equity of the subsidiaries at the time of acquisition	0.03	–	**0.03**	0.03	–	0.03
On revaluation of plant & machinery						
Balance as per last account	4.26	–	**4.26**	5.00	–	5.00
Less: Transferred to Profit and Loss Account being difference of depreciation on revalued cost of assets and that on the original cost	0.64	–	**0.64**	0.74	–	0.74
	3.62	–	**3.62**	4.26	–	4.26
Securities Premium Account						
As per last account	3877.24	184.34	**4061.58**	3877.22	184.34	4061.56
Add : Received during the year	0.14	–	**0.14**	0.02	–	0.02
	3877.38	184.34	**4061.72**	3877.24	184.34	4061.58
Reserve Fund (Under the Reserve Bank of India Act, 1934)						
As per last account	469.68	–	**469.68**	306.77	–	306.77
Add: Created during the year	279.57	–	**279.57**	162.91	–	162.91
	749.25	–	**749.25**	469.68	–	469.68
General Reserve						
Balance as per last account	15983.77	202.02	**16185.79**	16170.12	202.02	16372.14
Less: Transferred to Profit and Loss Account	–	–	**–**	186.35	–	186.35
	15983.77	202.02	**16185.79**	15983.77	202.02	16185.79
Profit and Loss Account	4370.91	3.96	**4374.87**	2102.78	(28.25)	2074.53
	24984.96	390.32	**25375.28**	22437.76	358.11	22795.87

	As at March 31, 2010			As at March 31, 2009		
	Company and its subsidiaries Rs. in lacs	**Joint Venture Rs. in lacs**	**Total Rs. in lacs**	Company and its subsidiaries Rs. in lacs	Joint Venture Rs. in lacs	Total Rs. in lacs
SCHEDULE 3 : SECURED LOANS						
Loans from Banks						
Cash credit facilities	1719.32	14.33	**1733.65**	2918.72	–	2918.72
Export packing credit	906.88	38.47	**945.35**	723.93	0.70	724.63
Buyer's Credit	978.88	21.27	**1000.15**	–	–	–
Term loan	–	–	**–**	–	45.71	45.71
	3605.08	74.07	**3679.15**	3642.65	46.41	3689.06

Notes:

(1) Fund and non fund based credit facilities from State Bank of India (SBI) for Parent Company and Joint Venture and State Bank of Patiala (SBP) for Parent Company including export packing credit from State Bank of India (SBI) are secured by hypothecation of the Joint Venture's and Parent Company's entire goods, movable and other assets, present and future, including documents of title to goods and other assets such as book-debts, outstanding moneys, receivables, claims, bills, invoices, documents, contracts, engagements, securities, investments and rights and all machinery, present and future. These facilities are further secured by deposit of all title deeds of the existing immovable properties of the Joint venture and Parent Company as and by way of collateral security and are further secured by way of pledge of 12,50,000 equity shares of Birla Ericsson Optical Limited held as investment by the Parent Company.

(2) Sales Tax Loans are as per Scheme of State Government and for administration of these loans, Madhya Pradesh State Industrial Development Corporation Limited (MPSIDC) has been nominated by the State Government.

(3) Sales Tax Loans from MPSIDC are secured by way of hypothecation of Joint Venture's all movable plant and machinery, spares, tools and accessories and other movable assets, both present and future, ranking subsequent and subservient to all charge(s) created/to be created in favour of SBI and are further secured or to be secured by way of joint mortgage (on residual charge basis) created/to be created by deposit of title deeds of all immovable properties of the Joint Venture.

SCHEDULE 4 : UNSECURED LOANS						
Short term loans from Bodies Corporate	1500.00	–	**1500.00**	–	–	–
Sales Tax Loans (Refer Note No. 3 of Schedule 3 above)	–	246.99	**246.99**	–	310.40	310.40
(Due within next 12 months Rs. 81.58 lacs (Rs.144.99 lacs))						
	1500.00	246.99	**1746.99**	–	310.40	310.40

SCHEDULE 5: FIXED ASSETS (Company and its Subsidiaries)

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	As at 01.04.2009	Provided during the Year	Deductions/ Adjustments	As at 31.03.2010	**As at 31.03.2010**	As at 31.3.2009
LAND										
Freehold	113.18	–	–	113.18	–	–	–	–	**113.18**	113.18
Leasehold	44.68	–	–	44.68	6.54	0.68	–	7.22	**37.46**	38.14
BUILDINGS	2043.19	7.71	–	2050.90	1020.11	48.15	–	1068.26	**982.64**	1023.08
PLANT & MACHINERY	11886.48	580.75	498.65	11968.58	8861.73	335.34	476.05	8721.02	**3247.56**	3024.75
FURNITURE & OFFICE EQUIPMENT	326.96	25.57	0.59	351.94	208.71	25.03	0.40	233.34	**118.60**	118.25
VEHICLES	77.87	41.27	3.81	115.33	33.11	7.77	2.36	38.52	**76.81**	44.76
INTANGIBLE ASSETS (Software)	17.89	7.21	–	25.10	5.97	4.90	–	10.87	**14.23**	11.92
TOTAL	14510.25	662.51	503.05	14669.71	10136.17	421.87	478.81	10079.23	**4590.48**	4374.08
Capital work-in-progress									**142.57**	6.01
									4733.05	4380.09
Previous Year	13822.19	789.16	101.10	14510.25	9680.58	535.98	80.39	10136.17	4374.08	

Notes: (1) Freehold Land and Buildings include Rs.5.47 lacs (Rs.5.47 lacs) and Rs.112.79 lacs (Rs. 112.79 lacs) respectively given on operating lease. The aggregate written down value of these fixed assets as on March 31, 2010 is Rs. 39.25 lacs (Rs. 41.32 lacs) and depreciation charged during the year is Rs. 2.07 lacs (Rs. 2.17 lacs).

(2) Gross Block of Plant & Machinery include Rs.905.42 lacs (Rs. 905.42 lacs) on account of addition on revaluation during the year ended March 31, 1990 as per valuation carried out by approved valuer.

(3) Capital work in progress includes software under implementation of Rs. 17.01 lacs (Rs. Nil).

FIXED ASSETS (Company's proportionate share in Joint Venture)

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	As at 01.04.2009	Provided during the Year	Deductions/ Adjustments	As at 31.03.2010	**As at 31.03.2010**	As at 31.3.2009
Lease hold Land	3.25	–	–	3.25	0.83	0.05	–	0.88	**2.37**	2.42
BUILDINGS	137.40	–	–	137.40	51.30	3.83	–	55.13	**82.27**	86.10
PLANT & MACHINERY	1230.89	122.33	26.02	1327.20	979.19	42.31	24.61	996.89	**330.31**	251.70
FURNITURE & OFFICE EQUIPMENT	9.15	2.12	0.01	11.26	5.63	0.55	0.01	6.17	**5.09**	3.52
VEHICLES	5.74	1.00	0.67	6.07	2.12	0.48	0.35	2.25	**3.82**	3.62
INTANGIBLE ASSETS (Software)	2.44	0.64	–	3.08	0.78	0.60	–	1.38	**1.70**	1.66
TOTAL	1388.87	126.09	26.70	1488.26	1039.85	47.82	24.97	1062.70	**425.56**	349.02
Capital Work-in-progress									**10.19**	86.72
									435.75	435.74
Previous Year	1361.95	27.97	1.05	1388.87	991.41	49.43	0.99	1039.85	349.02	

Note: (1) Building includes Rs. 8.53 lacs (Rs. 8.53 lacs) given on operating lease. Written down value of these fixed assets as on March 31, 2010 is Rs. 7.40 lacs (Rs. 7.54 lacs) and depreciation charged during the year is Rs. 0.14 lac (Rs. 0.14 lac).

(2) Additions to Plant and Machinery during the year include interest expenses capitalised amounting to Rs.6.13 lacs.

SCHEDULE 5: FIXED ASSETS (Consolidated)

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	As at 01.04.2009	Provided during the Year	Deductions/ Adjustments	As at 31.03.2010	**As at 31.03.2010**	As at 31.03.2009
LAND										
Freehold	113.18	–	–	113.18	–	–	–	–	**113.18**	113.18
Leasehold	47.93	–	–	47.93	7.37	0.73	–	8.10	**39.83**	40.56
BUILDINGS	2180.59	7.71	–	2188.30	1071.41	51.98	–	1123.39	**1064.91**	1109.18
PLANT & MACHINERY	13117.37	703.08	524.67	13295.78	9840.92	377.65	500.66	9717.91	**3577.87**	3276.45
FURNITURE & OFFICE EQUIPMENT	336.11	27.69	0.60	363.20	214.34	25.58	0.41	239.51	**123.69**	121.77
VEHICLES	83.61	42.27	4.48	121.40	35.23	8.25	2.71	40.77	**80.63**	48.38
INTANGIBLE ASSETS (Software)	20.33	7.85	–	28.18	6.75	5.50	–	12.25	**15.93**	13.58
TOTAL	15899.12	788.60	529.75	16157.97	11176.02	469.69	503.78	11141.93	**5016.04**	4723.10
Capital work-in-progress									**152.76**	92.73
									5168.80	4815.83
Previous Year	15184.14	817.13	102.15	15899.12	10671.99	585.41	81.38	11176.02	4723.10	

Notes: (1) Freehold Land and Buildings include Rs.5.47 lacs (Rs.5.47 lacs) and Rs.121.32 lacs (Rs. 121.32 lacs) respectively given on operating lease. The aggregate written down value of these fixed assets as on March 31, 2010 is Rs. 46.25 lacs (Rs. 48.86 lacs) and depreciation charged during the year is Rs. 2.21 lacs (Rs. 2.31 lacs).

(2) Gross Block of Plant & Machinery include Rs.905.42 lacs (Rs. 905.42 lacs) on account of addition on revaluation during the year ended March 31, 1990 as per valuation carried out by approved valuer.

(3) Capital work in progress includes software under implementation of Rs. 17.01 lacs (Rs. Nil).

(4) Additions to Plant and Machinery during the year include interest expenses capitalised amounting to Rs.6.13 lacs.

			As at March 31, 2010			As at March 31, 2009		
			Company and its subsidiaries Rs. in lacs	Joint Venture Rs. in lacs	Total Rs. in lacs	Company and its subsidiaries Rs. in lacs	Joint Venture Rs. in lacs	Total Rs. in lacs
SCHEDULE 6 : INVESTMENTS								
Long Term Investments (At Cost)								
(A) Trade								
Quoted - Fully paid up equity shares of Rs.10 each								
2,43,94,948	(2,43,94,948)	Birla Corporation Ltd.	6424.49	0.01	**6424.50**	6424.49	0.01	6424.50
52,04,150	(52,04,150)	Universal Cables Ltd.	3451.47	187.16	**3638.63**	3451.47	187.16	3638.63
Unquoted - Fully paid up equity shares of Rs. 10 each								
1,20,00,000	(1,20,00,000)	Punjab Produce Holdings Ltd.	1200.00	–	**1200.00**	1200.00	–	1200.00
2,99,940	(2,99,940)	Birla Financial Corporation Ltd.	29.99	–	**29.99**	29.99	–	29.99
11,106	(11,106)	Universal Telelinks Private Ltd.	0.98	0.13	**1.11**	0.98	0.13	1.11
11,106	(11,106)	Universal Electricals Private Ltd.	0.98	0.13	**1.11**	0.98	0.13	1.11
(B) Other than trade								
Unquoted - Fully paid up equity shares of Re. 1 each								
6,900	(6,900)	Free Press House Ltd.	0.02	–	**0.02**	0.02	–	0.02
Redeemable Non Convertible Secured Debenture (Unquoted)								
–	(4)	Debenture Series - 201 ALT-2 of Citicorp Finance (India) Ltd	–	–	**–**	41.00	–	41.00
150	150	CL Debenture Series 2007 of DSP Merrill Lynch Capital Ltd. (HDFC Debenture Series-II of HDFC Mutual Fund)	150.00	–	**150.00**	150.00	–	150.00
1	(1)	Barelay Investment and Loans (I) Ltd.	10.20	–	**10.20**	10.20	–	10.20
Current Investments-Trade (at lower of cost and net asset value) Unquoted - Fully paid up units of Mutual Funds of Rs.10 each								
4,08,748	(-)	Birla Sun Life Frontline Equity Fund Plan A Dividend of Birla Sun Life Mutual Fund (NAV as on 31.3.10 - Rs. 88.98 lacs)	95.42	–	**95.42**	–	–	–
–	(748)	Birla Income Plus Plan B-Growth of Birla Sun Life Fund	–	–	**–**	0.17	–	0.17
–	2,05,895	Birla Sun Life Income Plus Growth of Birla Sun Life Mutual Fund	–	–	**–**	83.30	–	83.30
3,82,923	(-)	Birla Sun life Dynamic Bond Fund Growth of Birla Sun Life Mutual Fund (NAV as on 31.3.10 - Rs. 59.38 lacs)	58.00	–	**58.00**	–	–	–
–	(78,080)	Birla Sun Life Gift Plus Regular Growth of Birla Sun Life Mutual Fund	–	–	**–**	23.00	–	23.00
85,193	(-)	Birla Sun Life Midcap Fund Plan A Dividend of Birla Sun Life Mutual Fund (NAV as on 31.3.10 - Rs. 21.30 lacs)	22.60	–	**22.60**	–	–	–
3,57,193	(-)	Birla Sun Life Saving Fund Retail Growth of Birla Sun Life Mutual Fund (NAV as on 31.3.10 - Rs. 61.12 lacs)	60.13	–	**60.13**	–	–	–
5,76,490	(-)	Birla Sun Life Interval Income Fund Institutional Quarterly. Series - 1 - Growth of Birla Sun Life Mutual Fund (NAV as on 31.3.10 - Rs. 57.98 lacs)	57.65	–	**57.65**	–	–	–

			As at March 31, 2010			As at March 31, 2009		
			Company and its subsidiaries Rs. in lacs	**Joint Venture Rs. in lacs**	**Total Rs. in lacs**	Company and its subsidiaries Rs. in lacs	Joint Venture Rs. in lacs	Total Rs. in lacs

SCHEDULE 6 : INVESTMENTS (Contd.)

3,87,630	(-)	Canara Robeco Short Term Fund Growth of Canara Robeco Mutual Fund (NAV as on 31.3.10 - Rs. 41.12 lacs)	40.00	–	**40.00**	–	–	–
–	(1,450,000)	DWS Fixed Term Fund Series 54 - Growth of Deutsche Mutual Fund	–	–	**–**	145.00	–	145.00
–	(900,000)	DWS Fixed Term Fund Series 55 - Growth of Deutsche Mutual Fund	–	–	**–**	90.00	–	90.00
3,39,427	(-)	DWS Ultra Short Term Fund - Growth of Deutsche Mutual Fund (NAV as on 31.3.10 - Rs. 50.82 lacs)	50.00	–	**50.00**	–	–	–
1,21,842	1,21,842	DWS Short Maturity Fund - Growth of Deutsche Mutual Fund (NAV as on 31.3.10 - Rs. 20.16 lacs)	15.82	–	**15.82**	15.82	–	15.82
–	(346,771)	DSP Black Rock Bond Fund Regular Plan - Growth of DSP Black Rock Mutual Fund	–	–	**–**	102.00	–	102.00
7,09,168	(-)	DSP Black Rock Floating Rate Fund - Regular - Growth of DSP Black Rock Mutual Fund (NAV as on 31.3.10 - Rs. 104.97 lacs)	103.18	–	**103.18**	–	–	–
48,176	(-)	DSP Black Rock equity Fund - Regular Plan - Dividend of DSP Black Rock Mutual Fund (NAV as on 31.3.10 - Rs. 22.48 lacs)	25.10	–	**25.10**	–	–	–
11,99,232	(-)	Fortis Money Plus Fund - Growth of Institutional Plan of Fortis Mutual Fund (NAV as on 31.3.10 - Rs. 166.61 lacs)	165.00	–	**165.00**	–	–	–
5,00,383	(-)	Fortis Overnight Fund - FTP Series 15 Plan A Regular of Fortis Mutual Fund (NAV as on 31.3.10 - Rs. 52.28 lacs)	50.04	–	**50.04**	–	–	–
3,27,730	(-)	HDFC Equity Fund - Dividend payout of HDFC Mutual Fund (NAV as on 31.3.10 - Rs. 142.37 lacs)	150.75	–	**150.75**	–	–	–
12,09,430	(-)	HDFC Cash Management Treasury Advantage Fund Wholesale Plan Growth of HDFC Mutual Fund (NAV as on 31.3.10 - Rs. 244.15 lacs)	240.00	–	**240.00**	–	–	–
8,07,666	(769,670)	HDFC High Interest Fund Short Plan - Growth of HDFC Mutual Fund (NAV as on 31.3.10 - Rs. 148.80 lacs)	119.04	–	**119.04**	112.04	–	112.04
–	(487,454)	HDFC High Interest Fund Growth of HDFC Mutual Fund	–	–	**–**	143.81	–	143.81
–	(782,342)	HDFC Income Fund Growth of HDFC Mutual Fund	–	–	**–**	150.00	–	150.00
1,63,563	(-)	HDFC Top 200 Fund - Dividend Payout of HDFC Mutual Fund (NAV as on 31.3.10 - Rs. 71.03 lacs)	75.34	–	**75.34**	–	–	–
9,30,206	(-)	HDFC Short Term Plan Growth of HDFC Mutual Fund (NAV as on 31.3.10 - Rs. 167.37 lacs)	161.00	–	**161.00**	–	–	–
6,12,973	(-)	HDFC Monthly Income Plan - Long Term Plan - Growth of HDFC Mutual Fund (NAV as on 31.3.10 - Rs. 129.36 lacs)	122.00	–	**122.00**	–	–	–

			As at March 31, 2010			As at March 31, 2009		
			Company and its subsidiaries Rs. in lacs	Joint Venture Rs. in lacs	Total Rs. in lacs	Company and its subsidiaries Rs. in lacs	Joint Venture Rs. in lacs	Total Rs. in lacs

SCHEDULE 6 : INVESTMENTS (Contd.)

–	(1,000,000)	IDFC Fixed Maturity Plan Yearly Series -25 Plan -B Growth of IDFC Mutual Fund	–	–	**–**	100.00	–	100.00
9,61,367	(-)	IDFC SSIF Short Term Plan B - Growth of IDFC Mutual Fund (NAV as on 31.3.10 - Rs. 102.37 lacs)	101.24	–	**101.24**	–	–	–
7,26,534	(-)	IDFC Money Manager Fund Investment - B - Growth of IDFC Mutual Fund (NAV as on 31.3.10 - Rs. 104.13 lacs)	103.00	–	**103.00**	–	–	–
–	(177,540)	ICICI Prudential Gilt Fund Investment Plan - Growth of ICICI Mutual Fund	–	–	**–**	50.00	–	50.00
24,371	(-)	ICICI Prudential Liquid Plus - Growth of ICICI Mutual Fund (NAV as on 31.3.10 - Rs. 54.26 lacs)	53.35	–	**53.35**	–	–	–
4,02,883	(-)	ICICI Prudential Income Multiplier - Growth of ICICI Mutual Fund (NAV as on 31.3.10 - Rs. 73.60 lacs)	71.00	–	**71.00**	–	–	–
–	(42,492)	ICICI Prudential Income Plan - Growth of ICICI Mutual Fund	–	–	**–**	11.73	–	11.73
–	(482,221)	JM Money Manager Fund Regular Plan Growth of JM Financial Mutual Fund (NAV as on 31.3.09 - Rs.58.28 lacs)	–	–	**–**	56.10	–	56.10
–	(5,63,981)	JM Money Manager Fund Super Plus Plan Growth of JM Mutual Fund	–	–	**–**	57.00	–	57.00
13,13,721	(-)	JM Fixed Maturity Fund Series XVI Yearly Plan Institutional - Growth of JM Financial Mutual Fund (NAV as on 31.3.10 - Rs. 134.90 lacs)	131.37	–	**131.37**	–	–	–
67,181	(67,181)	Optimix Active Debt Multi Manager FOF Scheme of ING Mutual Fund (NAV as on 31.3.10 - Rs. 8.57 lacs)	7.50	–	**7.50**	7.50	–	7.50
–	(1,440,000)	Principal PNB Fixed Maturity Plan 385 days - Ser. IX Growth of Principal PNB Mutual Fund	–	–	**–**	144.00	–	144.00
4,99,307	(499,307)	Prudential ICICI Income Multiplier Regular -Growth (NAV as on 31.3.10 - Rs. 91.22 lacs)	76.50	–	**76.50**	76.50	–	76.50
–	(177,574)	Reliance Income Fund Retail Plan Growth of Reliance Mutual Financial Fund	–	–	**–**	51.15	–	51.15
93,359	(-)	Reliance Growth Fund Retail Plan - Dividend of Reliance Mutual Fund (NAV as on 31.3.10 - Rs. 50.26 lacs)	50.22	–	**50.22**	–	–	–
6,10,055	(-)	Reliance Monthly Income Plan - Growth of Reliance Mutual Fund (NAV as on 31.3.10 - Rs. 123.24 lacs)	120.00	–	**120.00**	–	–	–
5,94,374	(987,905)	Reliance Medium Term Fund Retail Plan Growth of Reliance Mutual Fund (NAV as on 31.3.10 - Rs. 113.42 lacs)	107.00	–	**107.00**	176.72	–	176.72
3,08,685	(308,685)	Reliance Short Term Fund of Reliance Mutual Fund (NAV as on 31.3.10 - Rs. 53.73 lacs)	49.03	–	**49.03**	49.03	–	49.03
54,961	(-)	Reliance Diversified Power Sector Fund - Retail - Dividend of Reliance Mutual Fund (NAV as on 31.3.10 - Rs. 25.69 lacs)	26.43	–	**26.43**	–	–	–

			As at March 31, 2010			As at March 31, 2009		
			Company and its subsidiaries Rs. in lacs	**Joint Venture Rs. in lacs**	**Total Rs. in lacs**	Company and its subsidiaries Rs. in lacs	Joint Venture Rs. in lacs	Total Rs. in lacs
SCHEDULE 6 : INVESTMENTS (Contd.)								
8,045	(-)	Reliance Money Manager Fund Institutional - Growth of Reliance Mutual Fund (NAV as on 31.3.10 - Rs. 100.95 lacs)	100.00	–	**100.00**	–	–	–
6,184	(-)	Reliance Money Manager Retail - Growth of Reliance Mutual Fund (NAV as on 31.3.10 - Rs. 77.02 lacs)	75.48	–	**75.48**	–	–	–
46,702	(-)	Reliance Growth Fund Retail - Growth of Reliance Mutual Fund (NAV as on 31.3.10 - Rs. 25.14 lacs)	25.12	–	**25.12**	–	–	–
3,17,457	(317,457)	Tata Short Term Bond Fund Growth of Tata Mutual Fund (NAV as on 31.3.10 - Rs. 54.52 lacs)	53.00	–	**53.00**	53.00	–	53.00
6,48,924	(-)	Templeton Ultra Short Bond Fund - Growth of Franklin Templeton Mutual Fund (NAV as on 31.3.10 - Rs. 76.18 lacs)	75.00	–	**75.00**	–	–	–
9,06,051	(-)	Templeton India Floating Rate Income Fund - Long Term Plan - Growth of Franklin Templeton Mutual Fund (NAV as on 31.3.10 - Rs. 152.68 lacs)	150.00	–	**150.00**	–	–	–
5,962	(-)	Templeton India Short Term Income Retail Fund - Growth of Franklin Templeton Mutual Fund (NAV as on 31.3.10 - Rs. 108.00 lacs)	107.43	–	**107.43**	–	–	–
–	(252,468)	Templeton India Government Security Fund Long Term Plan Growth of Franklin Templeton Mutual Fund	–	–	**–**	50.00	–	50.00
–	(474,811)	UTI Bond Fund Regular Growth Plan of UTI Mutual Financial Fund	–	–	**–**	127.00	–	127.00
4,796	(-)	UTI Liquid - Cash Plan Regular - Growth of UTI Mutual Fund (NAV as on 31.3.10 - Rs. 71.47 lacs)	70.00	–	**70.00**	–	–	–
6,507	(-)	UTI Treasury Advantage Fund - Growth of UTI Mutual Fund (NAV as on 31.3.10 - Rs. 152.17 lacs)	150.00	–	**150.00**	–	–	–
			14581.87	187.43	**14769.30**	13184.00	187.43	13371.43
Less Provision for Diminution in the value of current investments			23.79	–	**23.79**	16.97	–	16.97
			14558.08	187.43	**14745.51**	13167.03	187.43	13354.46
Aggregate amount of quoted investments			9875.96	187.17	**10063.13**	9875.96	187.17	10063.13
Market value of quoted investments			101277.00	52.83	**101329.83**	45120.88	52.83	45173.71
Aggregate amount of mutual funds units			1874.87	–	**1874.87**	1874.87	–	1874.87
Repurchase price of mutual funds units, represented by Net Asset Value			1947.30	–	**1947.30**	1947.30	–	1947.30
Aggregate amount of unquoted investments			2831.04	0.26	**2831.30**	1433.17	0.26	1433.43

	As at March 31, 2010			As at March 31, 2009		
	Company and its subsidiaries Rs. in lacs	**Joint Venture Rs. in lacs**	**Total Rs. in lacs**	Company and its subsidiaries Rs. in lacs	Joint Venture Rs. in lacs	Total Rs. in lacs
SCHEDULE 7 : INVENTORIES (At lower of cost and net realisable value)						
Raw materials	1103.87	108.40	**1212.27**	1432.41	160.01	1592.42
Stores and spares	254.04	34.91	**288.95**	266.08	35.92	302.00
Traded goods	28.93	0.19	**29.12**	33.54	0.19	33.73
Work- in- progress	923.06	54.97	**978.03**	1160.91	68.89	1229.80
Finished goods	2.41	11.45	**13.86**	90.67	10.11	100.78
Scrap	4.91	2.47	**7.38**	22.58	3.26	25.84
	2317.22	212.39	**2529.61**	3006.19	278.38	3284.57
SCHEDULE 8 : SUNDRY DEBTORS (Unsecured)						
For Sales on deferred payment terms						
Debts outstanding for a period exceeding six months-						
Considered good	10.73	–	**10.73**	–	–	–
Considered doubtful	–	–	**–**	10.73	–	10.73
For other sales						
Debts outstanding for a period exceeding six months-						
Considered good	3084.58	26.66	**3111.24**	193.39	37.70	231.09
Considered doubtful	114.83	–	**114.83**	86.70	–	86.70
Other debts						
Considered good	7291.61	285.84	**7577.45**	6584.84	245.99	6830.83
Considered doubtful	–	–	**–**	0.40	–	0.40
	10501.75	312.50	**10814.25**	6876.06	283.69	7159.75
Less: Provision for doubtful debts	114.83	–	**114.83**	97.83	–	97.83
	10386.92	312.50	**10699.42**	6778.23	283.69	7061.92
SCHEDULE 9 : CASH AND BANK BALANCES						
Cash on hand (including cheques/drafts in hand Rs. 177.65 lacs (Rs. 281.69 lacs) (including Rs. 42.66 lacs (Rs. 8.81 lacs) of joint venture))	142.50	43.08	**185.58**	273.55	9.16	282.71
Balance with scheduled banks						
On current/collection accounts	66.13	14.32	**80.45**	124.87	1.59	126.46
“ cash credit accounts	3.28	–	**3.28**	19.98	73.12	93.10
“ fixed deposit accounts (Fixed Deposit Receipts of pledged with banks and others)	665.10	64.21	**729.31**	519.58	64.00	583.58
“ unclaimed dividend accounts	–	–	**–**	3.97	0.92	4.89
Balance with other banks						
On current account in foreign currency (with Nepal SBI Bank Limited, maximum amount outstanding during the year Rs. 214.10 lacs)	52.53	–	**52.53**	–	–	–
	929.54	121.61	**1051.15**	941.95	148.79	1090.74
SCHEDULE 10 : OTHER CURRENT ASSETS						
Interest receivable on deposits and others	25.08	2.35	**27.43**	34.27	4.53	38.80
Assets held for disposal (at lower of written down value and net realisable value)	18.29	1.25	**19.54**	–	–	–
Dividend receivable	3.50	–	**3.50**	–	–	–
	46.87	3.60	**50.47**	34.27	4.53	38.80

	As at March 31, 2010			As at March 31, 2009		
	Company and its subsidiaries Rs. in lacs	**Joint Venture Rs. in lacs**	**Total Rs. in lacs**	Company and its subsidiaries Rs. in lacs	Joint Venture Rs. in lacs	Total Rs. in lacs
SCHEDULE 11 : LOANS AND ADVANCES (UNSECURED AND CONSIDERED GOOD)						
Loans to employees	14.27	4.18	**18.45**	18.19	3.46	21.65
Advances recoverable in cash or kind or for value to be received	492.72	13.73	**506.45**	296.47	6.15	302.62
VAT Credit (Input) Receivable	3.41	–	**3.41**	70.05	–	70.05
Deposits						
- Others	348.31	8.36	**356.67**	400.57	8.57	409.14
Balance with Customs, Central Excise, etc. (net of service tax payable Rs. 347.06 lacs (Rs. 216.64 lacs)	628.54	41.76	**670.30**	932.68	55.40	988.08
Advance Income Tax and Income tax deducted at source (net of provisions)	200.86	3.15	**204.01**	47.17	1.47	48.64
Claims, payment of refunds etc. receivable	16.34	12.96	**29.30**	44.15	7.33	51.48
	1704.45	84.14	**1788.59**	1809.28	82.38	1891.66
SCHEDULE 12 : CURRENT LIABILITIES						
Acceptances	265.46	28.37	**293.83**	101.16	28.04	129.20
Sundry creditors						
Dues to Micro and Small Enterprises (Refer Note No. 11 of Schedule 25)	0.40	–	**0.40**	0.02	0.04	0.06
Creditors other than Micro and Small Enterprises	3265.93	113.49	**3379.42**	2939.54	169.61	3109.15
Advance from customers	52.40	1.88	**54.28**	15.94	11.57	27.51
Sundry deposits	52.79	–	**52.79**	45.95	–	45.95
Interst accrued but not due	3.24	–	**3.24**	–	–	–
Unclaimed dividend	–	–	**–**	3.97	0.92	4.89
	3640.22	143.74	**3783.96**	3106.58	210.18	3316.76

There is not amount due and outstanding to be credited to Investor Education and Protection Fund.

SCHEDULE 13 : PROVISIONS						
For Gratuity	86.61	(1.96)	**84.65**	77.95	(0.20)	77.75
For Compensated Absences	121.85	11.27	**133.12**	103.44	10.47	113.91
For Pension	38.94	9.24	**48.18**	41.30	10.74	52.04
	247.40	18.55	**265.95**	222.69	21.01	243.70

	For the year ended March 31, 2010			For the year ended March 31, 2009		
	Company and its subsidiaries Rs. in lacs	**Joint Venture Rs. in lacs**	**Total Rs. in lacs**	Company and its subsidiaries Rs. in lacs	Joint Venture Rs. in lacs	Total Rs. in lacs
SCHEDULE 14 : TURNOVER						
Finished goods *	11515.05	1256.55	**12771.60**	22844.95	1710.09	24555.04
Contract revenue	8985.93	–	**8985.93**	4080.51	–	4080.51
Others	370.26	145.60	**515.86**	796.51	51.60	848.11
	20871.24	1402.15	**22273.39**	27721.97	1761.69	29483.66

* includes price variation claims of Rs. 117.13 lacs (Rs. Nil of Joint Venture) [(Rs. Nil) (Rs. Nil of joint venture)] related to an earlier year but settled during the year.

	For the year ended March 31, 2010			For the year ended March 31, 2009		
	Company and its subsidiaries Rs. in lacs	**Joint Venture Rs. in lacs**	**Total Rs. in lacs**	Company and its subsidiaries Rs. in lacs	Joint Venture Rs. in lacs	Total Rs. in lacs
SCHEDULE 15 : OTHER INCOME						
Interest:						
-on bank deposits						
((Tax deducted at source Rs. 8.64 lacs (Rs. 5.13 lacs) (including Rs. 0.89 lac (Rs. 0.77 lac) of joint venture))	50.41	5.88	**56.29**	56.20	8.60	64.80
-on inter corporate deposits etc. (gross) (Tax deducted at source Rs.1.87 lacs (Rs. 0.77 lac)) (including Rs. 1.40 lacs (Rs. 0.06 lac) of joint venture))	7.73	0.33	**8.06**	8.37	0.99	9.36
Dividend income						
-On Investments (Long term) (Trade)	1758.21	1.48	**1759.69**	1097.16	3.54	1100.70
-On Investments (Current) (Trade)	37.88	–	**37.88**	13.05	–	13.05
Unspent liabilities/sundry balances written back	57.31	1.14	**58.45**	12.97	2.46	15.43
Provision for doubtful debts written back	13.51	–	**13.51**	8.20	–	8.20
Profit on sale of current investments (Trade) (net)	119.48	–	**119.48**	90.98	–	90.98
Profit on disposal of fixed assets (Net)	–	–	**–**	1.53	–	1.53
Rent received	82.15	0.64	**82.79**	74.21	0.64	74.85
Exchange rate fluctuation (net)	23.05	0.77	**23.82**	–	–	–
Processing charges received	91.32	0.01	**91.33**	89.91	–	89.91
Miscellaneous income	25.86	6.81	**32.67**	17.02	2.54	19.56
	2266.91	17.06	**2283.97**	1469.60	18.77	1488.37
SCHEDULE 16 : RAW MATERIALS CONSUMED						
Inventories as at March 31, 2009	1432.41	160.01	**1592.42**	1698.84	243.95	1942.79
Add: Purchases (Less : sales and claims Rs. 158.26 lacs (Rs. 957.23 lacs) (including Rs. Nil (Rs. 36.94 lacs) of joint venture))	8008.62	869.56	**8878.18**	18036.30	1135.33	19171.63
	9441.03	1029.57	**10470.60**	19735.14	1379.28	21114.42
Less: Inventories as at March 31, 2010	1103.87	108.40	**1212.27**	1432.41	160.01	1592.42
	8337.16	921.17	**9258.33**	18302.73	1219.27	19522.00
SCHEDULE 17 : MATERIALS PURCHASED/ SUBCONTRACT EXPENSES						
Cost of Materials purchased	4001.08	–	**4001.08**	1624.78	–	1624.78
Subcontract Expenses	2390.91	–	**2390.91**	1170.84	–	1170.84
	6391.99	–	**6391.99**	2795.62	–	2795.62
SCHEDULE 18 : COST OF TRADED GOODS SOLD						
Cost of traded goods sold	2.73	80.83	**83.56**	10.50	0.08	10.58
SCHEDULE 19 : PERSONNEL EXPENSES						
Salaries, wages and bonus	1099.78	69.92	**1169.70**	897.28	76.14	973.42
Contribution to provident and other funds	102.12	7.62	**109.74**	94.34	9.22	103.56
Workmen and staff welfare expenses	96.30	6.23	**102.53**	69.91	6.06	75.97
	1298.20	83.77	**1381.97**	1061.53	91.42	1152.95

	For the year ended March 31, 2010			For the year ended March 31, 2009		
	Company and its subsidiaries Rs. in lacs	**Joint Venture Rs. in lacs**	**Total Rs. in lacs**	Company and its subsidiaries Rs. in lacs	Joint Venture Rs. in lacs	Total Rs. in lacs
SCHEDULE 20 : OPERATING AND OTHER EXPENSES						
Consumption of stores and spares	208.75	6.17	**214.92**	242.02	8.89	250.91
Packing materials	261.56	23.74	**285.30**	476.85	31.12	507.97
Power and fuel	310.16	31.78	**341.94**	405.40	35.55	440.95
Sales commission (other than sole selling agents)	404.87	6.85	**411.72**	206.70	4.04	210.74
Freight and transportation (Net)	88.53	9.79	**98.32**	–	4.57	4.57
Processing /Job work and testing charges	44.25	3.08	**47.33**	100.08	0.18	100.26
Excise Duty on Increase/(Decrease) of stocks (Refer Note No 14.2 of Schedule 25)	(7.98)	(0.02)	**(8.00)**	(61.97)	(0.89)	(62.86)
Rent	107.65	0.54	**108.19**	50.61	0.40	51.01
Rates & taxes	58.43	1.58	**60.01**	9.65	1.49	11.14
Sales tax paid	79.57	–	**79.57**	17.44	–	17.44
Insurance charges	39.80	1.24	**41.04**	27.41	1.44	28.85
Repair & maintenance						
- Plant & Machinery	37.13	12.01	**49.14**	42.16	18.87	61.03
- Buildings	31.36	2.52	**33.88**	51.15	1.58	52.73
- Others	15.32	0.10	**15.42**	15.83	0.03	15.86
Travelling and conveyance	283.57	10.95	**294.52**	157.29	10.89	168.18
Director's sitting fees	4.25	0.53	**4.78**	2.47	0.23	2.70
Auditor's remuneration						
Statutory auditors						
as auditors						
- Audit fees	6.18	0.53	**6.71**	6.18	0.53	6.71
- Tax audit fee	0.84	0.07	**0.91**	0.84	0.07	0.91
- Quarterly reviews	4.50	0.20	**4.70**	4.50	0.12	4.62
as others						
- Company law matters	–	0.07	**0.07**	1.75	–	1.75
- Certification etc.	3.85	0.04	**3.89**	7.50	0.08	7.58
- Out of pocket expenses	1.12	0.08	**1.20**	1.16	0.11	1.27
Cost Auditors						
- Audit fees	0.35	0.04	**0.39**	0.35	0.04	0.39
- Reimbursement of expenses	–	–	**–**	0.06	0.01	0.07
Legal and professional expenses	140.91	6.68	**147.59**	99.59	6.44	106.03
Donation and Contributions	1.02	0.14	**1.16**	1.11	0.09	1.20
Diminution in the value of current investments	6.82	–	**6.82**	16.36	–	16.36
Provision for doubtful debts and advances	80.88	–	**80.88**	16.45	–	16.45
Sundry advances/bad debts written off	8.38	0.54	**8.92**	2.49	0.80	3.29
Loss on disposal of fixed assets (Net)	–	0.27	**0.27**	–	–	–
Exchange Rate Fluctuation	–	–	**–**	85.78	20.91	106.69
Miscellaneous expenses	236.63	14.32	**250.95**	212.69	12.05	224.74
	2458.70	133.84	**2592.54**	2199.90	159.64	2359.54

	For the year ended March 31, 2010			For the year ended March 31, 2009		
	Company and its subsidiaries Rs. in lacs	**Joint Venture Rs. in lacs**	**Total Rs. in lacs**	Company and its subsidiaries Rs. in lacs	Joint Venture Rs. in lacs	Total Rs. in lacs
SCHEDULE 21 : DECREASE IN INVENTORIES						
Inventories as at March 31, 2010						
Work-in-progress	923.06	54.97	**978.03**	1160.91	68.89	1229.80
Finished goods	2.41	11.45	**13.86**	90.67	10.11	100.78
Scrap	4.91	2.47	**7.38**	22.58	3.26	25.84
	930.38	68.89	**999.27**	1274.16	82.26	1356.42
Inventories as at March 31, 2009						
Work-in-progress	1160.91	68.89	**1229.80**	1884.91	171.61	2056.52
Finished goods	90.67	10.11	**100.78**	371.98	4.59	376.57
Scrap	22.58	3.26	**25.84**	226.98	14.35	241.33
	1274.16	82.26	**1356.42**	2483.87	190.55	2674.42
	343.78	13.37	**357.15**	1209.71	108.29	1318.00
SCHEDULE 22 : FINANCIAL EXPENSES						
Interest						
- to banks and others	381.85	9.91	**391.76**	432.73	16.21	448.94
Bank charges	117.87	9.40	**127.27**	104.01	9.53	113.54
	499.72	19.31	**519.03**	536.74	25.74	562.48
SCHEDULE 23 : DEPRECIATION/AMORTISATION						
On Fixed Assets	421.87	47.82	**469.69**	535.98	49.43	585.41
Less: Transfer from Capital Reserve	0.64	–	**0.64**	0.74	–	0.74
	421.23	47.82	**469.05**	535.24	49.43	584.67
SCHEDULE 24 : TAXES						
Income tax for current year/ Minimum alternate tax	20.00	–	**20.00**	11.60	–	11.60
Deferred tax (credit)	–	–	**–**	(0.71)	–	(0.71)
Income tax and Fringe Benefit Tax credit for earlier years	(2.09)	(0.05)	**(2.14)**	(17.34)	(0.60)	(17.94)
Fringe benefit tax	–	–	**–**	17.75	1.17	18.92
	17.91	(0.05)	**17.86**	11.30	0.57	11.87

SCHEDULE 25 : NOTES TO THE CONSOLIDATED ACCOUNTS

NOTES annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2010, Consolidated Profit & Loss Account and Consolidated Cash Flow Statement for the year ended on that date.

1. The Consolidated Financial Statements relate to Vindhya Telelinks Ltd. (Parent Company), its subsidiary companies and its joint venture company. The Consolidated Financial Statements have been prepared on the following basis:
   (i) The financial statements of the Parent Company and its subsidiary companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra group balances and intra group transactions.
   (ii) The financial statements of the subsidiary companies and joint venture used in the consolidation are drawn for the same reporting period as that of the Parent Company i.e. year ended March 31, 2010.
   (iii) The list of Subsidiary Companies which are included in the consolidation and the Parent Company's holding therein are as under:

Name of Subsidiaries	Country of Incorporation	Percentage of Ownership
August Agents Limited	India	100.00
Insilco Agents Limited	India	100.00
Laneseda Agents Limited	India	100.00

   (iv) Joint Venture Company – In accordance with Accounting Standard 27 notified under Companies (Accounting Standard) Rules, 2006, the Parent Company has prepared the accompanying Consolidated Financial Statements by including the Parent Company's proportionate interest in the Joint Venture's assets, liabilities, income, expenses and other relevant information after eliminating parent company's share in intra group balances Rs. Nil (Previous year Rs. 10.75 lacs) and intra group transactions Rs. 49.37 lacs (Previous year Rs. 49.32 lacs). Detail of Joint Venture is as follows:

Name of Joint Venture	Country of Incorporation	Percentage of Ownership
Birla Ericsson Optical Limited	India	13.33

   (v) The Parent Company by itself or along with its subsidiaries hold more than 20% of the voting power of certain bodies corporate. The Parent Company has been legally advised that it does not have any "Significant Influence" in the said bodies corporate as defined in Accounting Standard '18' "Related Party Disclosures" and accordingly, has not considered the above investees as related parties under AS-18 and has not consolidated the accounts of the above as "Associate" under Accounting Standard '23'.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:
   (a) Basis of Preparation

   The Financial Statements have been prepared to comply in all material respects in respects with the notified Accounting Standards issued by Companies (Accounting Standard) Rules, 2006 and the relevant provisions of Companies Act, 1956. The Financial Statements have been prepared under the historical cost convention modified by revaluation of fixed assets, on an accrual basis. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

   (b) Use of estimates

   The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

   (c) Fixed Assets

   Fixed Assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use. When fixed assets are revalued, any surplus on revaluation is credited to assets revaluation reserve.

   The carrying amounts of assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

   Software

   Cost relating to purchased software is capitalized and is amortized on a Straight-Line Basis over their estimated useful lives of five years.

Software licenses costing Rs. 5,000 and below are fully depreciated in the year of acquisition.

(d) Depreciation

(i) Premium on leasehold land is amortised over the life of the lease.

(ii) Depreciation on certain second hand plant and machinery purchased by the parent company during the financial year 2004-05 which are estimated to have lower residual lives than envisaged as per the rates provided in Schedule XIV to the Companies Act, 1956, has been provided based on the estimated lower residual life by using the straight line method.

(iii) Depreciation on Fixed Assets of Unit No.1 and Computer Systems of the Parent Company (25.44% of total Fixed Assets) is provided on Written Down Value Method at rates, computed based on estimated useful life of the assets, which are equal to the corresponding rates prescribed under Schedule XIV to the Companies Act, 1956.

(iv) Depreciation on all other Fixed Assets is provided on Straight Line Method at rates, computed based on estimated useful life of the assets, which are equal to the corresponding rates prescribed under Schedule XIV to the Companies Act, 1956.

(v) Depreciation on insurance spares capitalized in Parent Company and Joint Venture is provided over the residual useful life of the respective mother asset.

(e) Leases

Where the Group 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.

Where the Group is the Lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

(f) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

(g) Inventories

Inventories are valued as follows:

Raw Materials and Stores & Spares	:	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a transaction moving weighted average basis.
Traded Goods	:	Lower of cost and net realizable value. Cost is determined on a transaction moving weighted average cost basis.
Work-in-progress and Finished Goods (Own manufactured)	:	Lower of cost and net realizable value. Cost includes, direct materials (determined on weighted average cost basis) and labour & proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.
Scrap	:	Net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(h) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Sale of Goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise duty deducted from gross turnover is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arose during the year. Credits/debits arising out of finalization of provisional prices on supplies are accounted for in the year of their acceptance since it is not possible to ascertain the exact quantum in respect thereof with reasonable accuracy. Revenue to the extent of price variation disputes, 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 Parent Company and Joint Venture, as the case may be.

Contract Revenue

The Parent Company follows the percentage of completion method as per Accounting Standard (AS)-7 to recognize revenue in respect of contracts executed. The stage of completion of the project is determined by the proportion to the contract cost incurred for work performed upto the balance sheet bear to the estimated total contract cost.

Contract Revenue is accounted for on the basis of bills submitted to clients/bills certified by the clients or on technical evaluation of work executed based on joint inspection with customers and do not include material supplied by customers/ clients free of cost. The income on account of claims/rewards or extra item works are recognized to the extent parent company expects reasonable certainty about receipt or acceptance from the clients/customers. In case the total cost of a contract, based on technical and other estimates, is expected to exceed the corresponding contract value, such expected loss is fully provided for.

Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend

Revenue is recognized when the shareholder's right to receive payment is established by the Balance Sheet date.

(i) Foreign Currency Translations

(i) Initial Recognition

Foreign Currency Transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency at the date of the transactions.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical costs denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise.

(iv) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the Profit and Loss Account in the year in which exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or expense for that year.

(v) Translation of Integral foreign operations

In respect of a Branch, which is having integral foreign operations, all transactions are translated at rates prevailing on the date of transaction or that approximates the actual rate at the date of transaction. Branch monetary assets and liabilities are restated at the year end rate.

(j) Retirement Benefits

(i) Retirement benefits in the form of Provident Fund and Superannuation Fund are charged to profit and loss account of the year when contributions to the respective funds are due. The Group accounts for the contributions under Superannuation Scheme being made to Life Insurance Corporation of India (LIC) against an insurance policy taken with them. There are no other obligations other than the contributions payable to the funds.

(ii) Gratuity liability and pension liability (including past services of employees who were in other group companies) are defined benefit obligations and are provided for on the basis of an actuarial valuation performed in accordance with Projected Unit Credit Method made at the end of each financial year by an independent actuary.

(iii) Short term compensated absences are provided for on estimate basis. Long term compensated absences are provided for on actuarial valuation basis.

(iv) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

(v) Payments made under Voluntary Retirement Scheme are charged to the profit and loss account in the year when the employee accepts the early retirement.

(vi) Ex-gratia or other amount disbursed on account of selective employees separation scheme are charged to Profit and Loss Account.

(k) Income Taxes

Tax expense comprises current, deferred and fringe benefit tax. Current income tax and fringe benefit tax are measured at the amount expected to be paid to the tax authorities in accordance with Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Parent Company, its subsidiaries and joint venture have unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Parent Company, its subsidiaries and joint venture writes-down the carrying amount of deferred tax assets to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Parent Company, Subsidiaries and Joint Venture will pay normal income tax during the specified period. In the year in which the Minimum Alternate Tax (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 Parent Company, Subsidiaries and Joint Venture review 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 these Companies will pay normal income tax during the specified period.

(l) Segment Reporting Policies

Identification of segments

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the group operate.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Include general corporate income and expense items which are not allocated to any business segment.

(m) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for events of bonus issue, bonus element in a right issue to existing shareholders, share splits and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(n) Provisions

A provision is recognised when the group has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

(o) 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.

(p) Derivative Instruments

The Group uses derivative instruments such as forward contract to hedge its risks associated with fluctuations in raw material prices. As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11 are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedged item is charge to the income statement. Net gains are ignored.

3. Segment Information

The business segment of the Group is divided into two categories i.e. Cables and EPC (Engineering, Procurement and Construction). A brief Description of the types of products and Services provided by each reportable segment is as follows:

1. Cables- The Group manufactures and markets various types of cables including Jelly Filled Telephone Cables, Optic Fibre Cables, Aerial Bunched Cable, and Fibre Ribbon etc.
2. EPC (Engineering, Procurement and Construction) –The Group undertakes and executes Contracts and provide services with or without materials, as the case may be.

(a) Primary Segment Information (by Business Segments)

The following table presents revenue and profit/(loss) information regarding industry segments for the years ended March 31, 2010 and March 31, 2009 and certain liabilities information regarding industry segments at March 31, 2010 and March 31, 2009.

Business Segments	Year Ended March 31, 2010			Year ended March 31, 2009		
	Cables Rs. in lacs	**EPC Rs. in lacs**	**Total Rs. in lacs**	Cables Rs. in lacs	EPC Rs. in lacs	Total Rs. in lacs
Revenue						
External Sales (Net)	**12381.49**	**8985.93**	**21367.42**	22533.26	4080.51	26613.77
Other Income*	**218.83**	**0.95**	**219.78**	134.63	-	134.63
Total Revenue	**12600.32**	**8986.88**	**21587.20**	22667.89	4080.51	26748.40
Results						
Segment result (PBIT)	**(145.29)**	**1076.57**	**931.28**	(1820.79)	732.55	(1088.24)
Unallocable Income/Expenses (Net)			**1993.90**			1259.32
Operating Profit/(Loss)			**2925.18**			171.08
Interest (Net)			**(327.41)**			(374.78)
Provision for Tax (Net)			**(17.86)**			(11.87)
Profit/(Loss) after Tax			**2579.91**			(215.57)
Other Information						
Segment Assets	**11794.86**	**9289.17**	**21084.03**	13627.86	4502.13	18129.99
Unallocable Assets			**14949.52**			13407.99
Total Assets			**36033.55**			31537.98
Segment Liabilities	**1800.63**	**2249.28**	**4049.91**	2381.77	1173.80	3555.57
Unallocable Liabilities			**5426.14**			4004.35
Total Liabilities			**9476.05**			7559.92
Capital Expenditure	**449.40**	**399.23**	**848.63**	325.06	320.25	645.31
Depreciation	**402.42**	**66.63**	**469.05**	561.10	23.57	584.67
Other Non Cash Expenditure	**4.30**	**85.50**	**89.80**	11.54	-	11.54

*Excludes Rs. 2064.19 lacs (Rs. 1353.74 lacs) netted off from Unallocated Expenses and Interest Expense.

(b) Geographical Segments

The following table shows the distribution of the Group's consolidated sales by geographical market, regardless of where the goods were produced:

Sales revenue by geographical market

Geographical Market Segment	2009-10 Rs. in lacs	2008-09 Rs. in lacs
Domestic Market	**18419.45**	26117.70
Overseas Market	**2947.97**	496.07
Total	**21367.42**	26613.77

The following table shows the carrying amount of debtors by geographical market:

Geographical Market Segment	2009-10 Rs. in lacs	2008-09 Rs. in lacs
Domestic Market	**9901.41**	6879.48
Overseas Market	**798.01**	182.44
Total	**10699.42**	**7061.92**

The Group has common fixed assets for producing goods/providing services to Domestic Market as well as for Overseas Markets. Hence, separate figures for fixed assets/additions to fixed assets have not been furnished.

4. Related Party Disclosure

Joint Venture	:	Birla Ericsson Optical Ltd.
Key Management Personnel	:	Shri Y.S. Lodha (Managing Director of the Parent Company) Shri D.R. Bansal (Managing Director of the Joint Venture Company) Shri S.K. Daga (Wholetime Director of August Agents Ltd., a subsidiary company) Shri D.L. Rathi (Wholetime Director of Insilco Agents Ltd., a subsidiary company) Shri K. Damani (Wholetime Director of Laneseda Agents Ltd., a subsidiary company)
Other parties which significantly Influence/are influenced by the Company (either individually or with others)	:	Ericsson Cables AB (formerly Ericsson Network Technologies AB) Sweden (ECA) (Associate of Joint Venture) Universal Cables Limited (UCL) (Associate of Joint Venture)

Particulars	Parent Company and its Subsidiaries with their Joint Venture		Joint Venture with its Associates			
			UCL		ECA	
	2009-10 Rs. in lacs	2008-09 Rs. in lacs	**2009-10 Rs. in lacs**	2008-09 Rs. in lacs	**2009-10 Rs. in lacs**	2008-09 Rs. in lacs
(i) Transactions during the year						
(a) Purchase of Raw Materials, Stores, Spares and Packing Materials	**433.90**	509.72	**271.97**	239.99	**0.06**	–
(b) Sale of Raw Materials, Stores, Spares and Packing Materials	**254.12**	980.95	**0.67**	41.48	**–**	–
(c) Sale of finished goods	**252.90**	235.78	**–**	0.47	**22.79**	–
(d) Other Service Charges/ Lease Rent Received	**56.17**	52.35	**0.64**	0.64	**–**	–
(e) Other Service Charges Paid	**4.19**	2.57	**–**	–	**–**	0.13
(f) Sale of Fixed Assets	**–**	22.31	**–**	0.05	**–**	–
(g) Purchase of Fixed Assets	**–**	9.30	**–**	–	**–**	
(h) Interest on Inter-Corporate Deposits paid	**40.00**	10.89	**–**	–	**–**	–
(i) Inter-Corporate Deposits taken	**2816.78**	2361.76	**–**	–	**–**	–
(j) Inter-Corporate Deposits repaid	**2816.78**	2361.76	**–**	–	**–**	–
(k) Dividend Received	**–**	–	**–**	3.54	**–**	–
(ii) Balance Outstanding at the year end						
Payable	**–**	69.86	**49.67**	94.89	**–**	–
Receivable	**–**	–	**0.09**	–	**3.12**	–

Notes:

(a) 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 party.

(b) Transactions and balances relating to reimbursement of expenses to/from the above related party have not been considered.

(c) Transactions with related parties are done at arm's length basis.

(III) Remuneration to Managing Director and Whole-time Director

Name of the Managing Director/Whole-time Director	**2009-10 Rs. in lacs**	2008-09 Rs. in lacs
Shri Y.S. Lodha	**17.10**	13.01
Shri D.R. Bansal	**2.05**	1.80
Shri S.K. Daga	**0.12**	0.12
Shri D.L. Rathi	**0.12**	0.12
Shri K. Damani	**0.12**	0.12
Total	**19.51***	15.17*

* As the future liability of gratuity and compensated absences is provided on an actuarial basis for the Company as a whole, the amount pertaining to the director is not included above.

5. The Parent Company has accumulated CENVAT credit aggregating to Rs. 628.54 lacs as at 31st March 2010 (as appearing in Schedule 11 of Loans and Advances) due to inverted duty structure. The management has devised alternate mechanism for utilisation of the accumulated Cenvat credit as going concern over a reasonable period of time and hence this does not call for any provision thereagainst.

6. Contingent liabilities (not provided for) in respect of

(i) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) Rs. 196.75 lacs (Rs. 21.05 lacs) (including Rs. 44.73 lacs (Rs. 10.39 lacs) in case of joint venture).

(ii) Claims against the Group not acknowledged as debts Rs. 0.30 lac (Rs. 8.34 lacs) (including Rs. 0.30 lac (Rs. 0.25 lac) in case of joint venture)*

(iii) Pending cases with Income-Tax Appellate authorities where Income Tax Department has preferred Appeals - liability not ascertainable*.

* Based on the discussions with the solicitors/meeting the terms and conditions by the Parent Company and Joint Venture, the management believes that the Parent Company and Joint Venture have a strong chance of success in the cases and hence no provision thereagainst is considered necessary.

7. The Parent Company and its joint venture have filed a law suit against an overseas 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 overreach the said Law Suit, has initiated an arbitration for claiming recovery of value of the unsupplied goods for the period from October, 2002 to September, 2006 aggregating to Rs. 6249.61 lacs (value as on March 31, 2010), (including Rs. 735.09 lacs share of a joint venture). The said arbitration proceeding have been stayed by the order of the Competent Court. The Parent Company and the joint venture have been legally advised that the said claim is unsustainable and there is no likelihood of any liability arising against the Parent Company and its joint venture

8. Sundry Debtors (considered good) and outstanding for a period exceeding six months include Rs. 86.73 lacs withheld by the customer of Parent Company against various bills which has been appropriately contested by the Parent Company. Based on the relevant contract, the Parent Company does not expect any material adjustments, in the books of the account.

9. The Parent Company has during the year written back liability for interest amounting to Rs. 29.51 lacs, no longer required as legally advised on the basis of interpretation of various provision of relevant statutes and the rules made thereunder.

10. Derivative Instruments and unhedged Foreign Currency Exposure

Particulars	**Currency**	**As at March 31, 2010**			As at March 31, 2009		
		Company and its Subsidiaries	**Joint Venture**	**Total**	Company and its Subsidiaries	Joint Venture	Total
(a) Particulars of Hedged Foreign currency exposure (Forward Contracts) as at the Balance Sheet date:							
Acceptances	USD	**232811.96**	**61936.65**	**294748.61**	–	–	–
Secured Loans	USD	**1165555.00**	**46367.07**	**1211922.07**	–	–	–
Sundry Creditors	USD	**–**	**15609.56**	**15609.56**	–	–	–
Interest accrued but not due	USD	**2118.45**	**–**	**2118.45**	–	–	–
(b) Particulars of Unhedged Foreign Currency Exposure as at the Balance Sheet date:							
Acceptances	USD	**337236.35**	**264.87**	**337501.22**	196245.00	–	250646.00
	EURO	**8334.55**	**–**	**8334.55**	–	–	–
Sundry Creditors	USD	**57317.13**	**3936.75**	**61253.88**	17438.00	1483.00	18921.00
	EURO	**–**	**1099.59**	**1099.59**	–	13530.00	13530.00
	NPR	**7581835.20**	**–**	**7581835.20**	–	–	–
Secured Loans	USD	**982047.52**	**–**	**982047.52**	–	–	–
Advances given	USD	**100000.00**	**–**	**100000.00**	–	–	–
	EURO	**4657.61**	**–**	**4657.61**	8524.00	–	8524.00
	CHF	**4933.00**	**–**	**4933.00**	–	–	–
	NPR	**3438824.00**	**–**	**3438824.00**	–	–	–
Sundry Debtors	EURO	**189031.90**	**14059.55**	**203091.45**	233532.00	–	233532.00
	USD	**464691.21**	**43352.36**	**508043.57**	42783.00	–	42783.00
	NPR	**68706232.37**	**–**	**68706232.37**	–	–	–
Advance from Customers	EURO	**17515.00**	**–**	**17515.00**	–	–	–
Interest accrued but not due	USD	**4993.10**	**–**	**4993.10**	–	–	–
Cash in hand	NPR	**11459.20**	**–**	**11459.20**	–	–	–

(c) A sum of Rs. 3.92 lacs (Rs. Nil) on account of unamortized foreign exchange premium on outstanding forward exchange contracts is being carried forward to be charged to Profit and Loss Account of the subsequent period.

11. Employee Benefit plans (Notified AS 15)

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy. The Group has also agreed to provide pension to two senior employees. These benefits are unfunded.

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans.

Net employee benefit expense (recognized in Employee Cost)

	Year	Gratuity			Pension		
		Company and its Subsidiaries Rs. in lacs	**Joint Venture Rs. in lacs**	**Total Rs. in lacs**	**Company and its Subsidiaries Rs. in lacs**	**Joint Venture Rs. in lacs**	**Total Rs. in lacs**
Current service cost	**2010**	**20.51**	**1.21**	**21.72**	**–**	**–**	**–**
	2009	17.85	1.20	19.05	–	–	–
Interest cost on benefit obligation	**2010**	**12.76**	**1.29**	**14.05**	**2.77**	**0.81**	**3.58**
	2009	9.73	1.01	10.74	2.57	0.51	3.08
Expected return on plan assets	**2010**	**(9.18)**	**(1.42)**	**(10.60)**	**–**	**–**	**–**
	2009	(7.13)	(1.14)	(8.27)	–	–	–
Net Actuarial (Gain)/Loss recognized in the year	**2010**	**(1.22)**	**(0.49)**	**(1.71)**	**(0.69)**	**(1.95)**	**(2.64)**
	2009	6.55	1.18	7.73	2.27	3.29	5.56
Add: Impact of variation in actual and expected return on plan assets	**2010**	**(0.22)**	**0.05**	**(0.17)**	–	**–**	**–**
	2009	(0.50)	0.05	(0.45)	–	–	–
Add: Insurance cost borne by the Group	**2010**	**0.71**	**0.12**	**0.83**	**–**	**–**	**–**
	2009	0.77	0.08	0.85	–	–	–
Add: Movement of short term liability of employee	**2010**	**–**	**–**	**–**	**4.44**	**–**	**4.44**
	2009	–	–	–	4.44	–	4.44
Net Benefit Expense	**2010**	**23.36**	**0.81**	**24.17**	**6.52**	**1.14**	**7.66**
	2009	27.27	2.38	29.65	9.28	3.80	13.08
Actual return on plan assets	**2010**	**(9.40)**	**(1.37)**	**(10.77)**	**–**	**–**	**–**
	2009	(7.63)	(1.10)	(8.73)	**–**	**–**	**–**

Amount recognized in the Balance Sheet

	Year	Gratuity			Pension		
		Company and its Subsidiaries Rs. in lacs	**Joint Venture Rs. in lacs**	**Total Rs. in lacs**	**Company and its Subsidiaries Rs. in lacs**	**Joint Venture Rs. in lacs**	**Total Rs. in lacs**
Defined Benefit obligation	**2010**	**202.86**	**17.87**	**220.73**	**38.94**	**9.24**	**48.18**
	2009	171.79	16.42	188.21	41.30	10.74	52.04
	2008	138.88	13.85	152.73	40.90	7.32	48.22
Fair value of the plan assets	**2010**	**116.25**	**19.83**	**136.08**	**–**	**–**	**–**
	2009	93.84	16.62	110.46	–	–	–
	2008	69.71	14.23	83.94	–	–	–
Net Asset/(Liability)	**2010**	**(86.61)**	**1.96**	**(84.65)**	**(38.94)**	**(9.24)**	**(48.18)**
	2009	(77.95)	0.20	(77.75)	(41.30)	(10.74)	(52.04)
	2008	(69.17)	0.38	(68.79)	(40.90)	(7.32)	(48.22)

Changes in present value of the defined benefit obligation are as follows:

	Year	Gratuity			Pension		
		Company and its Subsidiaries Rs. in lacs	Joint Venture Rs. in lacs	Total Rs. in lacs	Company and its Subsidiaries Rs. in lacs	Joint Venture Rs. in lacs	Total Rs. in lacs
Opening Defined Benefit Obligation	**2010**	**171.79**	**16.42**	**188.21**	**41.30**	**10.74**	**52.04**
	2009	138.88	13.85	152.73	40.90	7.32	48.22
Interest Cost	**2010**	**12.76**	**1.29**	**14.05**	**2.77**	**0.81**	**3.58**
	2009	9.73	1.01	10.74	2.57	0.51	3.08
Current Service Cost	**2010**	**20.51**	**1.21**	**21.72**	**–**	**–**	**–**
	2009	17.85	1.20	19.05	–	–	–
Benefit paid	**2010**	**(0.98)**	**(0.56)**	**(1.54)**	**(4.44)**	**(0.37)**	**(4.81)**
	2009	(1.22)	(0.82)	(2.04)	(4.44)	(0.38)	(4.82)
Actuarial (Gain)/Loss on obligations	**2010**	**(1.22)**	**(0.49)**	**(1.71)**	**(0.69)**	**(1.95)**	**(2.64)**
	2009	6.55	1.18	7.73	2.27	3.29	5.56
Add: Actual amount of gratuity payable to pending full and final settlements	**2010**	**–**	**–**	**–**	**–**	**–**	**–**
	2009	–	–	–	–	–	–
Add: Movement of short term liability of employee	**2010**	**–**	**–**	**–**	**–**	**–**	**–**
	2009	–	–	–	–	–	–
Closing Defined Benefit Obligation	**2010**	**202.86**	**17.87**	**220.73**	**38.94**	**9.24**	**48.18**
	2009	171.79	16.42	188.21	41.30	10.74	52.04

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

	Gratuity (2009-10)			Gratuity (2008-09)		
	Company and its Subsidiaries Rs. in lacs	**Joint Venture Rs. in lacs**	**Total Rs. in lacs**	Company and its Subsidiaries Rs. in lacs	Joint Venture Rs. in lacs	Total Rs. in lacs
Opening Fair value of Plan Assets	**93.85**	**16.62**	**110.47**	69.71	14.23	83.94
Expected Return	**9.18**	**1.42**	**10.60**	7.13	1.14	8.27
Contribution by employer	**13.80**	**2.44**	**16.24**	17.72	2.12	19.84
Benefits paid	**(0.80)**	**(0.59)**	**(1.39)**	(1.22)	(0.82)	(2.04)
Actuarial Gain on Plan Assets	**0.22**	**(0.05)**	**0.17**	0.50	(0.05)	0.45
Variation in return from plan assets opening balance	**-**	**(0.01)**	**(0.01)**	-	-	-
Closing Fair Value of Plan Assets	**116.25**	**19.83**	**136.08**	93.84	16.62	110.46

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Gratuity	
	2009-10 (%)	2008-09 (%)
Investments with insurer	**100**	100

The overall expected rate of return on assets is determined based on the actual rate of return during the current year.

The principal assumptions used in determining gratuity and pension obligations for the Group's plans are shown below:

	Year	Gratuity		Pension	
		Company and its subsidiaries	Joint Venture	Company and its subsidiaries	Joint Venture
Mortality Table	**2010**	**LIC 1994-96 Ultimate**	**LIC 1994-96 Ultimate**	**LIC 1994-96 Ultimate**	**LIC 1994-96 Ultimate**
	2009	LIC 1994-96 Ultimate	LIC 1994-96 Ultimate	LIC 1994-96 Ultimate	LIC 1994-96 Ultimate
Attrition Rate	**2010**	**5.00% p.a.**	**5.00% p.a.**	**N.A.**	**N.A.**
	2009	5.00% p.a.	5.00% p.a.	N.A.	N.A.
Imputed rate of interest	**2010**	**8.00% p.a.**	**8.00% p.a.**	**8.00% p.a.**	**7.50% p.a.**
	2009	7.50% p.a.	7.50% p.a.	7.50% p.a.	8.00% p.a.
Salary rise	**2010**	**7.50% p.a.**	**7.50% p.a.**	**N.A.**	**N.A.**
	2009	7.50% p.a.	7.50% p.a.	N.A.	N.A.
Return on plan assets	**2010**	**9.15%**	**9.25%**	**N.A.**	**N.A.**
	2009	9.15%	9.15%	N.A.	N.A.
Remaining working life	**2010**	**17.55 Years**	**17.84 Years**	**N.A.**	**N.A.**
	2009	17.11 Years	17.84 Years	N.A.	N.A.

The estimates of future salary increases considered in actuarial valuation take account of inflation seniority promotion and other relevant factors such as supply and demand in the employment market.

The Parent Company, its subsidiaries and joint venture expects to contribute Rs. 35.00 lacs to Gratuity Fund during the year 2010-11.

Notes:

1. Information relating to experience adjustments to plan assets and liabilities as required by Para 120(n)(ii) of the Accounting Standard 15 (Revised) on Employee Benefits is not available with the Group. The impact of the same is not material.
2. The actuarial valuation of gratuity and pension liability in the current year, previous year and previous to previous year was done in accordance with the revised Accounting Standard 15 Employee Benefits. Accordingly comparative numbers as required by Para 120(n) of Revised Accounting Standard 15 are furnished from the date of its adoption.

	(2009-10)			(2008-09)		
	Company and its Subsidiaries Rs. in lacs	**Joint Venture Rs. in lacs**	**Total Rs. in lacs**	Company and its Subsidiaries Rs. in lacs	Joint Venture Rs. in lacs	Total Rs. in lacs
Contribution to Provident Fund	**61.18**	**4.91**	**66.09**	53.58	4.59	58.17
Contribution to Superannuation Fund	**17.58**	**1.90**	**19.48**	13.48	2.27	15.75

12. Disclosure as per Section 22 of "The Micro, Small and Medium Enterprises Development Act, 2006".

Sl. No.	Particulars	As at March 31, 2010 Rs. in lacs	As at March 31, 2009 Rs. in lacs
1	the principal amount and interest due thereon remaining unpaid to any supplier		
	- Principal amount (previous year included Rs. 0.04 lac of Joint Venture)	**Nil**	0.06
	- Interest thereon	**0.40**	0.40
2	the amount of interest paid by the buyer in terms of section 16 along with the amounts of the payment made to the supplier beyond the appointed day.	**Nil**	Nil
3	the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	**Nil**	Nil
4	the amount of interest accrued and remaining unpaid.	**0.40**	0.40
5	the amount of further interest remaining due and payable in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductable expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	**Nil**	Nil

13. (i) Pursuant to Accounting Standard (AS) 22 “Accounting for Taxes on Income” the Parent Company and its Joint Venture has based on prudence not recognised deferred tax assets amounting to Rs. 668.42 lacs (Rs. 901.67 lacs) including Rs. 48.83 lacs (Rs. 27.71 lacs) of Joint Venture on all the timing differences including unabsorbed depreciation.

14. **Information pursuant to Accounting Standard “7”**

Pursuant to Accounting Standard “7” (Revised) on “Construction Contracts” the relevant information relating to Contracts in Progress at the reporting date is as given below :

		2009-10 Rs. in lacs	2008-09 Rs. in lacs
(a)	Aggregate amount of Cost incurred	**8897.45**	3347.96
(b)	Recognized Profit upto the reporting date	**1092.73**	732.55
(c)	Amount of advance received	**Nil**	Nil
(d)	Amount of outstanding/retentions	**6141.23**	3579.25
(e)	Long Term Contracts in progress	**365.82**	88.68
(f)	Advance billing to Customers	**Nil**	Nil

15. Supplementary Statutory Information

15.1 Managerial Remuneration

		2009-10			2008-09		
		Company and its Subsidiaries Rs. in lacs	**Joint Venture Rs. in lacs**	**Total Rs. in lacs**	Company and its Subsidiaries Rs. in lacs	Joint Venture Rs. in lacs	Total Rs. in lacs
(a)	Salary	**11.16**	**1.44**	**12.60**	9.36	1.36	10.72
(b)	House Rent Allowance	**1.76**	**-**	**1.76**	-	-	-
(c)	Commission**	**-**	**-**	**-**	-	-	-
(d)	Contribution to Provident Fund	**1.30**	**0.17**	**1.47**	1.08	0.16	1.24
(e)	Sitting Fees	**0.50**	**0.07**	**0.57**	0.20	0.03	0.23
(e)	Perquisites (Actual and/or evaluated as per Income Tax Rules 1962)	**2.74**	**0.36**	**3.10**	2.73	0.25	2.98
	Total*	**17.46**	**2.04**	**19.50**	13.37	1.80	15.17

* As the liability of gratuity and compensated absences is provided on an actuarial basis for the Company as a whole, the amount pertaining to the director is not included above.

** In view of loss computed in accordance with Section 349 of the Companies Act 1956 no commission is payable to Managing Director of joint venture.

15.2 In accordance with Explanation below Para 10 of Notified Accounting Standard 9: Revenue Recognition excise duty on sales amounting to Rs. 905.97 lacs including Rs. 86.94 lacs in case of joint venture (Rs. 2869.89 lacs including Rs. 196.62 lacs in case of joint venture) has been reduced from sales in profit & loss account and excise duty on decrease in stocks amounting to Rs. 8.00 lacs has been considered as income including Rs. 0.02 lac in case of joint venture (Rs. 62.86 lacs including Rs. 0.89 lac in case of joint venture on decrease in stock) in Schedule 20 of the financial statements.

16. Figures of previous year have been shown in brackets and regrouped wherever necessary.

Signatures to Schedules 1 to 25

As per our attached report of even date.

For S.R. BATLIBOI & CO.
Firm registration number : 301003E
Chartered Accountants

Per ANIL GUPTA
Partner
Membership No.87921

New Delhi, May 11, 2010

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

Y.S. Lodha — Managing Director
R. Radhakrishnan — President (Commercial) & Secretary

New Delhi, May 11, 2010

FORM OF PROXY
VINDHYA TELELINKS 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 Twenty Seventh Annual General Meeting of the Company to be held on Friday, the June 25, 2010, and at any adjournment thereof.

Signed this ________ day of ______________, 2010

Signature ____________ Affix Revenue Stamp of Thirty Paise ____________

* 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 — — — — — — — — — — — — — —

ATTENDANCE SLIP
VINDHYA TELELINKS LIMITED

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

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 TWENTY SEVENTH ANNUAL GENERAL MEETING being held at the Registered Office of the Company on Friday, the June 25, 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 COMPANY'S TOWNSHIP AT REWA MADHYA PRADESH

VISIT OF THE CHAIRMAN OF FURUKAWA ELECTRIC CO., LTD., JAPAN AT THE COMPANY'S REGISTERED OFFICE & WORKS AT REWA

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