



ANNUAL REPORT & ACCOUNTS 2011-12



BIRLA ERICSSON OPTICAL LTD.



Syt. Madhav Prasadji Birla
(1918-1990)



Smt. Priyamvadaji Birla
(1928-2004)



Syt. Rajendra Singhji Lodha
(1942-2008)

Our source of Inspiration



BIRLA ERICSSON OPTICAL LIMITED

ANNUAL REPORT 2011-12

BOARD OF DIRECTORS

MR. HARSH V. LODHA

Chairman

MR. MAGNUS KREUGER

[ALTERNATE MR. DINESH CHANDA]

MR. MATS O. HANSSON

[ALTERNATE MR. S.K. DAGA]

MR. R.C. TAPURIAH

DR. ARAVIND SRINIVASAN

MR. ARUN KISHORE

MR. K. RAGHURAMAN

MR. D.R. BANSAL

Managing Director (Upto 03.05.2012)

AUDIT COMMITTEE

MR. R.C. TAPURIAH

Chairman

DR. ARAVIND SRINIVASAN

MR. ARUN KISHORE

MR. K. RAGHURAMAN

PRESIDENT

MR. Y.S. LODHA (Upto 08.05.2012)

MANAGER & CHIEF EXECUTIVE OFFICER

MR. R. SRIDHARAN (From 04.05.2012)

AUDITORS

V. SANKAR AIYAR & Co.
CHARTERED ACCOUNTANTS
NEW DELHI

SOLICITORS

NMS & COMPANY
NEW DELHI

BANKERS

STATE BANK OF INDIA

REGISTERED OFFICE

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

CONTENTS

PAGE NO.

<i>Notice</i>	<i>I - VII</i>
<i>Directors' Report</i>	<i>1 - 5</i>
<i>Management Discussion & Analysis</i>	<i>6 - 9</i>
<i>Report on Corporate Governance</i>	<i>10 - 17</i>
<i>Auditors' Report</i>	<i>18 - 19</i>
<i>Balance Sheet</i>	<i>20</i>
<i>Statement of Profit and Loss</i>	<i>21</i>
<i>Cash Flow Statement</i>	<i>22 - 23</i>
<i>Notes to the Financial Statements</i>	<i>24 - 38</i>

IS / ISO 9001



IS / ISO 14001





Notice

NOTICE is hereby given that the Twentieth Annual General Meeting of the members of the Company will be held at the Registered Office of the Company at Udyog Vihar, P.O.Chorhata, Rewa (M.P.) on Friday, the June 29, 2012 at 11.30 A.M. to transact the following business :-

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2012, the Statement of Profit and Loss for the year ended on that date and Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Harsh V.Lodha, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold Office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration and reimbursement of out-of-pocket expenses as the Board may decide, based on the recommendation of the Audit Committee.

Special Business:

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

"RESOLVED that Mr. K. Raghuraman who was appointed as a Director of the Company to fill in the casual vacancy caused by the resignation of Mr. A.P. Dadoo and who holds such office upto the date of this Annual General Meeting pursuant to Section 262 of the Companies Act, 1956, and Article 109 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED that Mr. D.R. Bansal, Additional Director of the Company, who holds such office upto the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and Article 96 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED that in accordance with the provisions of Sections 198, 269, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents as may be required, the approval of the Company be and is hereby accorded to the appointment of Mr. R. Sridharan as a Manager with the designation of "Manager & Chief Executive Officer" (Manager & CEO) of the Company within the meaning of Section 2(24) read with Section 269(1) of the aforesaid Act for a period of 3 (three) years with effect from 4th May, 2012 who is, subject to the superintendence, control and direction of the Board of Directors of the Company, entrusted with the powers of management of the whole, or substantially the whole, of the affairs of the Company save and except those matters which are explicitly required to be dealt with by the Board of Directors of the Company or any Committee thereof and by the Company in General Meeting on the terms and conditions including remuneration, perquisites and benefits as set out in the Explanatory Statement attached to this Notice and contained in the Agreement to be entered into between the Company and MR. R. Sridharan, a draft whereof is placed before this meeting which Agreement is hereby specifically approved.

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

FURTHER RESOLVED that notwithstanding the above, in the event of any loss or inadequacy of profits in any financial year of the Company during the tenure of MR. R. Sridharan as Manager & CEO, the remuneration payable to him shall be in accordance with the limits prescribed in Section II Part II of Schedule XIII to the Companies Act,



1956 as amended from time to time subject to the compliance of provisions thereof but in any event shall not exceed the remuneration payable as provided in the Agreement aforesaid when the profits of the Company are adequate.

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

Registered Office:
Udyog Vihar,
P.O. Chorhata,
Rewa - 486 006 (M.P.)
May 3, 2012

By Order of the Board

Somesh Laddha
Sr. Manager (Finance) & Secretary

NOTES FOR MEMBERS' ATTENTION

- (a) The relevant Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business to be transacted at the meeting is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF SUCH MEMBER, A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING.
- (c) The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company shall remain closed from Friday, the June 22, 2012 to Friday, the June 29, 2012 (both days inclusive).
- (d) Messrs Link Intime India Pvt.Ltd., C-13, Pannalal Silk Mills Compound, L.B.S.Marg, Bhandup (West), Mumbai - 400 078 is the Registrar and Share Transfer Agent for physical shares of the Company. Link Intime India Pvt. Ltd. is also the depository interface of the Company with both NSDL and CDSL.
- (e) Members are requested to note that the Company's shares are under compulsory demat trading for all the investors. Members are, therefore, requested to dematerialise their shareholding to avoid inconvenience.
- (f) The Ministry of Corporate Affairs has taken a green initiative by permitting companies to send various documents like General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report, Auditors Report, etc. to its members through electronic mode. Keeping in spirit with the said initiative, we request all esteemed members to register/update email addresses with their respective Depository Participants in case of shares held in dematerialized form and with Registrar & Share Transfer Agent Messrs Link Intime India Pvt. Ltd. in case of shares held in physical form. Your Company supports this green initiative and has decided to send all permitted communications electronically to the preferred email addresses of the members.
- (g) Additional information pursuant to Clause 49 of the Listing Agreement(s) with Stock Exchanges, on Directors recommended for appointment or re-appointment at the forthcoming Annual General Meeting, are given in the Annexure to the Notice.
- (h) Members / Proxies are requested to deposit the Attendance Slip duly filled in and signed for attending the Meeting. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and, on a poll, to vote on their behalf at the Annual General Meeting. Members who hold shares in de-materialized form are requested to bring their DP I.D. and client I.D. No.(s) for easier identification of attendance at the meeting.

ANNEXURE TO NOTICE

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

The following explanatory statements set out material facts relating to the Special Business of the accompanying Notice dated May 3, 2012.

ITEM NO.4

Mr. K. Raghuraman was appointed as a Director on the Board of the Company with effect from 30th October, 2009, to fill in the casual vacancy caused by resignation of Mr. A.P. Dadoo. In terms of Section 262 of the Companies Act, 1956 and Article 109 of the Articles of Association of the Company, Mr.K.Raghuraman holds such office upto the date of this



Annual General Meeting, as Mr. A.P. Dadoo in whose place he has been appointed as such would have retired by rotation at this Annual General Meeting, had he not resigned. However, Mr. K. Raghuraman is eligible for re-appointment as a Director of the Company.

The Company has received the required notice in writing alongwith requisite deposit from a member pursuant to Section 257 of the Companies Act, 1956, proposing the candidature of Mr. K. Raghuraman for the office of Director.

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

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

ITEM NO.5

Mr. D.R. Bansal was appointed as an additional director of the Company by the Board of Directors in its meeting held on 3rd May, 2012 with effect from 4th May, 2012. In accordance with Section 260 of the Companies Act, 1956 and Article 96 of the Articles of Association of the Company he holds such office upto the date of this Annual General Meeting. However, Mr. D.R. Bansal is eligible for appointment as a Director of the Company.

The Company has received the required notice in writing alongwith requisite deposit from a member pursuant to Section 257 of the Companies Act, 1956, proposing the candidature of Mr. D.R. Bansal for the office of Director.

The Board of Directors accordingly recommend the resolution as set out in Item No.5 of the Notice for your approval.

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

ITEM NO.6

Consequent upon resignation of the Managing Director of the Company, the Company is required to have a Managing or Wholtime Director or a Manager in terms of Section 269 of the Companies Act, 1956. Accordingly, the Board of Directors at its meeting held on 3rd May, 2012 has resolved to appoint Mr. R. Sridharan as Manager of the Company with the designation of "Manager & Chief Executive Officer" (Manager & CEO) for a period of 3 (three) years with effect from 4th May, 2012 and also approved by the managerial remuneration payable to him based on the approval accorded by a resolution passed by the Remuneration Committee, subject to approval of the members of the Company at the General Meeting. The broad particulars of remuneration and perquisites payable to and other principal terms and conditions of his appointment as contained in the draft Agreement to be entered into between the Company and Mr. R. Sridharan, are as under:

I. **Tenure of Appointment:** 3 (three) years with effect from 4th May, 2012 to 3rd May, 2015.

II. Remuneration:

- (1) **Basic Salary:** Rs.1,00,000/- (Rupees One lac Only) per month with such annual increments effective from 1st April each financial year as may be decided by the Board of Directors of the Company or any Committee thereof, in its absolute discretion.
- (2) **Special Allowance:** Rs.40,000/- (Rupees Forty thousand only) per month with such annual increase effective from 1st April each financial year as may be decided by the Board of Directors of the Company or any Committee thereof, in its absolute discretion, subject to a ceiling of 60% of Basic Salary as defined in Para (1) above.
- (3) **Perquisites and Allowances:** In addition to the Basic Salary and Special Allowance as outlined above, the Manager & CEO shall be entitled to perquisites and allowances as under:
 - (i) **Housing:** Free furnished residential accommodation or house rent allowance @ 40% of the Salary as defined in Para (1) above.
 - (ii) **Medical Benefits:** Payment/reimbursement of expenses incurred for self and family (including mediclaim/ medical insurance premium) or medical allowance in accordance with the rules of the Company.
 - (iii) **Leave Travel Allowance/Assistance:** For Self and his family in accordance with the Rules of the Company.
 - (iv) **Club Fees :** Payment/reimbursement of club fees for not more than one club in India, excluding admission and life membership fees.
 - (v) **Personal Accident Insurance Premium:** As per Rules of the Company.
 - (vi) **Contribution to Provident Fund and Superannuation or Annuity Fund:** As per the Rules framed under the Company's relevant schemes and applicable statutory provisions, if any, from time to time.
 - (vii) **Gratuity:** As per Rules of the Company and applicable statutory provisions, if any, from time to time.
 - (viii) **Leave Encashment:** Leave with full pay and allowances with all benefits and amenities as per Rules of



the Company. Accumulation/encashment of unavailed earned privilege leave will be permissible in accordance with the Rules specified by the Company.

- (ix) **Retirement and other benefits/privileges:** As per rules of the Company as may be available to other senior executives of the Company. The nomenclature of allowance(s)/reimbursements and corresponding amount thereof can be revised or modified as per Rules of the Company in vogue.
- (x) **Car/Communication Facilities:** The following shall not be included in the computation of perquisites -
 - (a) Provision of Company's car(s) with driver for official use.
 - (b) Provision of free telephone(s) and/or other communication facilities or reimbursement of telephone/communication expenses at residence including payment of local calls and long distance official calls.
- (xi) **Other Perquisites:** Notional Interest/Interest free Loans or Advances given by the Company from time to time subject to the condition that maximum amount of such loan or advances sanctioned and outstanding at any point in time shall not exceed Rs.15 Lacs.

Explanation(s):

- (a) Family mentioned above means the spouse, dependent parents and dependent children upto the age of 21 year, of the Manager & CEO.
 - (b) The said perquisites and allowances shall be evaluated at actual cost or if the cost is not ascertainable the same shall be valued as per the Income Tax Act, 1961 or any rules thereunder as are in force from time to time. The remuneration payable to Mr. R. Sridharan shall be subject to the deduction of Income Tax at source at the applicable rates under the relevant provisions of the Income Tax Act, 1961 and rules framed thereunder.
 - (c) The Company's contribution to or provision for provident fund and superannuation or annuity fund, to the extent these either singly or put together are not taxable under the Income Tax Act, and gratuity payable and encashment of unavailed privilege leave at the end of the tenure, as per the rules of the Company, shall not be included in the computation of limits for the remuneration which includes salary, special allowance, perquisites and allowances.
 - (d) For the purpose of gratuity and contribution to superannuation or annuity fund and leave encashment benefits, the services of Mr. R. Sridharan will be considered continuous service with the Company from the date he joined the services of this Company in any capacity from time to time.
 - (e) The Company shall reimburse travelling, entertainment and other business promotion expenses actually and properly incurred by the Manager & CEO in the course of the legitimate business of the Company in accordance with rules and regulations of the Company in force from time to time or as may be approved by the Board.
4. **Overall Remuneration:** The Board of Directors (which term shall be deemed to include the Remuneration or any other Committee constituted by the Board) is entitled to revise the remuneration payable to the Manager & CEO at any time, such that the aggregate of salary (inclusive of annual increments, if any), special allowance, perquisites and allowances in any financial year shall not exceed the overall ceiling laid down in Sections 198, 269 and 310 read with Schedule XIII of the Companies Act, 1956 including any statutory modification(s), re-enactment thereof or any amendment made thereto.
5. **Minimum Remuneration:** Notwithstanding the foregoing, where in any financial year during the currency of the tenure of the Manager & CEO, the Company has no profits or its profits are inadequate, the remuneration payable to him by way of salary, special allowance and perquisites shall be in accordance with the limits prescribed in Section II, Part II of Schedule XIII to the Companies Act, 1956 as amended from time to time but in any event shall not exceed the remuneration payable as provided in the Agreement aforesaid when the profits of the Company are adequate.

III. Other Conditions:

- (a) The terms and conditions for appointment of Mr.R.Sridharan as Manager & CEO and payment of remuneration and perquisites to him as set out herein and/or in the Agreement may be altered, varied, increased, enhanced or widened from time to time by the Board of Directors of the Company or a Committee thereof as it may, at its discretion deem fit within the maximum amounts payable in accordance with the provisions of the Companies Act, 1956 or any amendments made hereafter in this regard. In the event of any increase in the limits of the emoluments, salary, benefits and perquisites or amenities payable in accordance with the laws, policies, rules, regulations or guidelines in force from time to time during the tenure of present Agreement, the Board of Directors of the Company or a duly constituted Committee thereof, shall be at liberty and may on its discretion, increase or revise the remuneration payable to the Manager & CEO in the manner as deemed appropriate subject to obtaining such approvals as may be required.



- (b) The Agreement may be terminated by either party (the Company or the Manager & CEO) by giving three months prior notice in writing.
- (c) The said draft Agreement also contains further terms and conditions as to powers and authority of Mr.R.Sridharan, non-participation in any selling agency of the Company, termination, mutual rights and obligations of the Company and Mr.R.Sridharan, etc.

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

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

A. General Information:

- (1) Nature of Industry - The Company's operations are classified into business segment of "Wire and Cables" and associated activities.
- (2) Date of Commencement of Commercial Production - 25th March, 1994.
- (3) Financial Performance - The Company achieved revenue from operations (gross) of Rs.8112.27 lacs during the year ended 31st March, 2012 as compared to Rs.7193.01 lacs in the immediately preceding previous year. The Gross loss before Depreciation for the year ended 31st March, 2012 stood at Rs.105.83 lacs as against a loss of Rs.73.20 lacs incurred in the immediately preceding year.
- (4) Export Performance and net foreign exchange collections - During the financial year 2011-12 the FOB value of export was Rs.1608.44 lacs (including exports to Nepal Rs.198.57 lacs under Rupee payment terms) as compared to Rs.2635.61 lacs in the immediately preceding previous year. The total CIF value of imports and expenditure in foreign currency (on accrual basis) were Rs.2855.99 lacs and Rs.77.68 lacs respectively during the financial year 2011-12.
- (5) Foreign Investments and Collaborations - The Company has not made any investments outside India. The Company, however, has a technical collaboration with world renowned Ericsson Cables AB, Sweden which also owns 27.50% of the paid up equity share capital of the Company.

B. Information about the Appointee:

- (1) Background details - Mr.R.Sridharan an Engineering Graduate from BITS, Pilani, India has rich and wide experience in the projects, manufacturing, business developments over a period of 18 years and has been actively associated with various telecom cables and optical fibre industries in India and has widely travelled across the globe. Presently Mr.R.Sridharan is working with the Company since last seven years and holds the position as President (Marketing & Technology).
- (2) Past remuneration - The existing remuneration of Mr.R.Sridharan as President (Marketing & Technology), interalia, consists of monthly basic salary of Rs.80000/- and special allowance of Rs.40000/- besides allowances, perquisites and other benefits in accordance with the Company's practice, rules and regulations in force from time to time which are on the lines similar to those mentioned in the explanatory statement to the proposed resolution hereinabove.
- (3) Job profile and his suitability - Mr. R.Sridharan, Manager & CEO shall devote sufficient time and attention to the business and affairs of the Company and shall perform and discharge all such duties and responsibilities as may from time to time be assigned and entrusted to him by the Board of Directors of the Company save and except those matters which are explicitly required to be dealt with by the Board of Directors of the Company or any Committees thereof and by the Company in General Meeting. He shall be accorded and shall possess and exercise all such powers as may be required by and be granted to him for the proper performance, discharge and execution of his duties and responsibilities. He shall at all times be subject to the superintendence, control and direction of the Board of Directors of the Company and shall in all respects comply with all its lawful directions. Mr.R.Sridharan with his vast experience in the industry and adequate exposure to the international and domestic market is the right candidate for the job.
- (4) Proposed Remuneration - Please refer to details given hereinabove and forming a part of explanatory statement to the proposed resolution.
- (5) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person - The executive remuneration in the industry is on the rise. The Remuneration Committee constituted by the Board perused remuneration of managerial personnel in the wire and cables industry and other companies comparable with the size of the Company, industry benchmark in general, profile, position, responsibilities, capabilities and vast experience of Mr.R.Sridharan and accorded due cognisance to all these factors before approving the remuneration as proposed hereinabove.



- (6) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any -No pecuniary relationship with the Company except of his remuneration.

C. Other Information:

- (1) Reasons for Loss or inadequate profit - The Company has exhibited an improved sales performance during the year 2011-12 compared to the previous year. Despite a slight increase in the turnover, the Company's losses were mainly attributable to sluggish market conditions and intensely competitive pricing structure besides volatility in foreign currency exposure. However, the loss for the year has been restricted to a great extent by general control on the material consumption and restriction of factory and other overheads. The Company has incurred loss before depreciation of Rs.105.83 lacs as compared to loss of Rs.73.20 lacs during previous year.
- (2) Steps taken for improvement - With the vibrant new telecom policy on anvil and the government's ambitious plan to lay a nationwide Optical Fibre network to bring more than one million villages into high speed internet fold have enormous growth potential for Telecommunication Cables industry. The Company has already positioned its readiness to reap the opportunity with the state of art technology and a committed team. In addition to this, the Company has taken following steps:-
- The Company is exploring new markets/buyers in the international markets to increase the volume and profitability by derisking the geographical revenue model.
 - The Company has taken various initiatives to save on the cost to return to sustainable profitability.
 - The Company is adopting new market strategies and creating new revenue streams to boost the sales further.
- (3) Expected increase in productivity and profits - Company has been constantly revamping its production facilities by adding sophisticated state-of-the-art machinery from renowned international suppliers on a continued basis and has geared up to meet the new challenges in the highly competitive cable industry with proper balancing of products and technology. Alongside the Company's continuous focus on cost reduction, reduction on scrap, revenue or margin improvements, drastic improvement in updating the machinery capability by adding state-of-the-art machinery etc. will go a long way in improving the sales and operational performance in the future years to come.

D. Disclosures:

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

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

The resolution is accordingly recommended for approval of the members as a Special resolution.

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

Registered Office:
Udyog Vihar,
P.O. Chorhata,
Rewa - 486 006 (M.P.)
May 3, 2012

By Order of the Board

Somesh Laddha
Sr. Manager (Finance) & Secretary



ANNEXURE TO NOTICE

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

Name	Mr.Harsh V.Lodha	Mr.K.Raghuraman	Mr.D.R.Bansal
Date of Birth	13.02.1967	26.09.1948	01.08.1939
Date of Appointment	29.10.2007	30.10.2009	04.05.2012
Expertise in specific functional areas	An eminent Chartered Accountant and Director of Lodha & Co, serves on the Board of several reputed companies and as Trustee and Managing Committee Member of many social and philanthropic organizations. He is the member of managing committee of Assocham and executive committee member of Indian Chamber of Commerce where he has also served as Vice President. He has served as member of the executive committee of FICCI and served as the Co-chairman of its Young Leaders Forum. He has served as member of the Accounting Standards Board of the Institute of Chartered Accountants of India. Apart from handling audits of several large publicly quoted companies in India and other professional work, has been involved in and handled several Advisory assignments in the fields of international takeovers and financing, domestic financing, project structuring, capital mobilisation, joint ventures/ collaborations, mergers/ reconstructions and rehabilitation.	A Chartered Accountant with more than three decades of professional experience in various Banks and holding very senior position including executive directorship of Punjab National Bank. He had held the position of Chairman of India Cooperation Committee of Master Card International & was also the Honorary Secretary of "Banks' Sports Board" of the Indian Banks' Association apart from being the member of various industry level Committees of IBA. He had participated in various International Conferences/ Seminars/ Investors' Meet in Australia, China, Bangkok, USA, Canada etc.	Company executive having rich and varied experience of over 49 years in various facets of cable and other industries including in the field of administration, production and marketing. His strength also includes strong relationship management, international alliances/ tie ups and business development. He is actively associated with various cable industry forums in India & abroad and also served at the helm of all renowned power & telecommunication cables industry association(s) in India for several years
List of outside Directorship held	1. Alfred Herbert (India) Ltd. 2. Birla Corporation Ltd. 3. Birla Furukawa Fibre Optics Ltd. 4. Fenner (India) Ltd. 5. Hindustan Gum & Chemicals Ltd. 6. Punjab Produce Holdings Ltd. 7. Universal Cables Ltd. 8. Vindhya Telelinks Ltd.	1. IFCI Ltd. 2. Andhra Bank 3. Oriental Carbon & Chemicals Ltd. 4. Nagarjuna Agrichem Ltd. 5. Suvidha Parklift Ltd. 6. Canbank Factors Ltd. 7. Ladderup Finance Ltd.	1. Vindhya Telelinks Ltd. 2. Birla Furukawa Fibre Optics Ltd. 3. Hindustan Gum & Chemicals Ltd. 4. Universal Cables Ltd. (Appointed Executive Director with effect from 5th May, 2012.)
Chairman/Member of the Committee of the Board of Directors of the Company	-	Member - Audit Committee	-
Chairman/Member of the Committee of the Board of Directors of other Public Companies	Chairman – Share Transfer Investor Grievance Committee of Birla Corporation Ltd. & Alfred Herbert (India) Ltd. Member – Audit Committee of Fenner (India) Ltd. & Punjab Produce Holdings Ltd.	Chairman – Audit Committee of Canbank Factors Ltd. Member – Audit Committee of Andhra Bank and Ladderup Finance Ltd. – Share Transfer-cum-Investor's Grievance Committee of Andhra Bank and IFCI Ltd.	Member – Audit Committee of Birla Furukawa Fibre Optics Ltd. – Share Transfer-cum Investor's Grievance Committee of Vindhya Telelinks Ltd.
Shareholding (both own or held by/for other persons on a beneficial basis), if any in the paid up equity in the paid up equity share capital of the company	NIL	NIL	101
Relationship between Directors of the Company	No	No	No

Note: Number of other Directorships held by the Directors, as mentioned above, do not include alternate directorships and directorships held in foreign companies and Indian Private Limited companies are based on the latest declarations received from the Directors. The details of Committee Membership/Chairmanship is in accordance with revised clause 49 of the Listing Agreements and reflects the Membership/Chairmanship of the Audit Committee and Shareholders' Investors' Grievance Committee alone of all other Public Limited Companies.



Directors' Report

TO THE SHAREHOLDERS

Your Directors have pleasure in presenting their Twentieth Annual Report, together with the Audited Financial Statements of the Company for the year ended 31st March, 2012.

ACCOUNTS & FINANCIAL MATTERS

	2011-12	2010-11
	(Rs. in lacs)	(Rs. in lacs)
Revenue from operations (gross)	8112.27	7193.01
Other income	226.28	233.39
	8338.55	7426.40
The year's working shows a Gross Profit/(Loss) (after Interest) of -	(105.83)	(73.20)
Less: Depreciation and Amortisation expense	379.77	364.72
Profit/(Loss) before tax	(485.60)	(437.92)
Income tax and fringe benefit tax credit of earlier years	(3.21)	(0.32)
Net Profit/(Loss) for the year	(482.39)	(437.60)

In view of the loss, your Directors regret their inability to recommend any equity dividend for the year under consideration.

GENERAL & CORPORATE MATTERS

During the year under review, your Company's revenue from operations was slightly higher than the previous year by 13%. This is appreciable given the fact that telecommunications sector in India has been facing fair amount of uncertainty in the recent past in the regulatory environment based on judicial pronouncements, which have severely impacted cash flows and slowed the infrastructure investments of the telecom operators. As a consequence telecommunications cables manufacturers have had to struggle for business with lower volumes and longer credit periods. Despite this major but temporary aberration leading to reduced telecommunications cables consumption during the year under review, pent-up demand is expected to remain strong. However the magnitude and timing will depend upon clarity on major policy issues and consequent resource allocations by the Government and the telecom operators.

The gross revenue from operations for the year under review increased to Rs.8112.27 lacs as compared to Rs.7193.01 lacs during the previous year mainly due to increased competitive abilities of the Company driven by a paradigm shift in approach to focus on overseas markets while maintaining its domestic market share. However, inspite of increase in the revenue, the Company suffered a gross loss of Rs.105.83 lacs for the year as against the gross loss of Rs.73.20 lacs during the previous year mainly on higher finance costs and losses on account of foreign exchange rate fluctuation. Emphasis on control on the material consumption and monitoring of factory and other overheads have restricted the losses to a considerable extent. The Company has been consistently working on reducing the costs at all levels and on improving the margins despite overall sluggishness in the sector in which it operates.

Your Company still awaits the final outcome of a tender floated by BSNL for supply and laying of a dedicated nationwide alternate communication network for Defence forces in which your Company had emerged as the lowest bidder along with a consortium partner for one of the packages.

Having realized that increased broadband access and adoption are key goals for the inclusive growth, the Government of India has formed a special purpose vehicle, "Rajiv Gandhi National Information Super-Highway", for setting up a National Fibre Optic Network (NFON) and has approved an investment of Rs.20000 Crores towards broadband connectivity to Panchayats, e-governance, online banking and health service initiatives. This ambitious plan of investment in broadband infrastructure, interalia, consists of laying nationwide OFC network to bring more than one million villages into the high speed



internet which is anticipated to generate sustainable demand for optical fibre cables in the near term. In addition, the robust increase in mobile broadband traffic augers well for telecommunications cables industry as the exponential bandwidth growth will drive the need for backhaul capacity expansion which is increasingly optical fibre based. Your company is well poised to seize these opportunities having equipped itself with the state of art technology and dedicated marketing and technical teams.

In view of fast changing trends in the industry, your Company continues to accord priority for development of new products as per evolving industry standards by cannibalizing its internal systems and business processes using the best-in-class available technologies which will further strengthen its competitive abilities in domestic and overseas market places and improve upon operational performance.

CORPORATE GOVERNANCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of the Annual Accounts for the year ended 31st March, 2012, 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 31st March, 2012 and of the loss for the year ended on that date;
- 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 Accounts have been prepared on a 'going concern' basis.

INDUSTRIAL RELATIONS

Industrial relations remained cordial through out the year. Your Directors recognize and appreciate the sincere and hard work, loyalty, dedicated efforts and contribution of all the employees that ensured sustained improvement in operational efficiencies of the Company in most difficult and challenging business environment during the year.

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

RECOGNITION

The Company's manufacturing facilities continue to remain certified by independent and reputed external agency as being compliant as well as aligned with the external standards for Quality System IS/ISO 9001:2008 & ISO TS 16949:2009 and Environmental Management Standards IS/ISO 14001:2004. During the year, the audits for these Certifications established continuous improvement in performance against these standards.

DIRECTORS

Mr. D.R.Bansal, who held the office as Managing Director of the Company since 8th August, 1993 resigned with effect from the close of business hours on 3rd May, 2012 due to personal reasons. The Board has however appointed him as Additional Director of the Company with effect from 4th May, 2012. He holds such office upto the date of the ensuing Annual General Meeting and, being eligible, is proposed to be appointed as a Director of the Company.

Mr. K.Raghuraman, who was appointed as a Director of the Company to fill in the casual vacancy caused by the resignation of Mr.A.P.Dadoo and holds such office upto the date of the ensuing Annual General Meeting and, being eligible, is proposed to be re-appointed as a Director of the Company.



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

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr.H.V.Lodha, a Director, is due to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

AUDITORS

Messrs V.Sankar Aiyar & Co., Chartered Accountants, retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

Messrs D.Sabyasachi & Co., Cost Accountants, have been appointed as Cost Auditors for conducting audit of the cost accounts maintained by the Company in respect of Cables.

PARTICULARS OF EMPLOYEES

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

ACKNOWLEDGEMENT

The Board of Directors 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, esteemed customers and other business associates. The Board also expresses its appreciation of the assistance and unstinted support received from venturer's and promoter companies viz. Universal Cables Limited, Vindhya Telelinks Limited and Ericsson Cables AB, Sweden.

Yours faithfully,

Harsh.V.Lodha

Chairman

Magnus Kreuger

Mats O. Hansson

R.C. Tapuriah

Dr. Aravind Srinivasan

Arun Kishore

K. Raghuraman

D.R. Bansal

} Directors

Managing Director

New Delhi, May 3, 2012



**ANNEXURE
PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO
AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 AND THE RULES MADE THEREIN AND FORMING PART OF THE
DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012.**

(A) CONSERVATION OF ENERGY

The Company's operations do not involve substantial consumption of energy in comparison to the cost of production. Nevertheless, the Company continuously reviews energy usage to track and replace energy inefficient equipments, invests in installing processes that reduces energy losses, modifies processes to reduce energy need and proactively carry out energy audits when considered appropriate. Some of the steps taken in this direction during the year are described below:

- Re-alignment of plant layout for better process flow, efficiency and minimal material movement.
- Putting off one Transformer by load optimization.
- Solenoid valve control on drying air to reduce consumption of compressed air.
- Redesign of Air-Conditioning system and Air circuit in Optical Fiber Cable testing.
- Replacement of 250W HPMV Lamps with 80W CFLs for plant lighting.
- Replacement of 40W Tube lights with 28W Tube lights.
- Consistent quality power supply to critical production machinery through UPS system resulting in improved power factor, reduced dependence on captive power and avoidance of uninformed power outages.

(B) TECHNOLOGY ABSORPTION

I. Research and Development (R&D)

- | | |
|---|--|
| 1. Specific areas in which R&D carried out by the Company | <ul style="list-style-type: none">(a) Innovate and improve process capability, attain global benchmarks with consistent focus on the operational excellence.(b) Design and development of special products as per evolving technical standards in the industry as well as specific to the requirement of certain export market.(c) Fine tuning of design parameters based on in-depth discussions and evaluation of customers feedback on product quality for enhanced variety of applications.(d) Continue to adopt innovation and emerging technologies as future growth drivers and improvement of existing products.(e) The company continues development of Structured Data Cables for premise networks and other value added applications. |
| 2. Benefits derived as a result of the above R&D | <ul style="list-style-type: none">(a) Enhanced flexibility and agile manufacturing keeping abreast of the changing needs of customers, launching of new products including line extensions of existing products which were developed by using in-house R & D capabilities, marked improvement in productivity and overall operating efficiencies besides consistency/stability in products.(b) Successful launch of STP/SFTP version of Category 5e and Category 6 Cables, Air blown Optical fiber cables with very small dimensions, Micro Optical Fiber cables with 24F/tube.(c) Leveraging the core technological expertise that the Company has acquired over the years in order to stimulate demand by developing and offering innovative quality new products and services.(d) Alignment of products meeting enhanced applications by modifying technical specifications and manufacturing processes. |
| 3. Future plan of action | Continuation of the ongoing efforts to be globally competitive and excel in the core business activities by focusing on customer orientation, technological capability, innovation and renovation of products, design capabilities and quality. |
| 4. Expenditure on R & D | R & D Expenditure have not been accounted for separately. |

II. Technology absorption, adaptation and innovation

- | | |
|--|---|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation | <ul style="list-style-type: none">(a) The Company absorbs and adapts the technologies on a continuous basis to meet its specific product needs from time to time.(b) Analysing feedback from end users to improve quality of products. |
| 2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. | <ul style="list-style-type: none">(a) Embraced innovation and R&D based excellence for productivity and new market development, upgraded technologies and production processes, the efficiency of supply chain, creation of new products and also line extensions of some of the existing products.(b) Integration of human and technical resources to enhance workforce performance and satisfaction. As a result, the engineering staff is very keenly harnessing the best of technology products.(c) Unmatched understanding of customer needs and a detailed knowledge of available solutions. As a result, the Company has been able to expand its business reach apart from becoming more competitive.(d) Initiatives on lean practices by implementing 5S, Kaizen, Process Layout improvement and reduction in changeover time. |



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

- (a) Technology imported : The Company has not imported any technology in the last five financial years. However, the Company has access for technical information and assistance from its Collaborator, Ericsson Cables AB, Sweden being a promoter.
- (b) Year of Import : Not Applicable
- (c) Has technology been absorbed? If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action : Yes, the technology pertaining to the existing products manufactured by the Company has been adapted and absorbed by the Company.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings (Excluding exports to Nepal Rs. 198.57 lacs) : Rs. 1409.87 lacs
 Outgo : Rs. 2933.67 lacs

Yours faithfully,

Harsh.V.Lodha Chairman

Magnus Kreuger

Mats O. Hansson

R.C.Tapuriah

Dr. Aravind Srinivasan

Arun Kishore

K.Raghuraman

D.R. Bansal

Directors

Managing Director

New Delhi, May 3, 2012

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 2011-12.

For Birla Ericsson Optical Ltd.

Place : New Delhi
 Date : April 12, 2012

D.R. Bansal
 Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE SHAREHOLDERS OF BIRLA ERICSSON OPTICAL LIMITED

1. We have examined the Compliance of conditions of Corporate Governance by Birla Ericsson Optical Limited ("the Company") for the year ended on 31st March 2012, as stipulated in Clause 49 of the listing agreement of the said Company with stock exchanges in India.
2. The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the Compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. 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.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Place : New Delhi
 Date : May 3, 2012

R. Raghuraman
 Partner
 Membership No. 081350



Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Company's operations are predominantly classified into Wires and Cables comprising primarily Telecommunication Cables and other types of Wires and Cables.

Optical Fibre Cable (OFC) is mainly used in long distance networks and generally forms the backbone of all telecom networks. The overall trend for the technologies is focused on data and converged services, and making the solutions more robust.

OFC is the noticeable preference of service providers for new network rollouts and upgrades of existing ones to meet growing traffic demands, with its virtual limitless capacity to transfer bandwidth. The deployment of fourth-generation wireless networks in India is likely to propel growth of OFC in the Indian subcontinent. Hence, the next level of demand for bandwidth for data and video can only be met by fiber.

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, presently, the market for JFTC is primarily driven by repair & maintenance activities of the existing telecommunication networks.

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

OVERALL REVIEW

Business Review and Outlook

At the end of the financial year 2011-12, the government has ensured their interest to settle the controversies surrounding the telecom sector. The 2G spectrum issue has taken its toll on the industry. Its credibility and morale are low, FDI flows into the sector have been impacted by the current policy and regulatory ambiguity, and the Indian telecom market, which was witnessing monthly subscriber additions of 20 million in early 2011, has been drawing less than 8 million users in the past few months.

At a recent telecom event organized by FICCI and DoT, the Prime Minister and the telecom minister highlighted the role of the National Telecom Policy 2011 and assured telecom operators that the government was aware of their concerns and was committed to formulate forward-looking policies to sustain sector growth. NTP 2011 is expected to be implemented in early 2012. The year 2012, the industry hopes, will bring greater policy clarity and see the emergence of business opportunities to the entire telecom sector including the telecom cable industry.

Telecommunication Cables

(A) Optical Fibre Cables (OFC)

The increase in revenue from OFC business at Rs.5105.74 lacs as compared to Rs.2889.03 lacs in the previous year is mainly due to demand from certain key private sector customers and a spurt in exports of Optical Fibre Cables to Middle East, European countries, African countries etc. The Company has been constantly looking for export opportunities in order to cope with lower demand in domestic market which is evident from the Company achieving export sales of Rs.1410.78 lacs in the financial year 2011-12, an improvement of 56% compared to the corresponding previous year.

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

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



The draft National Telecom Policy-2011 will open huge opportunity in the deployment, operations and maintenance of optical fiber infrastructure which is expected to increase the OFC requirement.

(B) Jelly Filled Telephone Cables (JFTC)

The Company's domestic sales turnover on account of JFTC increased from Rs.394.44 lacs in the previous year to Rs.429.98 lacs during the year under review, mainly due to increase in demand from private operators. However, less off take from overseas customers has reduced the export sales of JFTC/Specialty Cables from Rs.1446.71 lacs to Rs.48.60 lacs in the financial year under review. This has brought down the performance of JFTC Cables to a great extent.

As a strategy, the Company is concentrating more on export markets, for which the necessary platform and credentials have already been established in the last few years and this financial year's poor performance in export sales will be made up in the next year. The JFTC business has been undergoing the shift to Specialty Cables for wireless and broadband applications that has been predicted for in last few years

Other Wires & Cables

The Company's sale of Automobile Wires reduced from Rs.241.22 lacs to Rs.40.05 lacs due to reduced off take from multinational customers.

Financial Review

- (a) The revenue from operations (gross) increased by 13% to Rs.8112.27 lacs as compared to Rs.7193.01 lacs in previous year primarily due to substantial increase in sales of OFC both in value and volume terms.
- (b) The raw material consumption and other charges were higher as compared to previous year due to higher production level.
- (c) The other borrowing cost increased from Rs.69.27 lacs in previous year to Rs.112.85 lacs mainly due to higher utilization of working capital limits during the year under review. Also, the interest cost has increased to Rs.238.43 lacs (previous year Rs.137.12 lacs) due to extended credit to private sector customers as per evolving industry norms.
- (d) Despite increase in the operations revenue from Rs. 7193.01 lacs to Rs.8112.27 lacs in the financial year under review, the Company has suffered a gross loss (loss before depreciation) of Rs.105.83 lacs as against the gross loss (loss before depreciation) of Rs.73.20 lacs in the previous year, mainly due to exchange losses, higher financial costs and interest to banks & others.
- (e) There was no change in the capital structure during the year. However, the decrease in Reserves & Surplus of Rs.482.39 lacs is because of the net loss in the current year.
- (f) The additions to the fixed assets of Rs.83.03 lacs during the year mainly comprise of Triple Wavelength OTDR, Ring Marking Attachment for Colouring Line, FRP/Steel Wire Pay-off, EPABX System (IP Based), etc.
- (g) For detailed information on the financial performance with respect to operational performance, a reference may please be made to the financial statements.

OPPORTUNITIES AND THREATS

The year 2011-12 did not see any major investment in telecom industry due to various reasons, the foremost being the after effect of 2G impact, which has shaken the confidence of the industry in general on the regulatory measures and the governance of telecom sector. As a result, the FDI inflows into the sector have been impacted, and the Indian telecom market was the worst sufferer.

The demand for high-speed and bandwidth-hungry applications in 3G networks will make optical fibre based transmission a necessity, promising huge opportunities for vendors. Further an institutional mechanism for management and operation of the NOFN is proposed to be created for ensuring non-discriminatory access to all service providers. This will step up demand for Optical Fibre Cables. In addition to this, 3G Network services will require installation of optical fibre cables networks to support capacity requirements, which augurs well for the Company.

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



Telecom Sector is impacted substantially by government policies and investment. While no reversal in the planned investment is envisaged, prices and demand are definitely subject to changes in policies on tendering and indenting. However, as explained above the Government's ambitious targets for telecommunication expansion and broadband penetration seamlessly upto village levels should see favourable regulatory environment in India.

With the Indian Optical Fibre Cables and LAN Data Cable market now forecast to be set for a period of strong growth, a number of leading international cable manufacturers may enter the market which shall further intensify the cutthroat competition.

RISKS AND CONCERNS

Despite the fact that the Indian economy has not been severely affected by the global recession due to its strong fundamentals and the inclusive growth, the major risks for 2012-13 towards conducting the business for any corporate are listed as credit crunch, regulation and compliance, recession, cost cutting, inflation, volatile foreign currency movements, non traditional entrants, managing talent and controlling the attrition, developing a risk free business model, etc. and the Company is fully aware of all the above risks and has adopted suitable measures to work more efficiently and responsively with long term vision and business acumen.

Technological

- (a) The consumption of JFTC 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) 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.
- (c) In spite of the numerous advantages of laying optical fibre cables, the process meets resistance in the cities due to the very high Rights-of-Way (RoW) charges levied by local bodies besides inordinate delays and bureaucratic hurdles. Accordingly obtaining RoW clearances is an extremely time consuming and cumbersome process leading to deferment of network expansion plans by the telecom operators.

Financial

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

INTERNAL CONTROL SYSTEMS

The Company's system of financial, operational and compliance control and risk management is embedded in the business process by which the Company pursues its objectives. The established system also provides a reasonable assurance on the efficiencies of operations, safety of assets besides orderly and legitimate conduct of Company's business in the circumstances which may reasonably be foreseen. The Company has a defined organization structure, authority levels delegated powers, internal procedures, rules and guidelines for conducting business transactions.

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 ongoing processes at the Company's plant and facilities. As a recognition of these objectives, the entire range of activities of the Company continue to remain certified to the requirement of international standard IS/ISO 14001:2004 by the Bureau of Indian Standards.



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

INDUSTRIAL RELATIONS & HUMAN RESOURCE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITIES

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

The Company is committed to maintain good industrial relations through active participation of workers, regular meetings and discussions on all legitimate and legally tenable issues. The Company employed 167 number of permanent employees on its Roll as on 31st March, 2012.

CAUTIONARY STATEMENT

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



Report on Corporate Governance

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

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

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

2. BOARD OF DIRECTORS :

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

During the financial year ended on 31st March, 2012, five Board Meetings were held as per Statutory requirements on 14th May, 2011, 14th July, 2011, 30th July, 2011, 11th November, 2011 and 14th February, 2012. The maximum time gap between any two meetings was not more than four months.

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

Name of the Director	Category	Attendance Particulars		No. of other Directorships and Committee Memberships/Chairmanships		
		Board Meetings	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
Mr. Harsh V. Lodha (Chairman)	Non-Executive Chairman	5	No	8	2	2
Mr. Magnus Kreuger	Non-Executive	3	No	None	None	None
Mr. Mats O. Hansson	Non-Executive	2	No	None	None	None
Mr. R.C. Tapuriah	Independent Non-Executive	5	Yes	9	2	3
Dr. Aravind Srinivasan	Independent Non-Executive	1	No	None	None	None
Mr. Arun Kishore	Independent Non-Executive	5	No	1	None	None
Mr. K. Raghuraman	Independent Non-Executive	4	Yes	7	4	1
Mr. D.R. Bansal	Managing Director (Upto 3.5.2012)	4	Yes	3	2	None
Mr. S.K. Daga (Alternate to Mr. Mats O. Hansson)	Non-Executive	1	No	9	1	4
Mr. Dinesh Chanda (Alternate to Mr. Magnus Kreuger)	Non-Executive	2	No	1	2	None

Notes:

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



- (ii) The requirement that a Director shall not be a member of more than 10 Committees and Chairman of more than 5 Committees across all Companies in which he is a Director, has been complied with while constituting the Committee of Directors.
- (iii) Disclosure of the number of equity shares of the Company held by non-executive directors as on 31st March, 2012 -
Mr. S.K. Daga (Alternate director) – 2000
- (iv) 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 appointment/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 applicable legal and regulatory requirements from time to time. The existing Audit Committee consists of four Independent Non-Executive Directors as specified below:-

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

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

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

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

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

- (i) Oversight of the Company's financial reporting process and the disclosure of its financial information.
- (ii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees and also approval of payment for any other services rendered by the statutory auditors.
- (iii) Reviewing, with the management, the annual and quarterly financial statements before submission to the board for approval.
- (iv) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- (v) Discussion with internal auditors any significant findings and follow up thereon.
- (vi) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- (vii) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- (viii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- (ix) To review mandatorily the following informations -
 - (a) Management discussion and analysis of financial condition and results of operations;
 - (b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - (c) Management letters/letters of internal control weaknesses issued by the statutory auditors;



- (d) Internal audit reports relating to internal control weaknesses; and
(e) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

During the financial year ended 31st March, 2012, five Audit Committee Meetings were held and attendance thereof are given below:-

Name of Members	Meetings held and attendance particulars				
	May 13, 2011	July 14, 2011	July 29, 2011	November 10, 2011	February 13, 2012
Mr. R.C. Tapuriah	Yes	Yes	Yes	Yes	Yes
Dr. Aravind Srinivasan	–	Yes	–	–	–
Mr. Arun Kishore	Yes	Yes	Yes	Yes	–
Mr. K. Raghuraman	Yes	Yes	Yes	–	Yes

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

4. REMUNERATION COMMITTEE :

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. Dr.Aravind Srinivasan as Chairman with Mr.Arun Kishore and Mr.K.Raghuraman, as its members.

The Remuneration Committee formulates and recommends to the Board from time to time a compensation structure for whole-time members of the Board. As per terms of reference, the Remuneration Committee vide a Circular resolution dated 13th May, 2011 recommended the Annual Increment of Mr.D.R.Bansal, Managing Director in the basic salary together with consequential increase in all other perquisites, allowances and benefits payable with effect from 1st April, 2011.

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 at the rate of Rs.15000/- and Rs.2000/- for each meeting of the Board and Share Transfer-Cum-Investors' Grievance Committee respectively attended by any such Director. The sitting fees payable for attending the Audit and Remuneration Committee(s) was increased from Rs.5000/- per meeting to Rs.15,000/- per Meeting(s) by the Board of Directors in their Meeting held on May 14, 2011 with effect from next Audit and Remuneration Committee(s) Meeting(s). The details of remuneration paid to Directors/ Managing Director for the financial year ended March 31, 2012, are set out below:-

- (a) Non-Executive Directors:

Name of the Director	Sitting Fees (Rs. in lacs)
Mr. Harsh V. Lodha	0.75
Mr. Magnus Kreuger	0.45
Mr. Mats O. Hansson	0.30
Mr. R.C. Tapuriah	1.44
Dr. Aravind Srinivasan	0.30
Mr. Arun Kishore	1.25
Mr. K. Raghuraman	1.10
Mr. S.K. Daga	0.15
Mr. Dinesh Chanda	0.30

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

Name	Salary	Perquisites, etc.	Sitting Fees	Total
Mr. D.R. Bansal	13.80	1.73	0.64	16.17

- Notes:** (i) Sitting fees include fees paid for attending Committee Meetings.
(ii) All appointments are non-contractual except that of the Managing Director which is for three years with effect from 8th August, 2010. The re-appointment of the Managing Director is conditional upon and subject to termination by three calendar months notice in writing on either side but no severance fees of any other kind is payable.



- (iii) 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.
- (iv) As per the terms of agreement, for the purpose of Gratuity, Pension and other benefits, the services of the Managing Director will be considered continuous service with the Company from the date he joined the service of sister concern(s) or this Company in any capacity from time to time. However, in case of gratuity, any benefit already obtained from such sister concern(s) of the Company is deducted from the final amount payable.
- (v) Presently, the Company does not have any scheme for grant of Stock Options to its Directors, Managing Director or other employees.
- (vi) None of the employees is related to any of the Directors of the Company.

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

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

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

Name of the Members	Category	No. of Meetings attended
Dr. Aravind Srinivasan	Non-Executive Independent	-
Mr. R.C. Tapuriah	Non-Executive Independent	2
Mr. D.R. Bansal	Executive-Managing Director	2

Dr. Aravind Srinivasan was elected as the Chairman of the Committee. Mr. Somesh Laddha, Sr. Manager (Finance) & Secretary of the Company has been designated as the Compliance Officer.

During the year ended 31st March, 2012 two meetings of the Committee were held on 13th May, 2011 and 13th February, 2012.

During the year under review, 10 complaints (excluding those correspondences which are not in the nature of complaints) were received from shareholders and investors, directly or through regulatory authorities. All the complaints have been attended/resolved to the satisfaction of complainants during the year except in cases which are constrained by disputes or legal impediments or other sub-judice matters, if any. No request for share transfer was pending for approval as on 31st March, 2012.

6. GENERAL BODY MEETINGS :

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

Financial Year	Type of Meeting	Date	Time	Venue of the Meeting
2008-09	AGM	6 th August, 2009	11.30 A.M.	Registered Office of the Company at : Udyog Vihar, P.O.Chorhata, Rewa (M.P.) - 486 006
2009-10	AGM	25 th June, 2010	12.30 P.M.	
2010-11	AGM	7 th September, 2011	11.30 A.M.	

All the resolutions set out in the respective notices of the above mentioned meetings were passed by the members as ordinary resolutions except two special resolution(s) concerning re-appointment of Mr.D.R.Bansal as Managing Director and alteration of Articles of Association of the Company which were passed on show of hands. None of the Businesses proposed to be transacted in the ensuing Annual General Meeting requires passing a special resolution through Postal Ballot.

Resolution through Postal Ballot:

During the year 2011-12, the Company has taken shareholders approval by way of Special Resolution through Postal Ballot to make loan, give guarantees, provide securities and make investments beyond the limits specified under Section 372A of the Companies Act, 1956 by which the approval of the shareholders was sought as required under Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 for which a separate ballot paper and other communication were circulated to the shareholders. The above resolution was passed with requisite and overwhelming majority.



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 No.34 of Notes to the financial statements in the Annual Report.
- (b) The Company has complied with the requirements of Stock Exchanges, Securities and Exchange Board of India and other statutory authorities on matter relating to capital markets during the last three years and consequently no penalties or strictures have been imposed on the Company by these authorities.
- (c) The Company has generally complied with all the mandatory requirements as stipulated under revised Clause 49 of the Listing Agreement with the Stock Exchanges, to the extent these apply and extend to the Company.
- (d) While preparation of the financial statements during the year under review, no accounting treatment which was different from that prescribed in the Accounting Standards was followed. The significant accounting policies applied in preparation and presentation of financial statements have been set out in Note No.2 of Notes to the financial statements in the Annual Report.
- (e) The Company has laid down procedures to inform the Board Members about the risk assessment and minimization procedures covering the entire gamut of business operations of the Company. These procedures are periodically reviewed to ensure that executive management controls risks by means of a properly defined framework.
- (f) The designated senior Management Personnel of the Company have disclosed to the Board that no material, financial and commercial transactions have been entered into during the year under review in which they have personal interest, which may have a potential conflict with the interest of the Company at large.
- (g) The CEO (Managing Director) and the CFO (President) have furnished a duly signed Certificate to the Board for the year ended 31st March, 2012 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 3rd May, 2012.
- (h) In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, Mr.Y.S.Lodha, President has been designated as the Compliance Officer of the Company under the Company's Code of Conduct for Prevention of Insider Trading. He is responsible for adherence to the Code by the Company and its designated employees. The Company also adheres to the disclosure practices for Prevention of Insider Trading as specified in the aforesaid SEBI Regulations.
- (i) The Company has presently not adopted the non-mandatory requirements in regard to maintenance of Non-Executive Chairman's office, tenure of independent directors, sending half-yearly declaration of financial performance to each household of shareholders, training of Board Members, Mechanism for evaluating non-executive Board Members and establishment of whistle Blower policy, etc. The Company has, however, constituted a Remuneration Committee, which has been dealt elaborately in point No.4 of this Report.

8. MEANS OF COMMUNICATION :

- (a) **Quarterly Results:**
Quarterly results are taken on record by the Board of Directors and submitted to the Stock Exchanges as per requirements of the Listing Agreements.
- (b) **Newspapers wherein results are normally published:**
English Newspaper – Financial Express (all editions)
Vernacular Newspaper – Dainik Jagran (Rewa edition)
- (c) **Any website, where displayed :**
www.birlaericsson.com
- (d) **Whether it also displays official news releases :** No
- (e) **The presentations made to institutional investors or to the analysis :** NIL

9. GENERAL SHAREHOLDER INFORMATION :

9.1 Annual General Meeting:

- Date and Time : June 29, 2012 at 11.30 A.M.
- Venue : Registered Office of the Company at
Udyog Vihar,
P.O. Chorhata,
Rewa (M.P.) – 486 006

**9.2 Financial Calendar (2012-13) :**

(tentative)

Quarter ending June 30, 2012	:	Last week of July, 2012
Quarter ending September 30, 2012	:	Last week of October, 2012
Quarter ending December 31, 2012	:	Last week of January, 2013
Quarter ending March 31, 2013	:	Second week of May, 2013

9.3 Book Closure date(s)

: Friday, June 22, 2012 to Friday, June 29, 2012 (both days inclusive)

9.4 Dividend Payment date

: Not Applicable

9.5 Listing on Stock Exchanges

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

The Company has timely paid the Annual listing fees for the financial year 2011-12 to BSE & NSE.

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

: INE800A01015

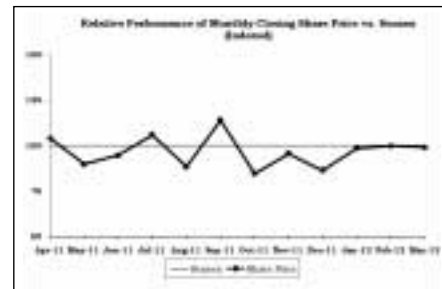
9.7 Market Price Data :

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

Month	BSE			NSE		
	High (in Rs.)	Low (in Rs.)	Monthly Volume (in Nos.)	High (in Rs.)	Low (in Rs.)	Monthly Volume (in Nos.)
April, 2011	21.20	17.25	131764	21.30	17.35	142706
May, 2011	18.40	14.60	75515	18.75	14.60	39286
June, 2011	17.60	14.55	337584	17.65	14.55	61034
July, 2011	18.40	14.80	109665	18.55	14.75	149883
August, 2011	16.00	11.55	81967	15.80	11.50	81094
September, 2011	15.55	12.12	86511	15.05	12.15	97961
October, 2011	14.50	11.95	40719	14.60	12.00	40644
November, 2011	14.10	10.35	43087	14.65	10.60	74353
December, 2011	11.70	8.60	45634	12.65	8.55	62093
January, 2012	13.00	8.80	282671	11.50	8.80	129885
February, 2012	13.55	9.10	298387	13.25	9.25	256106
March, 2012	11.44	9.10	74050	11.65	9.35	73121



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
 LBS Marg, Bhandup (West) Mumbai – 400 078
 Phone : +91-22-25946970
 Fax : +91-22-25946969
 Email : rnt.helpdesk@linkintime.co.in

9.10 Share Transfer System:

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

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

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

9.11 (a) Distribution of Shareholding as on 31st March, 2012 :

No. of Equity Shares held	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shareholding
1 – 500	28329	92.39	3964632	13.21
501 – 1000	1251	4.08	1058441	3.53
1001 – 2000	505	1.65	779990	2.60
2001 – 3000	205	0.67	532786	1.78
3001 – 4000	79	0.26	284982	0.95
4001 – 5000	102	0.33	491246	1.64
5001 – 10000	97	0.31	737829	2.46
10001 and above	94	0.31	22150094	73.83
GRAND TOTAL	30662	100.00	30000000	100.00
Physical Mode	12118	39.52	20106981	67.02
Electronic Mode	18544	60.48	9893019	32.98

(b) **Category of Shareholders as on 31st March, 2012:**

Category	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shareholding
Indian Promoter & Promoter Group *	34	0.11	11655943	38.85
Foreign Promoter*	1	–	8250000	27.50
Resident Individuals & Corporates	30421	99.22	9812430	32.70
Financial Institutions/Banks/Mutual Funds	8	0.03	3120	0.01
NRI's	133	0.43	85550	0.29
Society	6	0.02	91240	0.31
Clearing Member	59	0.19	101717	0.34
GRAND TOTAL	30662	100.00	30000000	100.00

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

- 9.12 **Dematerialisation of Shares and liquidity:** : 9893019 equity shares representing 32.98% of the total Equity Capital of the Company are held in a dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on 31st March, 2012.

Company's shares are reasonably liquid and are quite actively traded on the Bombay Stock Exchange Ltd.(BSE) and National Stock Exchange of India Ltd. (NSE). Relevant data for the approximate average daily turnover in terms of volume for the financial year 2011-12 is given below :

BSE	NSE	BSE+NSE
6482	4891	11373

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

- 9.13 **Outstanding GDRs/ADRs/ Warrants or any Convertible instruments, Conversion date and likely Impact on equity:** The Company has not issued any of these instruments so far.
- 9.14 **Plant Location:** Udyog Vihar Industrial Area, P.O. Chorhata, Rewa (M.P.) – 486 006
- 9.15 **Address for Correspondence:**

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

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



Auditors' Report

TO THE SHAREHOLDERS OF BIRLA ERICSSON OPTICAL LIMITED

1. We have audited the attached Balance Sheet of Birla Ericsson Optical Limited ('the Company') as at March 31, 2012 and also the Statement of Profit and Loss 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, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, statement of profit and loss 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. Without qualifying our report, we draw attention to Note No. 30 of the attached financial statement regarding non-provision for the shortfall in the market value of the quoted investment for the stated reason.
 - vii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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, 2012;
 - (b) in the case of the statement of profit and loss, of the Loss 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 V. Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

Place : New Delhi
Dated : May 3, 2012

R.Raghuraman
Partner
Membership no. 081350

Annexure referred to in paragraph 3 of the Auditors' report to the shareholders of Birla Ericsson Optical Limited for the year ended 31st March, 2012

- i.
 - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The management has physically verified the fixed assets except fixed assets in transit at the year end, the frequency of which, in our opinion is adequate. No material discrepancies were noticed on such verification.
 - (c) Since there is no substantial disposal of fixed assets during the year, the preparation of financial statements on a going concern basis is not affected on this account.
- ii.
 - (a) As explained to us, the inventories comprising of raw material, store & spares, packing materials, traded goods, work in progress, finished goods and scrap except stock in transit, have been physically verified by the management at reasonable intervals.
 - (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.



- iii. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register required to be maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (b), (c), and (d) of the Order are not applicable to Company.
- (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register required to be maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (f) and (g) of the Order are not applicable to Company.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
- v. According to the information given to us, there are no contracts or arrangements during the year that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956. 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 in terms of sections 58A and 58AA or any other relevant provisions of the Act and the rules made there under.
- vii. A firm of Chartered Accountants has carried out internal audit during the year. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business;
- viii. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 and are of opinion that prima facie, the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate and complete.
- ix. (a) The Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities though there has been a slight delay in few cases. We are informed that there is no liability towards Employee State Insurance for the year under audit. No undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they became payable.
- (b) There are no amounts in respect of sales-tax, income-tax, customs duty, wealth-tax, service-tax, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- x. The accumulated losses of the Company are not more than fifty percent of its net worth. Further, the Company has incurred cash losses during the financial year covered under audit and in the year immediately preceding the current financial year.
- xi. On the basis of the verification of records and information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding debentures and loans from financial institutions during the year.
- xii. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable to the Company.
- xiii. The Company does not carry on the business of a chit fund/Nidhi/Mutual Benefit Fund. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- xiv. The Company is not dealing or trading in shares, securities, debentures and other investments. 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 given Cross corporate guarantee to a bank for credit facilities sanctioned to Vindhya Telelinks Limited (joint venturer) amounting to Rs. 17,250 lakhs as stated in note no. 28 (a) (v). In our opinion, the terms and conditions of the guarantee given by the Company, for credit facilities sanctioned to the joint venturer by the bank during the year, are not prejudicial to the interest of the Company.
- xvi. The Company did not have any term loan 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 funds raised on short-term basis have not been used for long term investment.
- xviii. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- xix. The Company has neither issued nor had any outstanding debentures during the year.
- xx. Since there were no public issue of securities during the year, verification of the end use of money does not arise.
- xxi. Based on the audit procedure performed and the representation obtained from the management, we report that no case of fraud on or by the Company has been noticed or reported during the year under audit.

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

Place : New Delhi
Dated : May 3, 2012

R.Raghuraman
Partner
Membership No. 081350

**BALANCE SHEET AS AT MARCH 31, 2012**

	Note No.	As at March 31, 2012 Rs. in lacs	As at March 31, 2011 Rs. in lacs
EQUITY AND LIABILITIES			
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Share capital	3	3000.00	3000.00
Reserves and surplus	4	2655.62	3138.01
		<u>5655.62</u>	<u>6138.01</u>
NON-CURRENT LIABILITIES			
Long-term borrowings	5	71.91	168.38
Long-term provisions	6	168.54	151.40
		<u>240.45</u>	<u>319.78</u>
CURRENT LIABILITIES			
Short-term borrowings	7	2741.49	722.60
Trade payables	8	1523.52	521.00
Other current liabilities	9	319.94	1546.68
Short-term provisions	10	48.61	46.67
		<u>4633.56</u>	<u>2836.95</u>
	Total	<u>10529.63</u>	<u>9294.74</u>
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	11		
Tangible assets		3222.61	3517.08
Intangible assets		3.45	8.06
Capital work-in-progress		19.14	6.28
		<u>3245.20</u>	<u>3531.42</u>
Non-current investments	12	1406.19	1406.19
Long-term loans and advances	13	45.88	57.45
Other non-current assets	14	0.12	0.02
		<u>4697.39</u>	<u>4995.08</u>
CURRENT ASSETS			
Inventories	15	1755.55	1477.47
Trade receivables	16	2759.66	1622.45
Cash and cash equivalents	17	586.58	555.65
Short-term loans and advances	18	702.68	625.01
Other current assets	19	27.77	19.08
		<u>5832.24</u>	<u>4299.66</u>
	Total	<u>10529.63</u>	<u>9294.74</u>
Significant accounting policies	2		

The accompanying notes form an integral part of the financial statements.

As per our attached report of even date.

For V. Sankar Aiyar & Co.

Chartered Accountants

Firm Registration No. 109208W

R. Raghuraman

Partner

Membership No. 081350

Harsh V. Lodha

Magnus Kreuger

Mats O. Hansson

R.C. Tapuriah

Dr. Aravind Srinivasan

Arun Kishore

K. Raghuraman

D.R. Bansal

Somesh Laddha

Chairman

Directors

Managing Director

Sr. Manager (Finance) & Secretary

New Delhi, May 3, 2012

New Delhi, May 3, 2012

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012**

	Note No.	For the year ended March 31, 2012 Rs. in lacs	For the year ended March 31, 2011 Rs. in lacs
REVENUE			
Revenue from operations (gross)	20	8112.27	7193.01
Less: Excise duty		<u>601.96</u>	<u>414.38</u>
Revenue from operations (net)		7510.31	6778.63
Other income	21	<u>226.28</u>	<u>233.39</u>
Total revenue		<u>7736.59</u>	<u>7012.02</u>
EXPENSES			
Cost of materials consumed	22	5741.78	5046.56
Purchase of stock -in-trade (traded goods)		133.83	238.79
(Increase)/decrease in inventories	23	(168.07)	3.45
Employee benefits expense	24	738.84	692.13
Finance costs	25	490.32	206.39
Other expenses	26	905.72	897.90
Total expenses		<u>7842.42</u>	<u>7085.22</u>
EARNINGS BEFORE DEPRECIATION, AMORTISATION AND TAX		(105.83)	(73.20)
Depreciation and amortisation expense		<u>379.77</u>	<u>364.72</u>
PROFIT/(LOSS) BEFORE TAX		(485.60)	(437.92)
Income tax and fringe benefit tax credit of earlier years		<u>(3.21)</u>	<u>(0.32)</u>
PROFIT/(LOSS) FOR THE YEAR		<u>(482.39)</u>	<u>(437.60)</u>
Earning per equity share (EPS)			
Basic and diluted EPS (Nominal value of shares Rs.10/- each)	27	(1.61)	(1.46)
Significant accounting policies	2		
The accompanying notes form an integral part of the financial statements.			

As per our attached report of even date.

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

R. Raghuraman
Partner
Membership No. 081350

Harsh V. Lodha
Magnus Kreuger
Mats O. Hansson
R.C. Tapuriah
Dr. Aravind Srinivasan
Arun Kishore
K. Raghuraman
D.R. Bansal
Somesh Laddha

Chairman

Directors

Managing Director

Sr. Manager (Finance) & Secretary

New Delhi, May 3, 2012

New Delhi, May 3, 2012

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012**

	For the Year ended March 31, 2012		For the Year ended March 31, 2011	
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before tax		(485.60)		(437.92)
Non-cash adjustment to reconcile profit before tax to net cash flows				
Depreciation and amortization	379.77		364.72	
(Profit)/loss on disposal of fixed assets (net)	0.47		0.50	
(Gain)/loss on unrealised foreign exchange rate fluctuations	58.92		(21.47)	
Interest income	(194.13)		(129.46)	
Dividend income	(22.16)		(27.70)	
Interest expense	238.43	461.30	137.12	323.71
Operating Profit/(Loss) before working capital changes		(24.30)		(114.21)
Movement in working capital:				
Increase/(decrease) in trade payables	998.33		(384.31)	
Increase/(decrease) in long-term provisions	17.14		18.34	
Increase/(decrease) in short-term provisions	1.94		4.97	
Increase/(decrease) in other current liabilities	(22.43)		60.99	
Decrease/(increase) in trade receivables	(1136.40)		720.60	
Decrease/(increase) in inventories	(278.08)		115.90	
Decrease/(increase) in long-term advances	11.57		0.78	
Decrease/(increase) in short-term advances	(76.44)		(22.81)	
Decrease/(increase) in other current assets	(0.40)	(484.77)	9.40	523.86
Cash generated from/(used in) operations		(509.07)		409.65
Direct taxes paid (net of refunds)		1.98		(14.78)
Net cash flow from/(used in) operating activities (A)		(507.09)		394.87
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(95.89)		(622.24)	
Proceeds from sale of fixed assets	0.62		12.66	
Investment in bank deposits	(489.10)		(480.12)	
Redemption/maturity of bank deposits	480.10		480.00	
Interest received	187.09		128.62	
Dividend received	22.16		27.70	
Net cash flow from/(used in) investing activities (B)		104.98		(453.38)



	For the Year ended March 31, 2012		For the Year ended March 31, 2011
	Rs. in lacs	Rs. in lacs	Rs. in lacs

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012 (Contd.)**C. CASH FLOW FROM FINANCING ACTIVITIES**

(Repayment) of long-term borrowings	(1331.67)	-
Proceeds/(repayment) from short-term borrowings	1985.00	(163.50)
Interest paid	<u>(229.19)</u>	<u>(134.80)</u>
Net cash flow from/(used in) financing activities (C)	<u>424.14</u>	<u>(298.30)</u>
Net increase/(decrease) in cash and cash equivalents	22.03	(356.81)
Cash and cash equivalents at the beginning of the year	<u>75.55</u>	<u>432.36</u>
Cash and cash equivalents at the end of the year	<u>97.58</u>	<u>75.55</u>
Components of cash and cash equivalents		
Cash on hand	1.43	2.08
Cheques, drafts on hand	52.36	62.37
In current accounts	7.29	11.10
In cash credit account	<u>36.50</u>	<u>-</u>
	<u>97.58</u>	<u>75.55</u>

- (a) Difference of Rs.489.12 lacs (Rs.480.12 lacs) compared with Note No.17 represents short term investments with an original maturity of three months or more.
- (b) The Cash Flow Statement has been prepared under the 'Indirect method' as set out in Accounting Standard (AS-3) on Cash Flow Statement.
- (c) Negative figures have been shown in brackets.

As per our attached report of even date.

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

R. Raghuraman
Partner
Membership No. 081350

Harsh V. Lodha
Magnus Kreuger
Mats O. Hansson
R.C. Tapuriah
Dr. Aravind Srinivasan
Arun Kishore
K. Raghuraman
D.R. Bansal
Somesh Laddha

Chairman

Directors

Managing Director

Sr. Manager (Finance) & Secretary

New Delhi, May 3, 2012

New Delhi, May 3, 2012



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012**1. NATURE OF OPERATIONS**

The Company's operations are predominantly classified into Wires and Cables comprising primarily Telecommunications Cables and other types of Wire and Cables.

2. SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Accounting:**

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

(b) Use of Estimates:

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

(c) Revenue Recognition:

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

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

Export incentives, etc. are accounted for in the year of export.

(d) Fixed Assets including Intangible Assets:

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

Intangible Assets are recorded at consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation.

(e) Depreciation and amortisation:

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

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

(f) Impairment:

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

**(g) Investments:**

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

(h) Leases :

Where the Company is the Lessor:

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

Where the Company is the Lessee:

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

(i) Inventories:

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

(j) Foreign Currency Transactions:

- (i) Transactions in foreign currencies are accounted for at the exchange rate prevailing on the date of the transaction. Foreign currency monetary assets and liabilities at the year end are translated using closing exchange rates except those covered by forward exchange contracts which are translated at contracted rates, where the difference between the contracted rate and spot rate on the date of the transaction is dealt with in the Statement of Profit and Loss over the life of the contract.
- (ii) The exchange difference arising on settlement of monetary items or on reporting, these items at rates different from rates at which these were initially recorded/reported by previous financial statement are recognised as income/expenses in the period in which they arise.
- (iii) In case of forward exchange contracts, the premium or discount arising at the inception of such contracts is amortised as income or expense over the life of contract as well as exchange difference on such contract, i.e. difference between the exchange rate at the reporting/settlement date and the exchange rate on the date of inception/the last reporting date, is accounted for as income/expense for the period.

(k) Employee Benefits:

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

(l) Interest on Borrowings:

Interest and other borrowing cost directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other interest and borrowing costs are expensed in the period they accrue and occur.

(m) Government Grants:

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

(n) Taxes on Income:

Tax expense for the relevant period comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence



that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

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

(o) Provisions, Contingent Liabilities and Contingent Assets:

A disclosure for a contingent liability is made after careful evaluation of the facts and legal aspects of the matter involved, when there is a possible or present obligation that may, but probably will not require an outflow of resources. When there is possible or present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are recognised when the Company has a legal/constructive obligation and on management discretion as a result of a past event, for which it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Contingent Assets neither recognised nor disclosed in the financial statements.

(p) 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.

	As at March 31, 2012 Rs. in lacs	As at March 31, 2011 Rs. in lacs
--	--	--

3. SHARE CAPITAL

Authorised

42500000 (42500000) Equity shares of Rs.10/- each	4250.00	4250.00
7500000 (7500000) Preference shares of Rs.10/- each	750.00	750.00
	<u>5000.00</u>	<u>5000.00</u>

Issued, Subscribed and Fully paid-up

30000000 (30000000) Equity shares of Rs.10/- each, fully paid up	3000.00	3000.00
	<u>3000.00</u>	<u>3000.00</u>

- (a) There is no variation or change in the issued, subscribed and fully paid-up equity share capital structure during the year. Therefore, no separate disclosure of reconciliation of the number of equity share outstanding as at the beginning and at the end of the year is required.
- (b) The Company has issued only one class of shares referred to as equity shares having nominal value of Rs.10/-. The holders of equity shares are entitled to one vote per share.
- (c) Shareholders holding more than 5% shares based on legal ownership in the subscribed share capital of the Company is set out below :

Name of the shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	% held	No. of Shares	% held
Ericsson Cables AB, Sweden	8250000	27.50	8250000	27.50
Vindhya Telelinks Limited	4000100	13.13	4000100	13.13
Universal Cables Limited	3900100	13.00	3900100	13.00



	As at March 31, 2012 Rs. in lacs	As at March 31, 2011 Rs. in lacs
4. RESERVES AND SURPLUS		
Capital reserve		
Opening balance	-	15.00
Less : Transferred to general reserve	-	15.00
Closing balance	-	-
Securities premium account		
Opening balance	2000.00	2000.00
Closing balance	2000.00	2000.00
General reserve		
Opening balance	1600.45	1585.45
Add : Transferred from capital reserve	-	15.00
Closing balance	1600.45	1600.45
Surplus/(Deficit) in the Statement of Profit and Loss		
Opening balance	(462.44)	(24.84)
Add : Profit/(loss) for the year	(482.39)	(437.60)
Closing balance	(944.83)	(462.44)
	2655.62	3138.01
5. LONG-TERM BORROWINGS		
Secured		
Buyer's credit	177.78	259.55
Unsecured		
Sales tax loans (Interest free)	12.65	1240.90
	190.43	1500.45
Less: Current maturities of long-term borrowings at the year end (disclosed under Note No. 9)	118.52	1332.07
	71.91	168.38
<p>(a) The buyer's credit is secured by way of hypothecation of stock of Inventories, cash and other current assets, bank debts, outstanding moneys, receivables, claims, bills, invoices, documents, contracts, etc., both present and future, and are further secured by way of hypothecation of moveable fixed assets, both present and future, and first charge created by way of joint mortgage by deposit of title deeds of immovable properties of the Company. The buyer's credit is repayable in six half yearly instalments commencing from 6th December, 2010 and carries interest @ 2.75% (rate as on the reporting date).</p> <p>(b) Sales tax loans are as per scheme of State Government and for administration of these loans, Madhya Pradesh State Industrial Development Corporation Limited (MPSIDC Ltd.) has been specified by the State Government as the Implementing Agency. As per the governing scheme for conversion of deferred sales tax into loan, the final sales tax loan liability subsists upto a period of ten years, commencing from the expiry of each financial year covered by the period of eligibility and is payable thereafter within 30 days in one instalment subject to compliance with the terms and conditions as specified in the scheme.</p>		
6. LONG-TERM PROVISIONS		
Provision for employee benefits		
Compensated absences	80.60	74.74
Pension	87.94	76.66
	168.54	151.40



	As at March 31, 2012 Rs. in lacs	As at March 31, 2011 Rs. in lacs
7. SHORT-TERM BORROWINGS		
Working capital loans/trade credits from banks (Secured)		
Cash credit facilities	11.90	136.68
Buyer's credit	1269.49	436.37
Export packing credit	260.10	149.55
	<u>1541.49</u>	<u>722.60</u>
Other short term loans /Intercorporate Deposits (Unsecured)		
From bodies corporate(repayable on demand)	1200.00	-
	<u>2741.49</u>	<u>722.60</u>
<p>(a) Working capital loans/trade credits from banks being working capital credit facilities, sanctioned by a bank are generally renewable within twelve months from the date of sanction or immediately previous renewal, unless otherwise stated. The lender bank has a right to cancel the credit limits(either fully or partially) and, interalia, demand repayment in case of non-compliance of terms and conditions of sanctions or deterioration in the loan account in any manner whatsoever, etc.</p> <p>(b) Working capital loans (both fund and non-fund based) are secured by way of hypothecation of stock of inventories, cash and other current assets, book debts, outstanding moneys, receivables, claims, bills, invoices, documents, contracts, etc., both present and future, and are further secured by way of hypothecation of moveable fixed assets, both present and future, and first charge created by way of joint mortgage by deposit of title deeds of immovable properties of the Company. As a collateral security, working capital loans are also backed by a cross corporate guarantee of Vindhya Telelinks Limited, a joint venturer.</p>		
8. TRADE PAYABLES		
Trade payables [refer Note No. 38 for dues to micro and small enterprises]	1523.52	521.00
	<u>1523.52</u>	<u>521.00</u>
9. OTHER CURRENT LIABILITIES		
Current maturities of long term borrowings	118.52	1332.07
Interest accrued but not due on borrowings	11.56	2.32
Other payables		
Mobilisation and other advances from customers	61.83	109.50
Statutory dues	110.26	85.57
Accrued employee benefits expense	15.52	16.10
For purchase of fixed assets	2.25	1.12
	<u>319.94</u>	<u>1546.68</u>
10. SHORT TERM PROVISIONS		
Provision for employee benefits		
Compensated absences	25.07	22.92
Pension	2.79	2.79
Others	20.75	20.96
	<u>48.61</u>	<u>46.67</u>



11. FIXED ASSETS

Rs. in lacs

Nature of fixed assets	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.04.2011	Additions during the Year	Disposal/ Deductions	As at 31.03.2012	As at 31.03.2011	Provided during the Year	Disposal/ Deductions	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
(A) TANGIBLE ASSETS:										
Leasehold Land	24.35	–	–	24.35	7.11	0.41	–	7.52	16.83	17.24
Buildings*	1030.77	–	–	1030.77	442.21	28.73	–	470.94	559.83	588.56
Plant & Equipment	10490.68	79.76	24.11	10546.33	7647.50	336.97	21.99	7962.48	2583.85	2843.18
Furniture & Fixtures	75.78	0.88	2.32	74.34	47.42	2.76	2.10	48.08	26.26	28.36
Office Equipment	12.89	2.39	–	15.28	3.17	2.49	–	5.66	9.62	9.72
Vehicles	49.90	–	–	49.90	19.88	3.80	–	23.68	26.22	30.02
TOTAL (A)	11684.37	83.03	26.43	11740.97	8167.29	375.16	24.09	8518.36	3222.61	3517.08
(B) INTANGIBLE ASSETS:										
Computer Software	23.06	–	–	23.06	15.00	4.61	–	19.61	3.45	8.06
TOTAL (B)	23.06	–	–	23.06	15.00	4.61	–	19.61	3.45	8.06
(C) CAPITAL WORK-IN-PROGRESS (at cost):										
Under installation/ commissioning	–	–	–	–	–	–	–	–	–	6.28
In transit	–	–	–	–	–	–	–	–	19.14	–
TOTAL (C)	–	–	–	–	–	–	–	–	19.14	6.28
TOTAL (A+B+C)	11707.43	83.03	26.43	11764.03	8182.29	379.77	24.09	8537.97	3245.20	3531.42
Previous Year	11182.93	692.39	167.89	11707.43	7972.30	364.72	154.73	8182.29	3525.14	

* Buildings include premises of Rs.63.98 lacs (Rs.63.98 lacs) given on operating lease. Written down value of same at end of the year was Rs. 53.48 lacs (Rs. 54.52 lacs) and depreciation charged during the year is Rs.1.04 lacs (Rs.1.04 lacs).

	As at March 31, 2012	As at March 31, 2011
	Rs. in lacs	Rs. in lacs

12. NON-CURRENT INVESTMENTS

(Carried at cost unless otherwise stated)

Trade Investments in the equity instruments

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

1,107,407 (1,107,407)	Universal Cables Limited	1404.04	1404.04
280 (280)	Birla Corporation Limited	0.13	0.13
100 (100)	Vindhya Telelinks Limited	0.06	0.06
Aggregate amount of quoted investments		1404.23	1404.23

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

9,800 (9,800)	Universal Telelinks Private Limited	0.98	0.98
9,800 (9,800)	Universal Electricals Private Limited	0.98	0.98
Aggregate amount of unquoted investments		1.96	1.96

Aggregate market value of quoted investments		430.05	820.64
--	--	---------------	--------

13. LONG-TERM LOANS AND ADVANCES

(Unsecured and considered good)

Security deposits	30.61	36.93
Prepaid expenses	1.56	–
Loans to employees	13.71	20.52
	45.88	57.45



	As at March 31, 2012 Rs. in lacs	As at March 31, 2011 Rs. in lacs
14. OTHER NON-CURRENT ASSETS		
Non-current bank balance	0.12	0.02
	<u>0.12</u>	<u>0.02</u>
15. INVENTORIES [refer Note No. 2(i) for mode of valuation]		
Raw materials [including in transit Rs. 90.16 lacs (Rs. 95.80 lacs)]	827.29	689.66
Packing Materials	37.00	50.16
Stores and spares	208.36	222.82
Stock-in-trade	11.65	1.59
Materials under process	609.18	421.94
Finished goods	57.97	63.17
Scrap materials	4.10	28.13
	<u>1755.55</u>	<u>1477.47</u>
16. TRADE RECEIVABLES (Unsecured and considered good)		
Outstanding for a period exceeding six months from the date they are due for payment	141.57	152.85
Others	2618.09	1469.60
	<u>2759.66</u>	<u>1622.45</u>
17. CASH AND CASH EQUIVALENTS		
Cash on hand	1.43	2.08
Cheques, drafts on hand	52.36	62.37
Balance with banks		
-In current accounts	7.29	11.10
-In cash credit account	36.50	-
-In term deposit accounts (term deposit receipts pledged with banks towards margin against letter of credit and other commitments)	489.12	480.12
	<u>586.70</u>	<u>555.67</u>
Less: Term deposit account having more than 12 months maturity at the year end (disclosed under Note No. 14)	0.12	0.02
	<u>586.58</u>	<u>555.65</u>
18. SHORT TERM LOANS AND ADVANCES (Unsecured and considered good)		
Loans and advances to employees	8.35	14.17
Security deposits	2.06	3.81
Advance income tax (net of provision)	39.98	38.75
Claims, refunds, etc. receivable	267.93	213.55
Advances recoverable in cash or in kind or for value to be received	384.36	354.73
	<u>702.68</u>	<u>625.01</u>
19. OTHER CURRENT ASSETS		
Interest accrued but not due on term deposits	25.51	18.47
Unamortised premium on forward contracts	1.01	0.61
Assets held for disposal (at lower of written down value and net realisable value)	1.25	-
	<u>27.77</u>	<u>19.08</u>



	For the year ended March 31, 2012 Rs. in lacs	For the year ended March 31, 2011 Rs. in lacs
20. REVENUE FROM OPERATIONS		
Sale of products		
Telecommunications Cables	7520.22	6181.47
Other Wires & Cables	141.75	265.04
Traded goods*	152.40	287.95
	<u>7814.37</u>	<u>6734.46</u>
Other operating revenues		
Scrap materials	167.81	320.77
Processing & job work income	18.14	6.70
Export incentives	111.95	131.08
	<u>297.90</u>	<u>458.55</u>
	<u>8112.27</u>	<u>7193.01</u>
*None of these individually account for more than 10% of total revenue from sale of products.		
21. OTHER INCOME		
Interest income	194.13	129.46
Dividend income on non-current investments	22.16	27.70
Foreign exchange rate fluctuation (net)	-	47.27
Unspent liabilities/sundry balances written back (net)	-	13.05
Rent received	4.80	4.80
Other non operating income	5.19	11.11
	<u>226.28</u>	<u>233.39</u>
22. COST OF MATERIALS CONSUMED*		
Opening stock	689.66	813.23
Add: Purchases [Less : Sales and Claims Rs. 117.76 lacs (Rs. 135.18 lacs)]	5879.41	4922.99
	<u>6569.07</u>	<u>5736.22</u>
Less: Closing stock	827.29	689.66
	<u>5741.78</u>	<u>5046.56</u>
Details of Raw materials consumed		
Optical Fibre	2531.68	1128.83
Copper	1060.50	2076.36
Polyethylene	695.30	687.08
Others*	1454.30	1154.29
	<u>5741.78</u>	<u>5046.56</u>
* None of these individually account for more than 10% of total cost of materials consumed.		
23. (INCREASE)/DECREASE IN INVENTORIES		
Closing inventories		
Materials under process*	609.18	421.94
Finished goods	57.97	63.17
Stock-in-trade	11.65	1.59
Scrap materials	4.10	28.13
	<u>682.90</u>	<u>514.83</u>
Opening inventories		
Materials under process*	421.94	412.41
Finished goods	63.17	85.93
Stock-in-trade	1.59	1.41
Scrap materials	28.13	18.53
	<u>514.83</u>	<u>518.28</u>
	<u>(168.07)</u>	<u>3.45</u>
*Materials under process predominantly and materially pertain to Telecommunications Cables		



	For the year ended March 31, 2012 Rs. in lacs	For the year ended March 31, 2011 Rs. in lacs
24. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages, bonus and benefits, etc.	626.15	588.70
Contribution to provident and other funds, etc.	61.55	49.79
Welfare expenses	51.14	53.64
	<u>738.84</u>	<u>692.13</u>
25. FINANCE COSTS		
Interest expenses	238.43	137.12
Foreign exchange rate fluctuation*	139.04	–
Other borrowing costs	112.85	69.27
	<u>490.32</u>	<u>206.39</u>
*To the extent considered as an adjustment to borrowing costs.		
26. OTHER EXPENSES		
Consumption of stores and spares	50.33	44.05
Packing materials	159.01	140.57
Processing/job work and testing charges	42.84	42.58
Power and fuel	230.55	210.67
Rent	5.54	7.22
Repair & maintenance		
– Plant & machinery	66.04	68.71
– Buildings	3.10	5.72
– Others	1.07	4.54
Insurance	9.23	8.26
Rates & taxes	27.52	12.76
Travelling and conveyance	66.55	76.10
Payment to auditors		
Statutory auditors		
–Audit fees	4.50	4.00
–Tax audit fee	0.60	0.50
–Quarterly reviews	2.00	1.50
–Certification, etc.	0.75	0.75
–Reimbursement of expenses	0.31	0.45
Cost auditors		
–Audit fees	0.35	0.35
–Reimbursement of expenses	0.03	0.04
Sundry advances/bad debts written off	2.09	–
Loss on disposal/discard of fixed assets (net)	0.47	0.50
Foreign exchange rate fluctuation (net)	36.43	–
Excise duty on Increase/(Decrease) in stocks	(0.07)	(2.10)
Miscellaneous expenses	196.48	270.73
	<u>905.72</u>	<u>897.90</u>

**27. Earnings per equity share (EPS):**

Particulars	As at	As at
	March 31, 2012	March 31, 2011
Basic/ weighted average number of equity shares outstanding during the year	30000000	30000000
Profit/(loss) for the year (Rs. in lacs)	(482.39)	(437.60)
Nominal value of equity share (Rs.)	10.00	10.00
Basic and diluted EPS (Rs.)	(1.61)	(1.46)

28. Contingent liabilities and Commitments (to the extent not provided for) :-**(a) Contingent liabilities**

- (i) Claims against the Company not acknowledged as debts Rs.5.16 lacs (Rs.5.16 lacs).
- (ii) Income tax matters under litigation Rs.5.47 lacs (Rs.11.67 lacs).
- (iii) Appeals preferred by the Company against the claim/levy of differential sales tax, interest, penalty, etc., due to timely non-submission of declaration forms for concessional sales tax or on the pretext of alleged delay in repayment of one instalment of interest free sales tax loan. The demand (s)/levy being wholly without jurisdiction and arbitrary or appealable on merits of the cases have been stayed and are pending before the appellate authorities, liabilities against which are unascertainable until final outcome in the pending cases.
- (iv) Bills of exchange under letter of credit discounted with a bank and outstanding at the end of the year Rs.59.37 lacs (Nil) (Since received Rs.49.91 lacs).
- (v) Cross corporate guarantee given by the Company as a collateral security against working capital credit facilities aggregating to Rs.17250.00 lacs (outstanding as on March 31, 2012 Rs.12872.37 lacs) sanctioned by a bank to Vindhya Telelinks Limited, a joint venturer.

The future cash outflow in respect of items (i) to (iii) above is determinable only on receipt of the decisions/ judgements in the cases pending at various forums and authorities concerned.

(b) Commitments:

- (i) Estimated amount of contracts remaining to be executed on Capital Account (Net of advances) and not provided for Rs.0.55 lac (Rs.8.02 lacs)
- (ii) Derivatives related commitments are disclosed in Note No. 31.

29. The Company has filed a law suit against an overseas supplier and its Indian agent. The supplier in order to overreach the said law suit invoked alleged arbitration agreement which is subject matter of the Suit filed by the Company, interalia, claiming recovery of an aggregate amount equivalent to Rs.4245.70 lacs as at 31st March, 2012, as damages for the unsupplied goods for the period from October, 2002 to September, 2006. The Civil Court stayed the Arbitration proceedings and the said stay order has been confirmed by the High Court of Madhya Pradesh at Jabalpur and also by the Hon'ble Supreme Court. An order of the High Court of Madhya Pradesh referring the parties to Arbitration has also been stayed by the Hon'ble Supreme Court in the Special Leave Petitions filed by the Company, which are pending before the Hon'ble Supreme Court. Based on appraisal of the matter, 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.

30. In the opinion of the management, the decline in the market value of a quoted Non-current Investment (trade) (carrying cost Rs.1404.04 lacs) by Rs.974.92 lacs at the year end is temporary, in view of the strategic long term nature of the investment and assets base/intrinsic worth of the investee company and hence, does not call for any provision thereagainst.



31. Foreign Currency Exposures as at the Balance Sheet date:

- (a) The Company uses forward exchange contracts to hedge its exposure in foreign currency. The details of foreign currency exposures hedged by derivative instruments and those have not been hedged are as follows :

Particulars	As at March 31, 2012		As at March 31, 2011	
	In Foreign Currency	Rs. in lacs	In Foreign Currency	Rs. in lacs
Forward exchange contracts outstanding Payables	USD 207353	106.94	USD 192248	86.78
Total	USD 207353	106.94	USD 192248	86.78
Foreign currency exposures not covered by any derivative instrument Payables	USD 2905454	1497.37	USD 1508766	681.06
Receivables	USD 329357	166.86	USD 491561	217.91
Bank balances	USD 1353	0.69	EURO 1161	0.75
			USD 9161	4.05
Total	USD 3236164	1664.92	USD 2009488	903.02
			EURO 1161	0.75

- (b) Unamortized premium on outstanding forward contracts is shown as a separate line item in Note No. 19.

32. Employee Benefits:

- (a) The Company's defined benefit plans include the approved funded gratuity scheme which is administered through Group Gratuity scheme with The Life Insurance Corporation of India and non-funded Pension Scheme (applicable only to certain categories of employees). Such defined benefits are provided for in the Statement of Profit and Loss based on valuations, as at the Balance Sheet date, made by independent actuaries. Disclosures for defined benefit plans based on actuarial reports as on March 31, 2012 are summarised below:

- (i) Amount recognised in Statement of Profit and Loss :

Particulars	Gratuity (Funded)		Pension (Unfunded)	
	2011-12 Rs. in lacs	2010-11 Rs. in lacs	2011-12 Rs. in lacs	2010-11 Rs. in lacs
Current service cost	10.49	10.21	-	-
Interest cost on benefit obligation	13.12	10.94	6.51	5.37
Expected return on plan assets	(13.03)	(12.17)	-	-
Net actuarial (gain)/loss recognized in the year	(3.22)	2.20	7.46	7.58
Amount payable on full & final settlement	-	(0.65)	-	-
Insurance cost borne by the company	1.17	1.05	-	-
Net employee benefits expense	8.53	11.58	13.97	12.95
Actual return on plan assets	13.04	(12.17)	-	-

- (ii) Amount recognized in the Balance Sheet:

Particulars	Gratuity (Funded)		Pension (Unfunded)	
	2011-12 Rs. in lacs	2010-11 Rs. in lacs	2011-12 Rs. in lacs	2010-11 Rs. in lacs
Defined benefit obligation	169.30	154.57	90.63	79.45
Fair value of the plan assets	168.75	159.68	-	-
Net Asset/(liability)	(0.55)	5.11	(90.63)	(79.45)



(iii) Changes in present value of the Defined benefit obligation :

Particulars	Gratuity (Funded)		Pension (Unfunded)	
	2011-12 Rs. in lacs	2010-11 Rs. in lacs	2011-12 Rs. in lacs	2010-11 Rs. in lacs
Opening defined benefit obligation	154.57	134.05	79.45	69.29
Interest cost	13.12	10.94	6.51	5.37
Current service cost	10.49	10.21	—	—
Benefit paid	(5.67)	(2.83)	(2.79)	(2.79)
Actuarial (gain)/loss on obligations	(3.21)	2.20	7.46	7.58
Closing defined benefit obligation	169.30	154.57	90.63	79.45

(iv) Changes in the fair value of plan assets:

Particulars	Gratuity (Funded)		Pension (Unfunded)	
	2011-12 Rs. in lacs	2010-11 Rs. in lacs	2011-12 Rs. in lacs	2010-11 Rs. in lacs
Opening fair value of plan assets	159.68	148.75	—	—
Actual return	13.04	12.17	—	—
Contribution by employer	1.83	0.94	—	—
Benefits paid	(5.80)	(2.83)	(2.79)	(2.79)
Amount payable on full & final settlement	—	0.65	—	—
Closing fair value of plan assets	168.75	159.68	—	—

(v) The major category of plan assets in case of funded gratuity scheme as a percentage of the fair value of total plan assets :

Particulars	Gratuity (%)	
	2011-12	2010-11
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 Company expects to contribute Rs.5.00 lacs to Gratuity Fund during the financial year 2012-13.

(vi) The principal assumptions used in determining gratuity and pension obligations for the Company's plans :

Particulars	Gratuity (Funded)		Pension (Unfunded)	
	2011-12	2010-11	2011-12	2010-11
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	8.65% p.a.	8.25% p.a.	8.65% p.a.	8.25% p.a.
Salary rise	7.50% p.a.	7.50% p.a.	N.A.	N.A.
Return on plan assets	9.25% p.a.	9.25% p.a.	N.A.	N.A.
Remaining working life	15.62 years	16.47 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.

Information relating to experience adjustments to plan assets and liabilities as required under para 120(n)(ii) of the Accounting Standard (AS-15) (revised) on employee benefits is not available with the Company. The impact of the same is not material.

- (b) Company's contribution to defined contribution schemes such as Government administered Provident/Family Pension Fund and approved Superannuation Fund are charged to the Statement of Profit and Loss as incurred.



The Company has no further obligations beyond its contributions. The Company has recognised the following contributions to Provident/Family Pension and Superannuation Funds as an expense and included in employee benefits expense in the Statement of Profit and Loss.

Sl. No.	Defined Contributions Schemes	2011-12 Rs. in lacs	2010-11 Rs. in lacs
(i)	Contribution to Provident and Family Pension Fund	41.80	39.59
(ii)	Contribution to Superannuation Fund	16.75	8.21

33. (a) The Company has only one reportable primary business segment. Hence, no separate segment wise information of revenue, results and capital employed is given.
- (b) The following table shows the distribution of Company's Revenue from sale of products (Gross) by geographical market, regardless of where the goods were produced:

Sl. No.	Geographical Segments	2011-12 Rs. in lacs	2010-11 Rs. in lacs
(i)	Domestic Market (within India)	6200.83	4079.80
(ii)	Overseas Markets (outside India)	1613.54	2654.66

All the assets of the Company, except the carrying amount of trade receivables aggregating to Rs.187.81 lacs (Rs.267.61 lacs), are within India.

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

Venturers in respect of which the Company is a joint venture : Universal Cables Ltd. (UCL)
Vindhya Telelinks Ltd. (VTL)
Ericsson Cables AB, Sweden (ECA)

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

- (a) Nature of transactions with venturer:

Sl. No.	Particulars	2011-12 Rs. in lacs	2010-11 Rs. in lacs
(i)	Sale of Fixed Asset	–	0.07
(ii)	Purchase of Raw Materials/Consumables & Traded Goods [UCL Rs.10.50 lacs, VTL Rs.438.55 lacs]	449.05	738.62
(iii)	Sale of Products /Traded Goods [UCL Rs.6.54 lacs, VTL Rs.8.65 lacs]	15.19	50.30
(iv)	Sale of Raw Materials/Consumables [UCL Rs.0.09 lac, VTL Rs.143.36 lacs]	143.45	158.61
(v)	Processing Charges [VTL Rs.16.05 lacs]	16.05	30.29
(vi)	Processing and Job work Income [UCL Rs.2.02 lacs, VTL Rs.14.82 lacs]	16.84	6.70
(vii)	Rent Paid	–	1.00
(viii)	Rent Received [UCL Rs.4.80 lacs]	4.80	4.80
(ix)	Inter Corporate deposits granted/refunded [VTL Rs.6553.00 lacs]	6553.00	3915.00
(x)	Interest received (on Inter Corporate loans/deposit) [VTL Rs.149.59 lacs]	149.59	94.88
(xi)	Dividend received [UCL Rs.22.15 lacs]	22.15	27.69
(xii)	Cross Corporate Guarantee given [VTL Rs.17250.00 lacs]	17250.00	–
(xiii)	Cross Corporate Guarantee accepted [VTL Rs.5400.00 lacs]	5400.00	–
Balance Outstanding at the year end			
• Non-current Investment in equity shares		1404.10	1404.10



(b) Key Management Personnel:

Particulars	2011-12 Rs. in lacs	2010-11 Rs. in lacs
Salary & Benefits	16.17	16.14

- (i) Significant Related Party Transactions with venturers during the year 2011-12 have been disclosed in brackets under the appropriate nature of transaction head.
- (ii) Under the renewed technical collaboration agreement with Ericsson Cables AB, Sweden, no royalty or lumpsum fee is payable.
- (iii) No amount has been provided as doubtful debt or advance/written off or written back in the year in respect of debts due from/to above related parties.
- (iv) Transactions relating to reimbursement of expenses to/from related parties have not been considered in the above disclosures.
- (v) All transactions with related parties as above have been entered into at arm's length basis.

35. The Company has taken certain warehouses under operating lease agreements. The lease agreements generally have an escalation clause and are renewable or cancellable by mutual consent on mutually agreed terms. There are no restrictions imposed by lease agreements. The aggregate lease rental of Rs.3.30 lacs (Rs.4.20 lacs) are charged to the Statement of Profit and Loss.

36. Deferred Taxes:

Sl. No.	Particulars	As at March 31, 2012 Rs. in lacs	As at March 31, 2011 Rs. in lacs
(a)	Deferred Tax Liability – Depreciation on Fixed Assets	376.39	384.33
	Total (i)	376.39	384.33
(b)	Deferred Tax Assets – Unabsorbed Depreciation – Expenses allowable for tax purpose when paid	322.38 54.01	335.30 49.03
	Total (ii)	376.39	384.33
	Net Deferred Tax Liability (i-ii)	Nil	Nil

* The Deferred Tax Assets amounting to Rs.322.38 lacs (Rs.335.30 lacs) in respect of carry forward unabsorbed depreciation has been recognised considering the possible reversal of deferred tax liabilities in future years.

37. There is no impairment of Assets during the year.

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

Sl. No.	Particulars	As at March 31, 2012 Rs. in lacs	As at March 31, 2011 Rs. in lacs
(a)	the principal amount and interest due thereon remaining unpaid to any supplier – Principal amount – Interest thereon	17.54 –	12.04 0.74
(b)	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.	–	–
(c)	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.	–	–
(d)	the amount of interest accrued and remaining unpaid.	–	0.74
(e)	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 deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	–	–



39. Additional information by way of notes pursuant to paragraph 5 of Part-II of the Revised Schedule VI to the Companies Act, 1956:

(a) Value of imports on CIF basis (on accrual basis):

Sl. No.	Particulars	2011-12 Rs. in lacs	2010-11 Rs. in lacs
(i)	Raw materials	2778.85	2395.91
(ii)	Components & Spare parts	14.27	9.46
(iii)	Capital goods	62.87	542.64

(b) Expenditure in Foreign Currency (on accrual basis):

Sl. No.	Particulars	2011-12 Rs. in lacs	2010-11 Rs. in lacs
(i)	Interest	28.37	9.04
(ii)	Travelling	12.12	18.48
(iii)	Others	37.19	48.97

(c) Total value of all imported and indigenous Raw Materials and Components & Spare parts consumed and percentage thereof:

Sl. No.	Particulars	2011-12		2010-11	
		Value Rs. in lacs	% to Total	Value Rs. in lacs	% to Total
(i)	Raw Materials/materials				
	Imported	2991.25	52.10	2490.28	49.35
	Indigenous	2750.53	47.90	2556.28	50.65
	Total	5741.78	100.00	5046.56	100.00
(ii)	Components & Spare Parts*				
	Imported	14.59	26.46	14.04	14.08
	Indigenous	40.54	73.54	85.71	85.92
	Total	55.13	100.00	99.75	100.00

* Grouped under "Consumption of stores & spares" and "Repairs & maintenance of Plant & machinery" vide Note No. 26.

(d) Earnings in Foreign Exchange (on accrual basis):

Sl. No.	Particulars	2011-12 Rs. in lacs	2010-11 Rs. in lacs
(i)	Exports of goods on FOB basis in - Foreign Currency [based on exchange rate(s) prevailing on Bill of Lading date(s)]	1409.87	2220.75
(ii)	Indian Rupees	198.57	414.86

40. The Company has reclassified previous year's figures to conform to current year's classification as per revised Schedule VI notified under the Companies Act, 1956. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements save and except presentation and disclosure as prescribed therein. The figures in brackets are those in respect of the previous accounting year.

As per our attached report of even date.

For V. Sankar Aiyar & Co.

Chartered Accountants

Firm Registration No. 109208W

R. Raghuraman

Partner

Membership No. 081350

Signature to Notes 1 to 40

Harsh V. Lodha

Magnus Kreuger

Mats O. Hansson

R.C. Tapuriah

Dr. Aravind Srinivasan

Arun Kishore

K. Raghuraman

D.R. Bansal

Somesh Laddha

Chairman

Directors

Managing Director

Sr. Manager (Finance) & Secretary

New Delhi, May 3, 2012

New Delhi, May 3, 2012

FORM OF PROXY
BIRLA ERICSSON OPTICAL LIMITED

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

DP ID*	
Client ID*	

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

I/We _____
of _____ in the district of _____
being a member/members of the above named Company, hereby appoint
Mr./Mrs. _____ of _____ in the
district of _____ or failing him/her Mr./Mrs. _____ of
_____ in the district of _____
my/our proxy to vote for me/us and on my/our behalf at the Twentieth Annual General Meeting of the Company to be held on
Friday, the 29th June, 2012, and at any adjournment thereof.

Signed this _____ day of _____, 2012.

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

BIRLA ERICSSON OPTICAL LIMITED

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

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

Full name of the Member attending : _____
Full name of the First joint-holder : _____
(To be filled in if first named joint-holder does not attend the Meeting)
Name of Proxy : _____
(To be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the TWENTIETH ANNUAL GENERAL MEETING being held at the Registered Office of the Company on Friday, the 29th June, 2012.

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.



"BHAGWAN TIRUPATI BALAJI " IN THE STAFF'S TOWNSHIP AT REWA, MADHYA PRADESH



" Company participated in ECOC 2011 held at Geneva, Switzerland ".



" Huber & Schuner Team visited Company's Booth in ECOC 2011 held at Geneva, Switzerland "

BOOK - POST PRINTED MATTER

REGISTERED OFFICE & WORKS

Udyog Vihar,
P.O.Chorhata,
Rewa - 486 006
Madhya Pradesh, India
Tel: +91-7662-400580
Fax: +91-7662-400680

MARKETING OFFICES

MUMBAI

Sharda Terraces, 9th Floor,
Plot No.65, Sector 11,
CBD Belapur,
Navi Mumbai - 400 614
Maharashtra, India
Tel: +91-22-41268855
Fax: +91-22-41268899

NEW DELHI

605 & 608, DDA Building No.2
District Centre, Janakpuri,
New Delhi - 110 058, India
Tel: +91-11-45538800
Fax: +91-11-25616571

GOA

Plot No.L64A
Verna Industrial Estate,
Verna, Salcette - 403 722,
Goa, India
Tel: +91-832-2782613
Fax: +91-832-2782614

BENGALURU

287, 15th Main, RMV Extension,
Sadashiv Nagar,
Near Nagasena School,
Bengaluru - 560 080
Karnataka, India
Tel: +91-80-23619981
Fax: +91-80-23612484

KOLKATA

27-B, Camac Street, 5th Floor,
Kolkata-700 016,
West Bengal, India
Tel: +91-33-22805043
Fax: +91-33-22805046

www.birlaericsson.com

If undelivered please return to :

BIRLA ERICSSON OPTICAL LIMITED

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