

# CRYSTAL CABLES

MD	✓		BKC	✓
CS	✓		DPY	ND
RO	✓		DIV	ND
TRA	✓		AC	✓
AGM	✓	✓	SLI	✓
YE	✓	✓		✓

Annual Report 1997-98

CRYSTAL CABLE INDUSTRIES LTD.

**CRYSTAL CABLES**

**BOARD OF DIRECTORS**

SHRI K. K. DUTT  
*Chairman*

SHRI N. L. GUPTA  
*Vice Chairman & Managing Director*

SHRI V. K. GUPTA  
*Managing Director*

SHRI J GUPTA  
*Jt. Managing Director*

SHRI J. TODI  
*Director*

SHRI M. M. BHAGAT  
*Director*

SHRI C. M. BHCHHAWAT  
*(WBIDC Nominee)*

**AUDITORS**

GHOSH & BASU  
*Chartered Accountants*

**SHARE TRANSFER AGENT**

Computech International Ltd.  
77/2A Hazra Road  
Calcutta - 700 029  
Ph. No. : (033) 476-7350/54

**BANKERS**

BANK OF BARODA  
STATE BANK OF BIKANER & JAIPUR  
STATE BANK OF INDIA

**WORKS**

ANDUL ROAD, P. O. New Kolorah,  
Alampur, Howrah - 711 302  
Ph. No.: (033) 669 0419/669 0720  
          : (033) 669 1584/669 1596/669 2590

**REGISTERED OFFICE**

32, GANESH CHANDRA AVENUE (3rd Floor)  
CALCUTTA - 700 013  
Ph No. : (033) 26 5190/91/92/93/94, 26 6284, 27-7628  
Fax : (033) 225 9841/27 4619  
E-mail : Crystal@wiprobt.ems.vsnl.net.in

**NOTICE TO THE MEMBERS**

Notice is hereby given that the Annual General Meeting of CRYSTAL CABLE INDUSTRIES LTD will be held at The Registered Office at 32, Ganesh Chandra Avenue, Calcutta - 700 013 on Monday, the 26th October, 1998 at 3.00 P.M. to transact the following business :

1. To receive, consider and adopt the Audited Profit and Loss Account for the period ended 30.06.98 and the Balance Sheet as at date and the Reports of the Directors and Auditors thereon.
2. To appoint Director in place of Shri K K Dutt who retires by rotation and being eligible, offers himself for re-election..
3. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS**

4. To consider and if thought fit, to pass, with or without modification(s), the following Resolutions :

**(i) As an ordinary Resolution :**

"RESOLVED that Shri M M Bhagat, an Additional Director of the company, who holds office upto the date of the Annual General Meeting under Article 94 of the Company's Articles of Association, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

**(ii) As a Special Resolution :**

"RESOLVED that pursuant to the provisions of Sections 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) and re-enactment thereof, for the time being in force), the Articles of Associations of the Company be and is hereby altered in the manner stated below :

The following Articles 10A with marginal notes be inserted after the existing Articles No.10.

<p>"Purchase of 10A Company's own shares"</p>	<p>"Notwithstanding anything contained in these Articles, in the event it is permitted by law for a company to purchase its own shares or securities, the Board of Directors may, when and if thought fit, buy back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals as may be permitted by the law."</p>
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**(iii) As an ordinary resolution :**

"RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging by the Board of Directors of the Company of all the immovable and movable properties of the company wheresoever situated, present and future, and the whole of the undertaking of the Company together with power to takeover the management of the business and concern of the Company in certain events, to or in favour of the Industrial Development Bank of India (IDBI) to secure :

**CRYSTAL CABLE'S**

- a) Non Convertible Debenture of the face value of Rs. 200 lakhs (Rupees Two Hundred Lakhs only)

Together with interest thereon at the agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment costs, charges, expenses and other money including any increase as a result of devaluation/revaluation/fluctuation in the rates of foreign currencies payable by the Company to IDBI under its loan Agreement entered into/to be entered into by the company in respect of the said term loans.

RESOLVED Further that the Board of Directors of the company be and is hereby authorised to finalise with IDBI, the documents for creating aforesaid mortgage and/or charge/ modification thereof and to do all such things as may be necessary for giving effect to the above Resolution."

(iv) **As an ordinary Resolution :**

"RESOLVED that, in supersession of the Resolution passed in this regard at the Extra Ordinary General Meeting of the Company held on 1st December 1994 and pursuant to the provisions of Section 293(1)(d) and other applicable provisions of the Companies Act 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow moneys for and on behalf of the Company from time to time as may be deemed requisite and proper for the purpose of the Company on such terms and conditions as the Board may deem fit notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate for the time being of the paidup Capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose; provided that the total amount so borrowed by the Board of Directors and outstanding at any time shall not exceed the limit of Rs. 40.00 Crore (Rupees forty Crore only).

**Registered Office :**

32 Ganesh Chandra Avenue  
3rd Floor  
Calcutta 700 013

By Order of the Board

(N L Gupta)

Dated 2nd September, 1998

**VICE CHAIRMAN & MANAGING DIRECTOR**

**NOTES :**

1. A member entitled to attend and vote is entitled to appoint a proxy, to attend and vote instead of himself and a proxy need not be a member. Proxies, in order to be effective must be received at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Book of the company will be closed from 21st October, 1998 to 26th October, 1998 (both days inclusive)
3. Members are requested to immediately notify change of address if any, to the Share Transfer Agent of the company, M/s. Computech International Ltd., 77/2A, Hazra Road, Calcutta 700 029.
4. An explanatory statement under Section 173 of the Companies Act, 1956 in respect of above items of Special Business is annexed hereto.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956****ITEMS OF SPECIAL BUSINESS**

4. (i) Shri M M Bhagat was appointed as an Additional Director by the Board of the Company with effect from 29th November, 1997. In terms of Section 260 of the Companies Act, 1956 and Article 94 of the Company's Articles of Association, Shri Bhagat holds office as Director upto the date of the ensuing Annual General Meeting but he is eligible for reappointment. As required by Section 257 of the Act, a notice has been received from a member signifying his intention to propose his candidature for the office of Director.

His association with the Company as a member of the Board will be in the interest of the Company.

The Directors recommend that the resolution be adopted.

Except Shri M M Bhagat, none of the Directors of the Company is concerned or interested in the Resolution.

- (ii) Buy back of own shares or other securities convertible into equity shares by the Company is presently not allowed under the Companies Act, 1956. The Central Government is stipulating to lay down the operative provisions to regulate the buy back of shares/securities by Companies. It is, therefore, expected that, in due course of time, the law would be amended to allow such buy back. The Articles of Association of the Company is proposed to be amended by inserting New Article to enable the Company to buy its own shares in the event it is permitted by law. The Board of Directors recommend the passing of the Resolution.

None of the Directors of the Company is concerned or interested in the Resolution.

- (iii) The Company has requested IDBI to subscribe to the proposed issue of Secured Redeemable 18% Non-Convertible Debentures (NCDs) of the face value of Rs. 200 lakhs on Private Placement basis for long term Working Capital financing.

The financial assistance from the above institution has to be secured by the first mortgage of all the immovable and movable properties of the Company, present and future.

Section 293(1)(a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a Public Company shall not, without the consent of such Public Company in general Meeting, sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any undertaking. Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the financial institution may be

**CRYSTAL CABLES**

regarded as disposal of the Company's properties/undertakings, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

Copy of the letter of Intent No. IDBI. ERO. No. 175/PFD.614 (NCD) dated 6th April, 1998 received from IDBI and copies of the relevant documents/correspondence between the said institution and the Company are open for inspection at the Registered Office of the Company between 11.00 A.M. to 1.00 P.M. on any working day prior to the date of the Meeting.

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

- (iv) By a Resolution passed in the Extra-Ordinary General Meeting of the Company held on 1st December, 1994, the Shareholders had accorded their consent to the Board of Directors to borrow moneys in excess of the paid up Capital and free reserves of the Company upto Rs. 20.00 Crores apart from temporary loans obtained from the Company's Bankers in the ordinary course of business. In view of expansion of the business activities, the Company may be required to borrow in future in excess of the said limit. It is therefore proposed to increase the borrowing limit to Rs. 40.00 Crores for the smooth carrying on the business of the Company. Hence the Resolution is being proposed under section 293(1)(d) of the Companies Act, 1956.

The Directors have no interest in the Resolution other than as members of the Company.

**Registered Office :**

32 Ganesh Chandra Avenue  
3rd Floor  
Calcutta 700 013

By Order of the Board

(N. L. Gupta)

**VICE CHAIRMAN & MANAGING DIRECTOR**

Dated 2nd September, 1998

**CRYSTAL CABLES****DIRECTORS' REPORT**

To  
The Members  
**CRYSTAL CABLE INDUSTRIES LIMITED**  
Calcutta

Your Directors take pleasure in presenting their Annual Report together with the Audited Accounts for the period ended 30th June, 1998.

<u>30th June, 1998</u>		<u>31st March, 1997</u>	
Rs.	Rs.	Rs.	Rs.

**FINANCIAL RESULTS**

Gross Profit for the year  
before Financial charges  
and Depreciation

2,14,37,964

1,69,68,610

From which has been deducted

Finance charges

1,68,95,692

85,72,272

Depreciation

20,85,212

46,06,372

Provision for Taxation

—

4,55,000

Transfer to Capital Reserve

12,75,0002,02,55,904—1,36,33,644

Leaving a surplus of

11,82,060

33,34,966

Which has been added  
to the Credit balance  
in the Profit & Loss  
Account brought forward  
from last year

1,24,21,99990,87,033

Making a total surplus of  
to be carried forward to  
Balance Sheet

1,36,04,059

1,24,21,999

**DIVIDEND**

In view of inadequate profits, the Directors regret their inability to recommend any dividend for the period under review.

**CRYSTAL CABLES****OPERATION**

During the period under review Sales Turnover of the company was Rs. 23.15 crores as against Rs. 20.09 crores in the previous year. Net profit has come down to Rs. 11.82 lacs after tax as against Rs. 33.35 lacs in the previous year. The reason for decrease in profit is due to recession the country is passing through at present. The demands for cables have decreased and prices of finished goods have drastically gone down.

**EXPANSION PROGRAMME**

Since reported last, inspite of utmost endeavour on the part of the management to augment the production, the inordinate delay in commencement of commercial operation of the Elastomeric Cables, due to technical snag in horizontal continuous vulcanizer, balancing and process synchronisation, belated sourcing of power from WBSEB, financial tie ups, quality bottlenecks etc have restrained the manufacturing outturn to 22.87 lacs mtrs of cables. Owing to sluggish capital market the demand of underground and elastomeric cables was not encouraging, with the backdrop of all adverse situations, the Board of Directors feel glad to report that your company has attained the activity of Rs. 23.15 Crores during the period.

Our XLPE Cable Project is delayed due to the fact that foreign technicians could not make it convenient to visit the plant as scheduled due to their pre-occupation. However, commercial production of XLPE Cable started from 29th June, 1998.

**PROJECTION & PERFORMANCE**

As per Clause 43 of the Listing Agreement between the Company and the Stock Exchanges where the Company's shares are listed the company has furnished projection for the year 1997-98 in the prospectus dated 29th August, 1995. As against that, the company has achieved the following :

	<b>Projection Rs. in Lacs</b>	<b>Performance Rs. in Lacs</b>
Sales (Net of Excise Duty & Sales Tax)	4298.00	2314.55
Profit before Tax	549.00	11.82
Tax	136.00	—
Profit after Tax	413.00	11.82
E.P.S.	5.58	0.52

The variation in the Projection and Actual Performance is due to technical Snags of Elastomeric Cables, which cause delay in commencement of commercial production of Elastomeric cables and sluggish market condition.

**DIRECTORS**

Shri M. M. Bhagat was appointed as an Additional Director on the Board with effect from 29.11.97 in terms of Articles 94 of the Company's Articles of Associations. He holds office till the date of ensuing Annual General Meeting. The Company has received notice u/s 257 of the Companies Act 1956 proposing his candidature for the office of Director and he is eligible for re-appointment.

In terms of Section 256 of the Companies Act, 1956, Shri K. K. Dutt retires from the Board by rotation and being eligible, offers himself for re-election.

**AUDITORS :**

The Company's Auditors, M/s. Ghosh & Basu, Chartered Accountants, retire as Auditors of the company and being eligible, offer themselves for re-appointment.



**CRYSTAL CABLES****AUDITORS' REPORT :**

The observation made in the Audit Report are dealt with separately, in the notes on accounts (Schedule-XIV) which are self explanatory and necessary steps are being taken in respect of cost accounting records as mentioned in clause (II) of the Auditors report and regarding internal audit vide clause (XV) of the said report.

**PUBLIC DEPOSITS :**

The amount of deposit as on 30th June 1998 was Rs. 87.87 lakhs and on the date the amount of deposit matured for repayment but not claimed was Rs. Nil.

**PARTICULARS OF EMPLOYEES :**

Particulars as required under Section 217 (2A) of the Companies Act, 1956, and the Rules made thereunder, particulars of Employees concern are given in Annexure 'B', which is attached hereto and forms a part of the Directors' Report.

**CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGOINGS :**

In terms of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgoings are given in Annexure 'A' which forms a part of this Report.

**INDUSTRIAL RELATIONS :**

The relation with the workmen at the company's factory during the period remained peaceful and cordial.

**ACKNOWLEDGEMENT :**

Your Directors wish to place on record their grateful appreciation for the continued assistance and help given by IBDI and the Bank of Baroda and State Bank of Bikaner of Jaipur. The Directors have pleasure in recording their appreciation for the services of the staff members at all levels.

By Order of the Board

**K K DUTT**  
Chairman

Calcutta.

Dated the 2nd day of September, 1998

**ANNEXURE 'A'**

**INFORMATION AS PER SECTION 217(1) (E) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE PERIOD ENDED 30TH JUNE, 1998**

**1. CONSERVATION OF ENERGY****a) Energy Conservation measures Taken :**

Improvement of power factor through Capacitor Bank and Through servicing of Diesel Gen Sets to improve the efficiency of Gen Sets

Arrangement of using natural sunlight in the shop floor during day shift and thereby conservation of power during day shifts. Besides, rearrangement of lighting loads and eliminating of redundant light and fan loads.

**b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :**

Proposals are under consideration for installation of some energy saving devices like electronic ballasts, alternators etc.

**c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on cost of production of goods :**

As a result of corrective measures already taken, energy consumption has been kept within control.