

CRYSTAL CABLES

REPORT AND ACCOUNTS 2004

CRYSTAL CABLE INDUSTRIES LTD.

CRYSTAL CABLES

BOARD OF DIRECTORS

SHRI N. L. GUPTA
Vice Chairman & Managing Director

SHRI V.K. GUPTA
Managing Director

SHRI J. GUPTA
Jt. Managing Director

SMT. SAMPA CHATTERJEE
Nominee of IDBI

SHRI A.K. ROY
Director

SHRI G. RAHA
Director

SHRI S.N. GOSWAMI
Director

AUDITORS

GHOSH & BASU
Chartered Accountants

BANKERS

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

SHARE TRANSFER AGENT

MCS LIMITED
77/2A, HAZRA ROAD, KOLKATA - 700 029
PHONE : (033) 2476 7350/54

WORKS

ANDUL ROAD, P.O. NEW KOLORAH, ALAMPUR, HOWRAH - 711 302
PHONE : (033) 3093 1144/45/46/47, FAX : (033) 26690419

REGISTERED OFFICE

32, GANESH CHANDRA AVENUE
3RD FLOOR, KOLKATA - 700 013
PHONE : (033) 3093 0442/43/44/45
FAX : (033) 22159841
E-mail : crystalcable@vsnl.com

CRYSTAL CABLES**NOTICE TO THE SHAREHOLDERS**

Notice is hereby given that **ANNUAL GENERAL MEETING** of the members of **CRYSTAL CABLE INDUSTRIES LTD.**, will be held at its Registered office : 32, Ganesh Chandra Avenue, 3rd floor, Kolkata - 700 013 on Wednesday, the 29th December 2004 at 3.00 p.m. to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2004 and the Balance Sheet as at that date and the Report of Directors and Auditors thereof.
2. To appoint a Director in place of Mr. N.L. Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

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

As an Ordinary Resolution :

"RESOLVED THAT Shri A.K. Roy an Additional Director of the Company who holds office upto the date of Annual General Meeting under Article 94 of the Company's Articles of Association, be and is hereby reappointed as 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 Shri Goutam Raha an Additional Director of the Company who holds office upto the date of Annual General Meeting under Article 94 of the Company's Articles of Association, be and is hereby reappointed as Director of the Company, liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modifications, the following Resolution :-

As an Ordinary Resolution :

"RESOLVED THAT Shri Shankar Nath Goswami an Additional Director of the Company who holds office upto the date of Annual General Meeting under Article 94 of the company's Articles of Association, be and is hereby reappointed as Director of the company, liable to retire by rotation."

Registered office :
32, Ganesh Chandra Avenue
3rd floor
Kolkata - 700 013
Dated : 6th October, 2004

By Order of the Board

N.L. GUPTA
(Vice Chairman & Managing Director)

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NOTES :

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not to be a member of the Company.
2. The instrument appointing a proxy must be deposited with the Company at its registered office not less than 48 hours before the time for holding the meeting.
3. **MEMBERS ARE REQUESTED TO :**
 - a) Bring their copies of the Annual Report at the time of attending the Annual General Meeting.
 - b) Send their questions 7 days in advance before the Annual General Meeting about any further information in accounts so as to enable the Company to answer their question.
4. Members attending the meeting are requested to complete the enclosed slip and deliver the same at the entrance of the meeting hall.
5. All documents referred to in the notice and Explanatory Statement are available for inspection at the Registered Office of the Company during the Business Hours on all working days of the company upto the date of AGM.
6. Members are requested to immediately notify change of address if any, to the Shares Transfer Agent of the Company. M/s. MCS Ltd. 77/2A, Hazra Road, Kolkata - 700 029.
7. The Register of Members and the Share Transfer Books of the Company will remain closed from 23rd December 2004 to 29th December 2004 (Both days Inclusive).

CRYSTAL CABLES**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM OF SPECIAL BUSINESS****ITEM NO. 4**

Shri A.K. Roy was appointed as an Additional Director on the Board of the Company with effect from 22nd October, 2003 in terms of Section 260 of the Companies Act, 1956 and Article 94 of the Company's Articles of Association. Mr. A.K. Roy holds office as Director upto the date of ensuring Annual General Meeting but he is eligible for re-appointment. A notice has been received from a member signifying his intention to propose his candidature for the office of the Director. The Board considers that it is in interest of the Company to continue to have the benefit of rich experience and expertise of Mr. A.K. Roy.

Except Shri A.K. Roy, none of the Directors of the company is concerned or interested in the Resolution.

The Directors recommended the Ordinary Resolution for your approval.

ITEM NO. 5

Shri Goutam Raha was appointed as an Additional Director on the Board of the Company with effect from 24th March, 2004. In terms of Section 260 of the companies Act, 1956 and Article 94 of the Company's Articles of Association. Mr. Goutam Raha holds office as Director upto the date of ensuring Annual General Meeting but he is eligible for reappointment. A notice has been received from a member signifying his intention to propose his candidature for the office of the Director. The Board considers that it is in interest of the Company to continue to have the benefit of rich experience and expertise of Mr. Goutam Raha.

Except Sri Goutam Raha, none of the Director of the Company is concerned or interest in the Resolution.

The Director recommended the Ordinary Resolution for your approval.

ITEM NO. 6

Shri Shankar Nath Goswami was appointed as an Additional Director on the Board of the Company with effect from 24th March, 2004. In terms of Section 260 of the Companies Act, 1956 and Article 94 of the Company's Articles of Association. Mr. Shankar Nath Goswami holds office as Director upto the date of ensuring Annual General Meeting but he is eligible for reappointment. A notice has been received from a member signifying his intention to propose his candidature for the office of the Director. The Board considers that it is in interest of the company to continue to have the benefit of rich experience and expertise of Mr. Shri Shankar Nath Goswami.

Except Sri Shankar Nath Goswami, none of the Director of the Company is concerned or interest in the Resolution.

The Director recommended the Ordinary Resolution for your approval.

CRYSTAL CABLES**DIRECTOR REPORT AND MANAGEMENT DISCUSSION ANALYSIS**

To
The Members
CRYSTAL CABLE INDUSTRIES LIMITED
Kolkata.

Your Directors present herewith their Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2004.

The Financial Results are stated hereunder :	<u>31.03.2004</u>	<u>31.03.2003</u>
Loss before interest depreciation & Extra-ordinary item	(20649195)	(14646865)
Add Financial Charges	(53326075)	(47632677)
	(73975270)	(62279542)
Add Depreciation	(15949135)	(15911239)
	(89924405)	(78190781)
Less Extra-ordinary items	---	4648913
	<u>(89924405)</u>	<u>(73541868)</u>

REVIEW OF PERFORMANCE

During the year 2003-04, the Company has incurred a loss of Rs. 899.24 lacs as compared to Rs. 735.42 lacs in the previous year. There was a fall in production by 14.78%, compared to last year due to lower demand in power cable industry. Further Raw material consumption showed an increase of 4.11% because of hike in prices of raw materials, power generation hike due to repeated increase in the tariff. The sales for the year showed an increase of 2.28% over last year because of execution of some of the remunerative orders generating higher contribution.

During the year under review the entire power cable industry continued to reel under low demand with stiff competition & increase in input costs resulting in further squeeze in already depleted margins. In such a situation your company sometimes was forced to execute even unremunerative orders in order to keep the concern going with the expectation that the Company would reap the advantage as soon as the Cable Industry would be out of recession.

Keeping in view the high demand in core industry like Cable, Cement, Steel etc. the Company is optimistic to perform well during the current year.

The Company is trying to expand its market in order to improve its contribution & sale to navigate the low demand factor in the power industry. As part of its strategic planning, the Company is trying to increase the Sale of its PVC Insulated Cable which has a low Debtor turnover ratio, even though contribution are lower, in order to smoothen its cash flow & reduce the interest burden.

During the year outstanding balances of loans has been re-instead as per the IDBI statement subject to the year wise confirmation and reconciliation which contribute to higher financial charges in comparison to previous year in financial statement. As rate of interest has been taken at higher rate by 'IDBI' between 18-20% for which company has made representation before IDBI for charging interest at PLR+3% as per terms of the agreement during the time of discussion of final Techno-Economic feasibility Study Report and the IDBI in principle agreed to reduce the interest rate to 10.50% w.e.f 31.03.04.

In sustaining its business & expansion, the major threat is paucity of Working Capital, which we hope, will gradually improve in its availability. This hampers the steps for taking up aggressive marketing efforts & infrastructural facilities. During the year under review the Bureau of Indian Standard grants the company revised licence bearing number IS/ISO9001. 2000 in respect of the products or processes of the manufacture and supply of PVC cables and XLPE cable.

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ENERGY CONSERVATION ETC.

Particulars of conservation of energy, technology absorption, foreign exchange earnings & outgo as required under Section 217(1)(e) of the Companies Act, 1956 are mentioned in the Annexure A to this report.

CORPORATE GOVERNANCE CODE

The Corporate Governance code as contained in the listing agreement with the Stock Exchange has become applicable to the Company. Necessary Steps are being taken for ensuring the compliance of the code. A separate report on Corporate Governance is annexed & forms an integral part of this report.

DIRECTORS

Shri D. Chakraborty, resigned from the directorship of the Company during the year. The Board of Directors place on record their sincere appreciation for the valuable contribution made by the outgoing director during their association with the Company.

Smt. Sampa Chatterjee was appointed as nominee director in place of Sri D. Chakraborty w.e.f 8th June 2004. Shri Goutam Raha and Sri S.N. Goswami were appointed as additional directors effective from 24.03.2004 will hold office till the next Annual General Meeting.

Notice pursuant to section 257 of the Companies Act, 1956 have been received from Members proposing the candidature of Shri G. Raha & Shri S.N. Goswami as directors at the ensuing AGM. In accordance with the provisions of companies Act, 1956. Shri N.L Gupta retire by rotation and being eligible for Re-appointment.

AUDITORS

M/s. Ghosh & Basu, Statutory Auditors of the Company will retire at the ensuing Annual General Meeting & are eligible for re-appointment. The appointment or re-appointment of the Auditors & their remuneration are to be considered by the members at the AGM.

AUDITORS REPORT

The Board is already conscious about the certain comments observed by the Auditor in their Report. The Board is taking necessary steps to ratify the same.

INTERNAL CONTROL SYSTEM

The Company is constantly endeavouring to improve the standards of internal control in various areas. The existing set up of the internal control system is commensurate with the size of the Company's operations & nature of its business. However, realising the significance of the contribution that sound internal control systems can make to any organisation. The Company is taking steps to further strengthen the internal control system.

DIRECTOR'S RESPONSIBILITY STATEMENT

In accordance with the provisions of section 217 (2AA) of the Companies Act 1956. The Directors state that :

- i) that in the preparation of the accounts, the applicable accounting standards, subject to remarks made in the Annexed Auditors' Report, have been followed along with proper explanation relating to material departures wherever necessary as have been embodied in Schedule XV of the Accounts hereto.
- ii) that such accounting policies subject to above, made have been selected and applied consistently and judgements made and estimates done that are felt to be reasonable and prudent under the given circumstances so as to give a true and fair view of the state of affairs of the Company at the end of the period under review and of loss of the Company for that period.
- iii) that proper and sufficient care have been taken or are in the process of being taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities thereof to the extent possible.

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iv) that the accounts have been prepared on a going concern basis.

BIFR

The Company being declared become a Sick Company within the meaning of section 3(1)(0) of Sick Industrial Companies (special provision) Act 1985 vide BIFR order no 309/2001 dt. 30.06.2003. The BIFR has appointed IDBI as Operating Agency (OA), fixing the cut-off date for preparation of a restructuring scheme on 30.09.2003.

As directed by BIFR, a Techno Economic Viability Study (TEVS) was carried out by Techman Consultants, Kolkata and its final report was received on February 2004. A joint meeting of banks/ institution & others concerned parties held on 17.09.04 to discuss rehabilitation proposal submitted by the company based on the recommendation of the TEVS. The proposal was discussed at length and IDBI was in-principle agreeable to provide certain reliefs and concessions which includes fixing of cut-off date as March 31, 2004, 50% of simple interest & entire compound interest & liquidated damages as on cut-off date aggregating Rs. 1713 lacs to be waived, rate of interest on o/s loan amount (Rs. 1723 lacs) to be reduced from 18% p.a. to 10.50% w.e.f cut-off date.

Other institutions / banks have also agreed to consider providing relief in some other form to the company.

EMPLOYEES

There are no employees falling under provisions of Section 217(2A) of the Companies Act, 1956.

Your Directors express their thanks to employees at all levels, who have extended their continued co-operation to the management during the year under review.

LISTING ARRANGEMENTS

The company's shares are listed on Calcutta, Mumbai, Delhi and Ahmedabad stock exchange. The Annual Listing Fee in respect of all stock exchange is due since 2000-01.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their grateful appreciation of all individual & institutes associates with the Company.

By Order of the Board

Place : Kolkata
Dated : 6th October, 2004

N.L. GUPTA
Vice Chairman & Managing Director

CRYSTAL CABLES**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 YEAR ENDED 31ST MARCH, 2004.

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

Improvement of power factor through Capacitor Bank and using synchronising relays and change over switches 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 elimination of redundant light and fan loads.

Installation of some energy saving devices like electronic ballasts, alternators etc.

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

Proposals are under consideration for installation of capacitor at user point i.e. with individual drive at the machine.

Rearrangement in distribution system for getting more efficiency from Captive Generating Sets.

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.

A. POWER AND FUEL CONSUMPTION**1. Electricity :**

	2003-04	2002-03
a) Purchased Unit (in thousands)	447.90	451.32
Total Amount (Rs. in Lacs)	25.99	23.02
Rate / Unit (Rs.)	5.80	5.10
b) Own Generation		
i) Through Diesel Generator unit (in thousand)	604.63	637.38
Unit per Ltr. of Diesel Oil	3.11	2.70
Cost per Unit (Rs.)	5.90	6.86
ii) Through Steam Turbine / Generator Unit		
Unit per Ltr. of Fuel Oil Gas	-	-
Cost per Unit (Rs.)	-	-

2. Coal (Steam used for generation of steam in boiler)

Qty (Tonnes)	-	-
Total cost (Rs. in Lacs)	-	-
Avg. Rate (Rs.)	-	-

3. Superior Keroshine Oil

Qty. (K. Ltr)	139.40	50.97
Total amount (Rs. in Lacs)	23.70	7.59
Avg. Rate (Rs.)	17.00	17.00

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	2003-04	2002-03
4. HSD Oil		
Qty. (K Ltr.)	55.20	109.70
Total Cost (Rs. in Lacs)	12.47	35.73
Rate / Ltr. (Rs.)	22.59	20.24
B. Consumption per unit of production		
Product (Cable)		
Electricity (Units / Kmtr.)	N.A.	N.A.
Furnace Oil Lit	-	-
Coal (Steam) Kgs	-	-
II. TECHNOLOGY ABSORPTION		
Efforts made in technology absorption as per Form-B of the Annexure to the Rules.		
1. Research & Development (R & D)		
a) Specific areas in which R & D carried out by the Company	-	-
b) Benefits derived as a result of the above R & D	-	-
c) Future plan of action	-	-
d) Expenditure of R & D (Rs. in Lacs)	-	-
2. Technology absorption, adaptation & innovation :		
a) Efforts in brief, made towards technology absorption adaptation and innovation	-	-
b) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product substitution etc.	-	-
c) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year)	-	-
III. FOREIGN EXCHANGE EARNINGS AND OUTGO :		
a) Total foreign exchange earned (Rs. in Lacs)	257.00	5.74
b) Total foreign exchange used (Rs. in Lacs)	27.09	99.25

By Order of the Board

Place : Kolkata
Dated : 6th October, 2004

N.L. GUPTA
(Vice Chairman & Managing Director)