



**REPORT
AND
ACCOUNTS
2007**

CRYSTAL CABLE INDUSTRIES LTD.

CRYSTAL CABLES

BOARD OF DIRECTORS

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

MS. RADHIKA GUPTA
Director

AUDITORS

GHOSH & BASU
Chartered Accountants

BANKERS

BANK OF BARODA
STATE BANK OF BIKANER & JAIPUR

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) 2669 4998 / 4999, FAX : (033) 26690419
E-mail : crystal_factory@vsnl.com

REGISTERED OFFICE

32, GANESH CHANDRA AVENUE
3rd. FLOOR, KOLKATA - 700 013
PHONE : (033) 2215 7712 / 13, FAX : (033) 22159841
E-mail : crystalcable@gmail.com
Webside : crystalcableindustries.com

CRYSTAL CABLES**NOTICE TO THE SHAREHOLDERS**

Notice is hereby given that the ANNUAL GENERAL MEETING of the members of CRYSTAL CABLE INDUSTRIES LIMITED, will be held at its Registered-office at 32, Ganesh Chandra Avenue, 3rd Floor, Kolkata -700013 on Saturday, the 29th September 2007 at 3:00 p.m. to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2007 and the Balance Sheet as at that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Jyoti Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Ms. Radhika Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Ghosh & Basu, Chartered Accountants, as the Auditors of the company and to fix their remuneration.

NOTES :

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his behalf and the proxy need not be a member of the Company.
2. The Instrument appointing a proxy must be received by the Company at its registered office not less than 48 hours before the time fixed for holding the meeting.
3. Members are requested to bring their copies of Annual Report at the time of attending the Annual General Meeting and send their queries relating to the accounts 10 days in advance before the Annual General Meeting.
4. Members / Proxies attending the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
5. All documents referred to in the Notice is available for inspection at the registered office of the company during the normal business hours on all working days of the company up to date of the Annual General Meeting.
6. Members are requested to immediately notify change of address if any, to the share 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 Book of the company will remain closed from 23rd September, 2007 to 29th September, 2007 (both days inclusive).

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Item No. 2 & 3

DETAILS OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT IN THE THE FOR THE COMING ANNUAL GENERAL MEETING

Name of the Director	Mr. Jyoti Gupta	Ms. Radhika Gupta
Date of Birth	18.05.1962	17.10.1985
Date of Appointment	01.04.2003	27.01.2007
Qualification	B.Com	B.Com
Experties in specifics functional areas	Marketing and Finance	Marketing
Shareholding of Non-executive Director	Not Applicable	Nil
Other Companies in which Directorship held	Four	Nil
Chairman/Member of the Committees of the Board of other Companies on which he is a Director	Nil	Nil

Except Mr. Jyoti Gupta and Ms. Radhika Gupta, none of the Directors of the Company is interested in the resolutions.

The Board recommends the resolutions for your approval.

Registered Office

32, Ganesh Chandra Avenue

3rd Floor, Kolkata - 700 013

Dated - 6th September, 2007

By the order of the Board

V. K. GUPTA

Managing Director

CRYSTAL CABLES**DIRECTORS' REPORT AND MANAGEMENT DISCUSSION ANALYSIS**

To

The Members

CRYSTAL CABLE INDUSTRIES LIMITED

Kolkata.

Your Directors are pleased to present herewith the Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2007.

FINANCIAL HIGHLIGHTS

The Financial Results are stated hereunder : (Figures in Rs.)

	<u>31.03.2007</u>	<u>31.03.2006</u>
Profit / (Loss) before interest, depreciation & Provision Extra-ordinary item	61244053	39742411
Less : Financial Charges	38947776	(54120754)
	<u>22296277</u>	<u>(14378343)</u>
Less : Depreciation	16660417	(16344109)
	<u>5635860</u>	<u>(30722452)</u>
Less : Provision for Fringe Benefit Tax	228175	(288993)
Net Profit / (Loss)	<u>5407685</u>	<u>(31011445)</u>
Add : Income form consultancy / service	3000000	--
Profit / (Loss) Before Application	<u>8407685</u>	<u>(31011445)</u>
 Add : Deficit brought forward	 (477104923)	 (446093478)
Deficit carried to Balance-Sheet	<u>(468697238)</u>	<u>(477104923)</u>

DIVIDENDS

Due to the meage profit no dividend is recommended.

REVIEW OF PERFORMANCE

Your Company has shown a vastly improved performance during the year and has after a long gap come into profits mainly due to a much improved market condition. During the year the Company could achieve a profit of Rs. 84.08 lacs as against a loss of Rs. 310.11 lacs in the previous year. The sales for the year showed an increase of 20.37% over the previous year.

Your Directors feel that this improved market scenario will continue in the coming years. With the Indian economy on the upsurge, investment in infrastructure and power will continue which will enable your Company to turn out better results. As informed earlier your Director feel that with the full utilization of th plant capacity, the Company will be able to wipe out the accumulated losses in the coming years barring unforeseen circumstances.

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The economic boom in the country and reduction in import tariffs has made India an attractive destination for many MNCs which has increased the competition amongst cable manufacturers. The rise in prices of raw materials and working capital constraints are threats perceived by the Company. However, your Company has geared up to face such challenges with focus on various aspects of marketing.

In view of non-sanction of additional funds by the Company's bankers, the Company is constrained to resort to short-term bill discounting at higher rates than bank finance.

ENERGY CONSERVATION ETC.

Particulars of conservation of energy, technology absorption, foreign exchange earnings & outgo as required under Section 27(1)(e) of the Companies Act, 1956 are mentioned in the Annexure A to this report.

DIRECTORS

Mr. Jyoti Gupta and Ms. Radhika Gupta retire by rotation at the Annual General Meeting and being eligible offer themselves for re-appointment. The Board recommends their reappointment.

AUDITORS

M/s. Ghosh & Basu, Chartered Accountants and Statutory Auditors of the Company will retire at the conclusion of the Annual General Meeting and being eligible offer themselves for re-appointment.

AUDITORS' OBSERVATION

The information and or explanation or some reservation / qualification / adverse remarks in the Audit Report is as below. Other observation of the Auditors are self explanatory :

- 1) As explained in Note 1 in Schedule xvi, interest reduction on Stressed Assets Stabilisation Funds (SASF) dues as per CDR approval for restructuring package have been considered in the accounts based on the sanction letter (issued subsequent to CDR approval) by SASF for terms contained in CDR approval. Therefore, Auditors' observations relating to effects of CDR approval considered in accounts pending execution of the Master Restructuring Agreement (MRA), non-provision of penal interest and liquidated damages on SASF dues, non provision of interest of Rs. 183.56 lacs on Non Convertible Debentures (NCD), non-provision of interest of on Cumulative Redeemable Preference Shares (CRPS) are to be read in that context. Earmarking of Term Loan and NCD for Equity and CRPS under of sanction from SASF have been explained by way of notes under Secured Loans. Interest on NCD have been included under Interest on Term Loan.
2. As explained in Note No.1 in Schedule XVI, Industrial Development Bank of India (IDBI) per its letter dated 20.12.2004 has absolutely transferred on 30.09.2004 to SASF, the facilities extended to the Company together with all underlying security interests thereto and all of IDBI's right, title and interest in all agreements, deeds and documents in relation to or in connection with the said facilities and therefore to the SASF has become the lender in place of IDBI. Therefore, Auditors' reference to IDBI is to be read in that context.
3. The Company is regular in maintaining inventory records including reconciliation of sale quantity with dispatches. However, maintenance of records for stage wise evaluation of work-in-progress does pose practical difficulties which is in the process of resolution.

RISK MANAGEMENT

On a periodic basis, risks due to external and internal factors are assessed by responsible persons across the organization to facilitate proactive risk management within respective areas of operations. Risks are also assessed while evaluating any new plan or policy to facilitate remedial measures in time.

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INTERNAL CONTROL SYSTEMS

The Company has adequate system of internal control in various areas. 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. Internal control systems are also monitored by the Internal Auditors.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) That in the preparation of the accounts, the applicable accounting standards, has been followed along with proper explanation relating to material departures, if any.
- ii) That such accounting policies have been selected and applied consistently and judgements made and estimates done that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- ii) That proper and sufficient care have been taken and further improvements are in the process of being made 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.
- iv) That the accounts have been prepared on a going concern basis.

BIFR

As informed earlier the Company became 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), and a rehabilitation proposal was submitted by the Company to the OA.

In order to improve the Company's financial health, reduce debt servicing obligations and strengthen the capital structure as for early finalisation of the rehabilitation plans, SASF made a reference to the Corporate Debt Restructuring (CDR) forum. The final proposal envisaging restructuring of the debts of the Company was approved at the CDR Empowered Group meeting held on 4th January, 2006 based on which the net worth of the Company is expected to turn positive within four years of implementation of the restructuring proposal. The cut-off date in the proposal approved by CDR is 31.12.2005. The proposal is at an advanced stage of implementation. In view of the above, the financial statements have been prepared on a going concern basis.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

One of the greatest assets of the Company is the experience and skills of its employees. The Company has laid major emphasis on acquiring, maintaining and developing its human assets base. The employees at all levels have actively participated in the effort to sustain and improve the performance of the company in its on going difficult times. The Company had 162 nos. of employees at the end of March, 2007.

SECTION 217(2A) OF COMPANIES ACT

There are no employees falling under the 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.

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LISTING AGREEMENT

Trading of the company's shares remain suspended at Calcutta, Mumbai, Delhi and Ahmedabad Stock Exchanges. The annual listing fees in respect of Mumbai and Delhi Stock Exchange is due since 2000-2001 and in respect of Ahmedabad Stock Exchange is due since 1999-2000. The listing fee of Calcutta Stock Exchange is due for the current year.

OTHER STATUTORY INFORMATION

Statutory information, and our report on Corporate Governance form part of this report as per requirement of Companies Act and Clause 49 of Listing Agreement and are annexed hereto.

CAUTIONARY STATEMENT

This report includes forward looking statements that involve risks and uncertainties. Actual result might differ materially from those expressed or implied in forward-looking statements.

ACKNOWLEDGEMENTS

Your Directors wish to place in records their grateful appreciation and valuable cooperation and support received by the company from its Bankers, Financial Institutions, Shareholders, concerned Government Departments and Employees.

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By Order of the Board

Place : Kolkata
Dated : 6th September, 2007

V.K. GUPTA
Managing Director

CRYSTAL CABLES**ANNEXURE - 'A'**

INFORMATION AS PER SECTION 217(1)(E) READ WITH THE 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, 2007.

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 in 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	2006-07	2005-06
1. Electricity :		
a) Purchased Unit (in thousands)	974.80	982.47
Total Amount (Rs. in Lacs)	49.36	54.05
Rate / Unit (Rs.)	5.06	5.50
b) Own Generation		
i) Through Diesel Generator unit (in thousand)	310.90	456.86
Unit per Ltr. of Diesel Oil	2.45	2.42
Cost per Unit (Rs.)	14.01	12.13
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 (Tones)	-	-
Total cost (Rs. in Lacs)	-	-
Average Rate (Rs.)	-	-
3. Light Diesel Oil		
Qty. (K. Ltr)	21.41	108.99
Total amount (Rs. in Lacs)	07.29	28.08
Average Rate (Rs.)	34.07	25.76

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2005-06 2004-05

4. HSD Oil

Qty. (K Ltr.)	143.00	113.00
Total Cost (Rs. in Lacs)	48.88	36.17
Rate / Ltr. (Rs.)	34.18	32.01

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)	Nil	Nil
b) Total foreign exchange used (Rs. in Lacs)	340.19	223.92

By Order of the Board

Place : Kolkata
Dated : 6th September, 2007

V. K. GUPTA
Managing Director