

13th
ANNUAL REPORT
 1997-98

MD	✓	BKC	✓
CS	NA	FFY	NA
RO	✓	FW	NA
TRA	NA	AC	✓
AGM	✓	SH	✓
YE	✓		✓

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KARUNA CABLES LIMITED



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13th ANNUAL REPORT

1997-98

BOARD OF DIRECTORS

Dr MAHENDRA C SHAH	<i>Managing Director</i>
Sri KIRTI C SHAH	<i>Whole Time Director</i>
Sri CHANDRAKANT N PATWA	<i>Whole Time Director</i>
Sri JASWANT C SHAH	<i>Whole Time Director</i>
Sri B.R. SETH	<i>Director</i>
Sri RAJENDRA J SHAH	<i>Director</i>
Sri S.R. MAHAJANI	<i>Director</i>
Sri PRAKASH D SHAH	<i>Director</i>

AUDITORS

M/S VARADACHARY & CO.,
CHARTERED ACCOUNTANTS
10, ABIDS SHOPPING CENTRE
HYDERABAD - 500 001

BANKERS

STATE BANK OF INDIA
COMMERCIAL BRANCH
SECUNDERABAD - 500 003

REGD. OFFICE & FACTORY

102A, SRI VENKATESHWARA COOPERATIVE INDUSTRIAL ESTATE
BOLLARAM VILLAGE, TALUK NARSAPUR
DISTRICT MEDAK, ANDHRA PRADESH



DIRECTORS REPORT

To the Members,

Your Directors have pleasure in presenting the THIRTEENTH ANNUAL REPORT together with the Audited Statement of Accounts for the period ended 30th June, 1998.

1. Financial Results

	Period ended 30.06.1998 (15 months period)	Year ended 31.03.1997
	(Rs in lakhs)	(Rs in lakhs)
Net Sales/Income from operations	2104.03	1237.02
Other Income	15.50	7.00
	<u>2119.53</u>	<u>1244.02</u>
Total Expenditure	2040.73	1163.93
Gross Profit	78.80	34.53
Interest	44.15	45.60
Depreciation	17.99	11.66
Net Profit	16.66	12.72
Provision for taxation	1.43	3.00
Profit after Taxes	15.23	9.72
Paid up equity share capital	754.03	754.00
Reserves & Surplus	62.08	53.43

2. DIVIDEND

Your Company has made profit of Rs 15.23 lakhs during the period under review. As management wishes to plough back the profits considering the working capital requirements of the Company, the Board of Directors express their regret for not recommending any Dividend.

3. OPERATIONS

Your Directors are happy to inform you that the Accounts of your Company have been compiled for 15 months period commencing from 1.4.97 to 30.6.98 and that the Company's turnover during the period has registered an increase of Rs.875.51 lakhs from Rs.1244.02 lakhs to Rs.2119.53 lakhs. The profit after tax is Rs.15.23 lakhs.

4. EXPANSION PROJECT

In order to expand the production capacity at Hyderabad unit, the Company had placed orders for additional machinery, out of which 2 wire drawing machines and 1 bull block machine have been received and commissioned during the period under review.

Wada project has been kept in abeyance for the time being as the balance call money on the share capital allotted is not forthcoming in view of the slack capital market conditions.

5. ACHIEVEMENTS & FUTURE OUTLOOK

Your Directors are pleased to inform that during the period under review, your Company has successfully executed the following orders:

1. Order for supply of 500 KVA lines of 532.534 kms ACSR Bersimis Conductors worth Rs.10.34 crores.
2. The balance portion of the deemed export order from TNEB for 3.87 Crores.
3. Order from TNEB towards supply of ACSR Panther Conductor worth Rs. 3.51 crores.

The order from Grid Corporation of Orissa which was expected to be bagged by the company was not received as the tender itself has been suspended.

For the current year, the Company has orders on hand worth Rs.8 to 9 crores approximately.

The Company has been tying up working capital finance to the tune of Rs 16 crores from a consortium of banks lead by State Bank of India. The Company will take up with the other banks, once the existing bankers assess the limits.

6. PROMISES vs PERFORMANCE

As required by clause 43 of the listing agreement, the comparison of actual performance for the period ended on 30.06.98 with the financial projections made in the letter of offer dated 22.03.1996 is furnished below-

	(Rs. in lakhs)	
	Projections for the period ending 30.06.98	Actual
Sales	6670.72	2104.03
Other Income	—	15.50
Profit before Tax	805.18	16.66
Net Profit	510.18	15.23

The projected figures includes the turnover of both the plants i.e.; at Hyderabad and at Wada. However, since the Wada project has been kept in abeyance on account of non receipt of call money, being one of the means of finance, the actual turnover is less than projected.

7. FIXED DEPOSITS

During the year under review, the Company has accepted deposits from Directors only which is covered under exemption of Companies (Acceptance of Deposits) Rules, 1975 and hence provisions of Section 58-A of the Companies Act, 1956 does not attract.

8. DIRECTORS

In accordance with the requirements of the Companies Act, 1956 and Articles of Association of the Company Sri B.R.Seth and Sri Rajendra J Shah, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

9. AUDITORS

M/S Varadachary & Co., Chartered Accountants, Auditors of the Company will retire at this Annual General Meeting and being eligible, offer themselves for re-appointment.

10. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO

Information relating to Energy, Conservation, Technology absorption and Foreign Exchange Earnings and Outgo as required pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 and forming part of the Directors Report is enclosed at Annexure.

11. EMPLOYEES

The Company does not have any employees drawing remuneration in excess of the ceilings stipulated in Section 217 (2A) of the Companies Act, 1956.

12. LABOUR RELATIONS

The Labour relations during the year under review continued to remain cordial.

13. ACKNOWLEDGEMENTS

Your Directors acknowledge with gratitude the co-operation and assistance extended by State Bank of India - Bankers to the Company.

Your Directors wish to thank the concerned departments of the State and Central Departments, Maharashtra State Electricity Board, Andhra Pradesh State Electricity Board, Power Grid Corporation of India, Tamil Nadu Electricity Board for their support and patronage extended to the Company and would look forward for their continued support.

(BY ORDER OF THE BOARD)

Hyderabad
26.11.98

Dr. MAHENDRA.C.SHAH
MANAGING DIRECTOR

ANNEXURE TO DIRECTORS REPORT

Information as per Section 217 (1) (e) of Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors Report.

A. Energy Conservation

The Company is making all round efforts for the conservation of energy. To reduce energy cost, energy efficient equipment were used and the effect of the same has been felt. Total energy consumption and energy consumption per unit of production are prescribed in Form "A"

	Period ended 30.06.1998	Year ended 31.03.1997
I Power Consumption		
1) Electricity		
a) Purchased (units in lakhs)	2.68,022	1,34,670
Total amount (in Rs.)	12,05,740	6,80,709
Rate per unit (in Rs.)	4.50	5.05
b) Own generation through Diesel Generator (Units)	25,680	47,018
Total Amount (in Rs)	1,03,104	1,58,621
Cost per unit (in Rs)	4.01	3.37

B. TECHNOLOGY ABSORPTION

Indigenous technology only is used. Continuous efforts are being made to improve the quality of Conductors in terms of Conductivity, resistance etc., by our R & D team.

C. FOREIGN EXCHANGE EARNINGS & OUTGO

The Company executed Deemed Export Order under ADB loan to Tamil Nadu Electricity Board. Total Foreign Exchange Used & Earned :

Foreign Exchange Used	NIL (Rs 59.76 lakhs)
Foreign Exchange Earned	Rs 340.58 lakhs (Rs 18.84 lakhs)