

18th

ANNUAL REPORT

2002-2003

"CERTIFIED TRUE COPY."

For KARUNA

DIRECTOR

KARUNA CABLES LIMITED

KARUNA CABLES LIMITED**18th ANNUAL REPORT****2002 - 2003****BOARD OF DIRECTORS****Dr. MAHEDNRA C. SHAH****Sri .N.S RANGNATH****Sri. KIRTI C. SHAH****Sri. JASWANT C. SHAH****Chairman & Managing Director****Additional Director (appointed on 4th July,2003)****Director****Director****AUDITORS****JOGLEKAR & NANDARSHI****CHARTERED ACCOUNTANTS****BANKERS****STATE BANK OF INDIA****PUNJAB & SINDH BANK****BANK OF BARODA****CITI BANK****REGD. OFFICE****102, Sanjay Chambers, Choubal Lane, V. P. Road,
Opera House, Mumbai - 400 004.****FACTORY****102 -A, S.V.C.I. Estate, IDA Bolaram,
Dist: - Medak (A. P.)****REGISTRAR & SHARE TRANSFER AGENTS :****M/S PURVA SHAREGISTRY (INDIA) PVT. LTD.****33, Printing House, 28-D Police Court Lane,****Behind Old Handloom House,****Fort, Mumbai - 400 001.**

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NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the members of Karuna Cables Limited will be held on Tuesday, 30th September 2003 at 10.30 a.m. at the Registered Office of the Company at 102 Sanjay Chambers, Choubal Lane, V. P. Road, Opera House, Mumbai - 400 004 to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2003 and Profit and Loss account for the period ended on that date and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Jaswant C. Shah, Director of the Company who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusions of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit to pass with or without modification the following resolution as an ORDINARY RESOLUTION.

RESOLVED THAT pursuant to Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. N.S. Rangnath who was appointed by the Board of Directors as Additional Director of the Company and who hold office up to the date of ensuing Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing the candidature of Mr. N.S. Rangnath the office of Director, be and is hereby appointed as a Director of the Company.

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

'RESOLVED THAT pursuant to the provisions of section 198, 269, 309, 310 & 311 read with schedule XIII and other applicable provisions, if any of the Companies Act, 1956 and subject to the approval of the Central Government, if required, the consent of the Company be and is hereby accorded to the re-appointment of Dr. Mahendra C. Shah as Managing Director of the Company for a period of five years with effect from 1st October, 2003 on terms & conditions including remuneration and perquisites as set out in the explanatory statement annexed hereto and as may be agreed to between the Company and Dr. Mahendra C. Shah.

FURTHER RESOLVED THAT in the event of loss or inadequacy of profits in any financial year, the Company, shall pay Dr. Mahendra C. Shah in respect of such financial year, the said remuneration by way of Salary, perquisites and any other allowances.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, to give effect to this resolution.

KARUNA CABLES LIMITED

6. To consider and if though fit to pass with or without modification the following resolution as an SPECIAL RESOLUTION.

"RESOLVED FURTHER THAT pursuant to the provisions of sub – section (1) of section 163 of the Companies Act, 1956, the consent of the Company is hereby accorded to the Registers and Index of Members and copies of Annual returns prepared under section 159 to 160 of the said Act, together with the copies of certificates and documents, required to be annexed thereto being kept, with effect from Tuesday, 10th December, 2002 at the office of the company's Registrar & Share Transfer Agents, M/s Purva Sharegistry (India) Pvt. Ltd.33, Printing House, 28-D Police Court Lane, Behind Old Handloom House, Fort, Mumbai – 400 001 instead of being kept at the registered office of the Company"

By order of the Board

Mumbai: 25.08.2003

Dr. Mahendra C. Shah
Chairman & Managing Director

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item No. 4 to 6 of the notice set out above is annexed hereto.
3. The share transfer book and register of members shall remain closed from Monday, 22nd September 2003 to Tuesday, 30th September 2003. (Both days inclusive)
4. Members are requested to kindly notify the Company of any change in their addresses so as to enable the Company to address future communications to their correct addresses.
5. The company has listed its share at Mumbai Stock Exchange. The listing fees, till date, have been paid.
6. Additional information pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, on directors recommended for appointment /reappointment at the Annual General Meeting are given in the Corporate Governance Report.
7. Members who hold shares in de-materialised form are requested to write their Client-ID and DP-ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
8. All documents referred to in accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days except Sunday between 11.00 a.m. to 4.00 p.m. up to the date of Annual General Meeting.
9. At the ensuing Annual General Meeting Mr. Jaswant Shah, retires by rotation and being eligible offers himself for re-appointment the information or details pertaining to this director to be provided in terms of clause 49 of the Listing Agreement with the stock exchanges are furnished in the statements on Corporate Governance published in this Annual Report.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 4

Mr. N.S. Rangnath is appointed as an additional Director of the Company on 4th July, 2003 by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956 he holds office as Director of the Company upto the conclusion of the ensuing Annual General Meeting. As required by section 257 of the Act, a notice has been received from a member signifying his intention to propose the appointment of Mr. N.S. Rangnath as a Director along with a deposit of the requisite amount. Mr. N.S. Rangnath is having vast experience in the area of Finance, Administration and management. His knowledge and experience will immensely help to the Company. As on date he is not holding any Directorship in any other Company. The board recommends his appointment as Director.

None of Director except Mr. N.S. Rangnath is concerned or interested in this resolution.

Item No. 5

The terms of appointment of Dr. Mahendra C. Shah expires on 30th September, 2003 and hence he is required to be re-appointed for a further period of 5 years with effect from 1st October, 2003. The particulars of remuneration and perquisites payable to them are as under.

- 1) Salary (in scale of) : Rs. 55,000/- p.a. with Annual Increment of Rs. 5000/- per annum in the scale of Rs. 50,000 – 5,000 – 75000.
- 2) Commission : A sum calculated to the net profit of the Company may be decided by the Board of Directors but not exceeding 24 month of his salary, within the overall ceilings stipulated as per the provisions of the companies Act, 1956.
- 3) Perquisites : The Following perquisites will be allowed in addition to the Salary.

CATEGORY – A**(i) Housing :**

- a. Company's own /leased free furnished accommodation.
- b. Where the Company does not provide accommodation, house rent allowance may be paid by the Company @ 50% of salary.

(ii) Medical Reimbursement :

Medical expenses of the appointee and his family shall be reimbursed subject to a ceiling of one month salary a year as three months salary over a period of three consecutive years.

KARUNA CABLES LIMITED**(iii) Leave Travel Concession ;**

For the appointee and his family, once in a year incurred in accordance with the rules specified by the Company.

(iv) Fees & Charges of the Club subject to maximum of 2 clubs.**(vi) Personal Accident Insurance:**

For premium not to exceed Rs. 5000/- per annum.

CATEGORY – B

(i) Contribution to provident fund to the extent not taxable under the Income Tax,

(ii) Gratuity shall be payable a half a month's salary for each completed year of service.

CATEGORY – C**(i) Conveyance & Telephone :**

Provision of Car for Company's business and telephone at residence. This will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company to the appointee.

(ii) Leave on full pay allowance as per rules of the Company but not exceeding one month's leave for every 11 months services.

The Director Dr. Mahendra Shah may be deemed to be concerned or interested in the said resolutions. Mr. Jaswant C. Shah & Mr. Kirti C. Shah may be deemed to be concerned or interested in this said resolution being a relative of Mahendra C. Shah.

The above statement may be treated as an abstract of the terms and memorandum of interest under section 302 of the Companies Act, 1956.

Item No. 6

As per section 163 of the Companies Act, 1956, Register of Members, Index of Members and copies of all Annual Returns under section 159 to 160 together with copies of certificates and documents required to be annexed thereto under section 160 and 161 of the Companies Act, 1956 are to be kept at the Registered Office of the Company.

As per the SEBI circular, the Company has appointed M/s Purva Sharegistry (India) Pvt. Ltd. as its registrar and share transfer agents for both physical and electronics shares w.e.f. 1st April 2003 and therefore, Register of Members required to be maintained at the Registered office of the Company are to be transferred to Registrar's office.

In order to keep the aforesaid registers at the Registrar's office, a special resolution is proposed to be passed.

A copy of the Resolution has been given to the Registrar of Companies, Maharashtra.

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

By Order of the Board

Dr. Mahendra C. Shah
Chairman

Mumbai, 25.08.2003

REGD. OFFICE: - 102, SANJAY CHAMBERS, CHOUBAL LANE, OPERA HOUSE, MUMBAI – 400 004.

DIRECTORS' REPORT :

Your Directors have pleasure in presenting their **EIGHTEENTH ANNUAL REPORT** together with the Audited Statements of Accounts for the period ended 31st March 2003.

FINANCIAL HIGHLIGHTS:

	Period ended 31.03.2003 (Rs. in Lakhs)	Previous Year ended 31.03.2002 (Rs. in Lakhs)
Turnover	610.05	338.57
Other Income	69.75	1.30
Increase/Decrease in stock	<u>1.72</u>	<u>—</u>
Total Income	<u>681.52</u>	<u>339.87</u>
Total Expenditure	<u>634.14</u>	<u>414.02</u>
Profit / (Loss) Before Taxation	<u>47.39</u>	<u>(74.15)</u>
Provision for Tax	-	-
Profit / (Loss) after Taxes	<u>47.39</u>	<u>(74.15)</u>
Balance b/f from Previous Year	(841.23)	(767.08)
Deffered Tax	70.76	-
Earlier Year Adjustments	<u>-</u>	<u>-</u>
Balance Carried to Balance Sheet	(864.61)	(841.23)

OPERATIONS & OUTLOOK: -

The Sales for the period ended 31.03.2003 were at Rs.610.05 lacs as against Rs. 338.57 lacs for the previous year ended 31.03.2002.

FINANCE

With the concerted efforts your Company succeeded in achieving one time settlement with State Bank of India. The letter for one time settlement from the bank is received and action for the same to effect the settlement is well in progress. We have approached DRT, Hyderabad for filing a compromise Petition and to start factory at the earliest.

FUTURE PROSPECT

With implementation of one time settlement the working of the Company shall be restarted & your Directors are hopeful for good market for the products of the Company & barring any unforeseen circumstances are positive to achieve earlier status in a short ensuing period though the current year shall remain a year of correction.

DIVIDEND: -

Your Directors regret their inability to recommend any Dividend on account of losses suffered by the Company.

DIRECTORS: -

Mr. N.S. Rangnath has been appointed as Additional Director and is liable to retire by rotation at the ensuing Annual General Meeting. The Company has received a notice proposing his appointment under the provisions of section 257 of the Companies Act, 1956 as candidate for the office of Director. The Board is of the opinion that his knowledge and experience would be of immense help for the overall progress of the Company and hence the board recommends his appointment as Director.

Mr. Jaswant C. Shah retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Your Directors recommend his re-appointment.

The Company has complied with the relevant provisions of the listing agreement of having more than 50% of the board as independent Non executive Directors. The details are given under the Compliance Governance.

LISTING FEES: -

The Company has paid its listing fees to the Mumbai Stock Exchange on completion of formalities to commence the trading of shares, started at Mumbai Stock Exchange. The Company has informed the National Stock Exchange for revival of listing and has started completing formalities in this regard. However, your Company has yet to pay listing fees for National Stock Exchange, which shall be paid very soon.

DEMATERIALIZATION OF SHARES: -

The terms of notification issued by Securities & Exchange Board of India (SEBI), Equity Shares of the Company are under compulsory trading in demat form and are available for dematerialization with National Securities Depository Limited and Central Depository Services (India) Limited.

AUDITORS: -

The present Statutory Auditors, M/s. Joglekar & Nandarshi Chartered Accountants, retires at the ensuing Annual General Meeting. The Company has received the consent and eligibility certificate from the retiring Auditors stating that their appointment if made, would be within the prescribed limit as provided under the section 224 (1B) of the Companies Act 1956. Your Directors recommended their re-appointment for your approval at the ensuing Annual General Meeting.

The observations made by the Auditors are self-explanatory and have been dealt with in the notes vide Schedule 15 forming part of the accounts and hence need no further clarifications.

LEGAL MATTERS :

The four creditors filed a suit against Company & one creditor filed winding up petition against Company the decision has come in favour of the creditor. However the Company has gone in appeal against the same decision.

PERSONNEL:

There were no employees during the year or part of the year drawing remuneration, which falls within the preview of the provisions of Section 217(2A) of the Companies Act, 1956.

KARUNA CABLES LIMITED**FIXED DEPOSITS :**

The Company has not invited / accepted / renewed any fixed deposits as per the provisions of section 58A of the Companies Act, 1956 from the public during the financial year.

CORPORATE GOVERNANCE: -

Under the Listing Agreement, the provisions of Clause 49 relating to Corporate Governance are applicable to the Company effective 31st March 2003. However, the Company has already initiated steps to comply with the requirements. The Audit Committee has been formed pursuant to Section 292A of the Companies Act, 1956. The Corporate Governance Report and Certificate from Auditor is given in Annexure-II and forms part of this report.

DIRECTORS RESPONSIBILITY STATEMENT: -

As required under the provisions of Section 217 (2AA) inserted by the Companies (Amended) Act, 2000 in the Companies Act, 1956, your Directors report as under that:

- i. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of state of the affairs of the Company at the end of the financial year and of the loss of the Company for the period under review;
- iii. the Directors have taken proper and sufficient care 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. the Directors have prepared the annual accounts on a going concern basis.

CONSERVATION OF ENERGY, ABSORPTION OF TECHNOLOGY & FOREIGN EXCHANGE EARNINGS AND 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 (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 and forming part of the Directors Report is enclosed as Annexure.

ACKNOWLEDGMENTS: -

The Directors sincerely express their gratitude to its bankers and staff for extending their full co-operation.

For and on behalf of Board

Place : Mumbai
Date : 25.06.2003

Dr. Mahendra C. Shah
Chairman & Managing Director.

ANNEXURE I TO DIRECTORS' REPORT: -

Information as per Section 217(1)(e) of the Companies Act, 1956 read with the Company (Disclosure of Particulars in the Report of Board of Directors) Rules 1988.

A. ENERGY CONSERVATION :-

Total energy consumption and energy consumption per unit of production are as below. On account of no working there was no power consumption except for some utility.

PARTICULARS	PERIOD ENDED 31.03.2003	YEAR ENDED 31.03.2002
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Power Consumption :**Electricity**

a. Purchased (units in lacs)	Nil	Nil
Total Amount (Rs.lacs)	NIL	NIL

Rate per unit (Rs.) Not applicable since no manufacturing activity was carried Out during the year.

b. Own generation through

Diesel Generator (units))

Total amount (Rs.)	NIL	NIL
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Cost per unit (Rs.)

B. TECHNOLOGY ABSORPTION: -

Indigenous technology is used. Continuous efforts shall be made to improve the quality of Conductors in terms of Conductivity, Resistance, etc. by R&D team on taking back the possession of the unit from the bank.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :-

Total Foreign Exchanged used and earned	:	Nil
Foreign Exchange used	:	Nil
Foreign Exchange earned	:	Nil

For and on behalf of Board

Place : Mumbai
Date : 25.08.2003

Dr. Mahendra C. Shah
Chairman & Managing Director.