

19TH

ANNUAL REPORT

2003-2004



KARUNA CABLES LIMITED

"CERTIFIED TRUE COPY."

For KARUNA CABLES LTD


Director

KARUNA CABLES LIMITED**19TH ANNUAL REPORT****2003-2004****BOARD OF DIRECTORS**

Dr. Mahendra C. Shah	Chairman & Managing Director
Mr. N. S. Rangnath	Director
Mr. Kirti C. Shah	Director
Mr. Jaswant C. Shah	Director
Mr. C V V Prasad	Additional Director (Appointed on 31 st January 2004)

COMPANY SECRETARY

Mr. Pankaj B. Gupta

AUDITORSM/s Joglekar & Nandarshi
Chartered Accountants**BANKERS**State Bank of India
Bank of Baroda**REGISTER 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 (Andhra Pradesh)**HYDERABAD OFFICE**76-B, Street No. 3, Vengalraonagar,
Hyderabad – 500 038

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REGISTRAR & SHARE TRANSFER AGENTSM/s Purva Sharegistry (India) Private Limited
33, Printing House, 28-D, Police Court Lane,
Behind Old Handloom House, Fort,
Mumbai – 400 001

NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of Karuna Cables Limited will be held on Wednesday the 29th day of September 2004 at 12:00 Noon at the Registered Office of the Company at 102 Sanjay Chambers, Choubat Lane, V. P. Road, Opera House, Mumbai - 400 004 to transact the following business, with or without modifications.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2004 and Profit & Loss Account for the period ended on that date along with Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Kirti 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 conclusion of this Annual General Meeting until the conclusion of 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 the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act 1956, Mr. C. V. V. Prasad, who was appointed by the Board of Directors as Additional Director as per the provisions of Section 260 of Companies Act 1956, at their meeting held on 31st day of January 2004 and who hold office up to the date of ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing along with requisite Deposit as per the provisions of Section 257 of Companies Act 1956 from a member proposing the candidature of Mr. C. V. V. Prasad for the office of the Director, be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the the Companies Act 1956, M/s Nilesh Lakhamshi & Co., Chartered Accountant, Mumbai be and is hereby appointed as Auditors of the Company to hold office from the conclusion of these meeting until the conclusion of next Annual General Meeting at a remuneration to be decided by the Board of Director.

Registered Office:
102 Sanjay Chambers, Choubat Lane,
V. P. Road, Opera House,
Mumbai - 400 004

Date: June 21, 2004
Place: Mumbai

By Order of the Board of Directors
For **KARUNA CABLES LIMITED**

PANKAJ B. GUPTA
COMPANY SECRETARY

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING AND ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXIES SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER 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 of the notice set out above is annexed hereto.
3. The members are requested to notify immediately changes, if any, in their registered address to the Company's Registrar & Share Transfer Agent M/S Purva Sharegistry (India) Pvt. Ltd., 33 Printing House, 28-D Police Court Lane, Behind Old Handloom House, Fort, Mumbai – 400 001.
4. Members who hold Shares in Dematerialized 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 easy identification at the meeting and number of shares held by them.
5. The Share Transfer Books and the Register of Members will remain closed from Wednesday the 22.09.2004 to Wednesday 29.09.2004 (both days inclusive).
6. At the ensuing Annual General Meeting Mr. Kirti C. Shah – Director, retires by rotation and being eligible offers himself for re-appointment, the brief resume of this director is as under:

Name	Mr. Kirti C. Shah
Age	56 Years
Qualification	Metric
Expertise in Specific Area	Cable Industry,
Date of First Appointment on the Board of the Company	Since Inception
Name(s) of the other companies in which Directorship held and Committee Membership/Chairmanship held.	Refer to Report on CORPORATE GOVERNANCE.

7. Shareholders desiring any information as regards to the Accounts are requested to write to the Company at least Seven days in advance of the Annual General Meeting so that the information, to the extent practicable, can be made available at the Annual General Meeting.

Registered Office:
102 Sanjay Chambers, Choubal Lane,
V. P. Road, Opera House,
Mumbai – 400 004

By Order of the Board of Directors
For **KARUNA CABLES LIMITED**

Date: June 21, 2004
Place: Mumbai

PANKAJ B. GUPTA
COMPANY SECRETARY

ANNEXURE TO THE NOTICE

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

Item No. 4

Mr. C. V. V. Prasad was appointed as an additional director of the Company on 31st January 2004 by the Board of Directors of the Company, at their meeting, as per the provisions of Section 260 of Companies Act 1956. Mr. C. V. V. Prasad holds office as Director of the Company upto the conclusion of the ensuing Annual General Meeting. As required by Section 257 of the Companies Act 1956, a notice along with requisite deposit has been received from a member signifying his intention to propose the appointment of Mr. C. V. V. Prasad as a Director. Mr. C. V. V. Prasad has vast experience in the area of cable industry. 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.

Directors Mr. C. V. V. Prasad & Mr. N. S. Ranganath are concerned or interested in this resolution.

Item No. 5

Previous Auditors M/s Joglekar & Nandarshi, Chartered Accountant – have shown their 'un-willingness for reappointment as the Auditors of the Company and have given a letter to that effect to the Company.

M/s Nilesh Lakhamshi & Co., Chartered Accountant, Mumbai have enormous experience of more than 10 years in the field of Audit work the Board recommends their appointment as statutory Auditors of the Company. The Company has received the necessary consent letter as required under section 224 of the Company Act, 1956.

None of Directors concerned or interested in this resolution.

Registered Office:
102 Sanjay Chambers, Choubal Lane,
V. P. Road, Opera House,
Mumbai – 400 004

By Order of the Board of Directors
For **KARUNA CABLES LIMITED**

Date: June 21, 2004
Place: Mumbai

PANKAJ B. GUPTA
COMPANY SECRETARY

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting their **NINETEENTH ANNUAL REPORT** together with the Audited Accounts of the Company for the year ended on 31st day of March 2004.

FINANCIAL HIGHLIGHTS:

		(Rs. in Lakhs)
	For the year ended on 31.03.2004	For the year ended on 31.03.2003
Turnover	800.41	610.05
Other Income	230.50	69.75
Increase / Decrease in Stock	24.35	1.72
Total Income	1055.70	681.52
Total Expenditure	828.78	634.14
Profit / (Loss) before Taxation	226.91	47.39
Provision for Tax	---	---
Profit / (Loss) after Taxation	226.91	47.39
Balance b/f from Previous Year	(864.60)	(841.23)
Deferred Tax	198.15	(70.76)
Earlier Year Adjustments	---	---
Balance Carried to Balance Sheet	(439.53)	(864.61)

OPERATIONAL REVIEW:

Turnover increased to Rs. 800.41 Lakhs, a growth of approximately 31.20 % against Rs. 610.05 Lakhs in the previous year. Profit after Taxation is Rs. 226.91 Lakhs against Rs. 47.39 Lakhs in the previous year.

ONE TIME SETTLEMENT WITH STATE BANK OF INDIA:

One Time Settlement has been finalized with State Bank of India for their Secured Loan of 3.22 Crores (including Interest on principal as per Bank Record) (as per Company's Record Rs. 2.30 Crores, because Company did not make provision of interest for the year 2001-2002 & 2002-2003 due to ongoing process of One Time Settlement with Bank) at Rs. 85 Lakhs. The Company has paid Rs. 20 Lakhs of One Time Settlement (Rs. 4 Lakhs on 13th January 2003 & Rs. 16 Lakhs on 9th October 2003) & management is trying to pay rest Rs. 65 Lakhs at their earliest.

The possession of Plant has been re-taken on 4th December 2003 from State Bank of India & the production (Job Work) has been started from 1st February 2004.

DIVIDEND:

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

DIRECTORS:

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

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.

AUDITORS' REPORT:

The observation made in the Auditors' Report read together with relevant notes thereon are self explanatory and hence do not call, any further comments under Section 217 of the Companies Act 1956.

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.

FIXED DEPOSITS:

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

CORPORATE GOVERNANCE:

A separate report on the Corporate Governance and Management Discussion & Analysis is attached as a part of the Annual Report. The Auditors' Certificate regarding compliance of the conditions of Corporate Governance is also annexed.

DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of Section 217 (2AA) of the Companies Act 1956, the directors would like to state that:

- i) In the preparation of the Annual Accounts, the applicable accounting standards have 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 the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year 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 Conservation of Energy, Technology absorption and Foreign Exchange Earning and Outgo as stipulated under Section 217 (1) (e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is set out in the separate statement, attached to this report & forms part of it.

ACKNOWLEDGEMENTS:

Your Company & its Directors wish to extend their sincerest thanks to the Bankers, State Government, Customers, Suppliers and Staff for their continuous co-operation & guidance.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

DATE: June 21, 2004
PLACE: Mumbai

DR. MAHENDRA C. SHAH
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

Company put both the Generator in condition to get power. Power produced by generator is used for job work carried out.

B. TECHNOLOGY ABSORPTION

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

C. FOREIGN EXCHANGE EARNING AND OUTGO:

Total Foreign Exchange Used: NIL

Total Foreign Exchange Earned: NIL

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FOR AND ON BEHALF OF BOARD OF DIRECTORS

DATE: June 21, 2004
PLACE: Mumbai

DR. MAHENDRA C. SHAH
CHAIRMAN & MANAGING DIRECTOR

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your Directors have pleasure in presenting the Management Discussion and Analysis report for the year ended on 31st March 2004.

INDUSTRY STRUCTURE, DEVELOPMENT AND OUTLOOK:

Karuna Cables Limited is engaged in the manufacturing of Power Cables. The Plant put in working condition and recommenced Job-Work from 1st February 2004. The Company received an Order of Supplying Cables of 600 K.M. of AAAC of Rs. 76 Lacs.

OPPORTUNITES, THREATS, RISKS AND CONCERNS:

The growth of the Industry provides the necessary opportunities for the Company to grow. Looking to the mission & vision of Ministry of Power "To provide reliable, affordable & quality of 100 % electrification to the Country" the future requirement & market has good potential. The next decade as per the industry figure & Government plans is going to see a growth in generation, transmission & distribution. There is competition but Company has good chance to get substantial orders on account power projects are coming up.

SEGMENTWISE PREFORMANCE:

The Company has two segment one is Manufacturing Cables and another is Trading Activity of different Items.

INTERNAL CONTROL SYSTEM & THEIR ADEQUACY

As informed that the production has been re-started form 1st February 2004, the Company has formulated desired systems of internal control in consultation with Statutory Auditors, to suit the requirements of the Company considering its size, operations & systems.

OPERATIONS:

The Sales includes Job Work Charges of Manufacturing Activity and Trading Sales. Other Income consist mainly of interest waived by Bank in One Time Settlement and balances written off which in the opinion of the management are no more payable since outstanding for more than 3 years and for which no claims is there.

HUMAN RESOURCE & INDUSTRIAL RELATIONS:

The Company recognizes the importance of human value and ensures that proper encouragement both moral & financial is extended to the employees to motivate them. The Company enjoyed excellent relationship with workers and staff during the period since production started.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

DATE: June 21, 2004
PLACE: Mumbai

DR. MAHENDRA C. SHAH
CHAIRMAN & MANAGING DIRECTOR