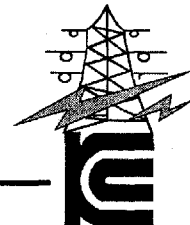


Karuna Cables Limited

Report  junction.com

20th Annual Report
2004-2005



20TH ANNUAL REPORT 2004-2005

BOARD OF DIRECTORS

Dr. Mahendra C. Shah	Chairman & Managing Director
Mr. N. S. Rangnath	Non-executive & Independent Director
Mr. C V V Prasad	Non-executive & Independent Director
Mr. Pavankumar Sanwaram	Non-executive & Independent Director (From 29.11.2004)
Mr. Kirti C. Shah	Director (till November 29, 2004)
Mr. Jaswant C. Shah	Director (till November 29, 2004)

COMPANY SECRETARY

Mr. Pankaj B. Gupta (till August 2, 2005)

AUDITORS

M/s Nilesh Lakhamshi & Co.
Chartered Accountants

REGISTRAR & SHARE TRANSFER AGENTS

M/s Purva Sharegistry (India) Private Limited
33, Printing House, 28-D, Police Court Lane,
Behind Old Handloom House, Fort,
Mumbai - 400 001

Report Junction.com

BANKERS

Bank of Baroda
United Bank of India
Punjab National Bank

FACTORY

102-A, S. V. C. I. Estate, IDA Bolaram,
Dist. - Medak (Andhra Pradesh)

REGISTER OFFICE

102, Sanjay Chambers, Choubal Lane,
V. P. Road, Opera House,
Mumbai - 400 004

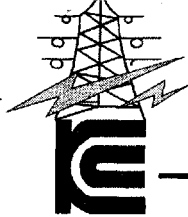
HYDERABAD OFFICE

76-B, Street No. 3, Vengalraonagar,
Hyderabad - 500 038

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KARUNA CABLES LIMITED

NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the Members of Karuna Cables Limited will be held on Wednesday the 28th day of September 2005 at 3:00 p.m. at the Registered Office of the Company at West End Hotel, 45, New Marine Lines, Mumbai – 400 020 to transact the following business, with or without modifications.

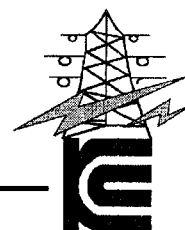
ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2005 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. N. S. Rangnath – 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. Pavankumar Sanwamal, 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 29th day of November 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. Pavankumar Sanwamal for the office of the Director, be and is hereby appointed as a Director of the Company."
5. To consider the sub-division of Equity Shares of the company commonly known as "**Stock Split**". To consider and if thought fit, pass with or without modification(s), the following resolution as "**Special Resolution**". "RESOLVED THAT pursuant to provision of section 94 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and the provisions of Article 6 of the Articles of Association of the Company and subject to the approvals, consents, permissions and sanctions as may be necessary from appropriate authorities or bodies, each of the 1,40,00,000 existing Equity Share of the nominal value Rs. 10 each in the authorised share capital of the Company be and is hereby sub-divided into 5 (five) Equity Shares of Rs.2 each making the total aggregate sub-division into 7,00,00,000 equity shares of Rs. 2 each AND THAT clause V (being Capital Clause) of the Memorandum of Association and Article 3 of the Articles of Association of the Company relating to the equity shares be altered accordingly."
6. To consider the Reclassification of Equity Share Capital of the company. To consider and if thought fit, pass with or without modification(s), the following resolution as "**Special Resolution**". "RESOLVED THAT pursuant to provision of section 16 & 94 and other applicable provisions, if any, of the Companies Act, 1956 the existing Authorised Share Capital of Rs. 14,00,00,000/- (Rupees Fourteen Crores), consisting 1,40,00,000 equity shares of Rs. 10/- each aggregating to Rs. 14 Crores (Rupees Fourteen Crores) be and is hereby reclassified and divided into 7,00,00,000 (Seven Crores) Equity Share of Rs. 2 (Rupees Two only) fully paid up."
7. To consider the increase in Authorised Share Capital of the company. To consider and if thought fit, pass with or without modification(s), the following resolution as "**Special Resolution**". "RESOLVED THAT pursuant to provision of section 16 & 94 and other applicable provisions, if any, of the Companies Act, 1956 the existing Authorised Share Capital of Rs. 14,00,00,000/- (Rupees Fourteen Crores), divided into 7,00,00,000 (Seven Crores) equity shares of Rs. 2/- each aggregating to Rs. 14 Crores (Rupees Fourteen Crores) be and is hereby increased by addition of 8,00,00,000 (Eight Crores) equity shares of Rs. 2/- each aggregating to Rs. 16,00,00,000/- (Rupees Sixteen Crores) so as to make the Authorised Share Capital to of the company to Rs. 30,00,00,000/- (Rupees Thirty Crores) comprising of 15,00,00,000 (Fifteen Crores) equity shares of Rs. 2/-, consequently the existing clause V of the Memorandum of Association of the Company relating to Share Capital be substituted by the following new clause:-

"The Authorised Share Capital of the Company is Rs. 30,00,00,000/- (Rupees Thirty Crores Only) which shall consist of 15,00,00,000 (Fifteen Crores Only) Equity Shares of Rs. 2/- each aggregating to Rs. 30,00,00,000/- (Rupees Thirty Crores Only) each, with the rights, privileges and conditions attached thereto as per the relevant provision contained in that behalf in the Articles of Association of the Company and with the power to increase or reduce the Capital of the company and to divide the shares in the capital for the time being into several classes (being those specified in the Companies Act, 1956) and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company for time being on force, and to vary, modify, enlarge or abrogate any such rights, privileges or conditions in such manner as may be permitted by said Act or provided by the Articles of Association of the Company for the time being in force.



20TH ANNUAL REPORT 2004-2005

8. To consider the alteration of Articles of Association of the company. To consider and if thought fit, pass with or without modification(s), the following resolution as **"Special Resolution"**.

RESOLVED THAT pursuant to section 31 of the Companies Act, 1956, Articles 3 (a) of the Articles of Association of the Company be and is hereby altered to read as follows:

Article 3 (a) : The Authorized Share Capital of the Company is Rs. 30,00,00,000/- (Rupees Thirty Crores Only) divided into 15,00,00,000 (Fifteen Crores) Equity Shares of Rs. 2/- (Rupees Two Only) each.

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

Place : Mumbai,
Date : 5th September, 2005.

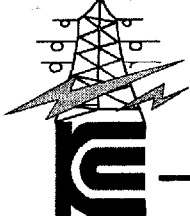
DR. MAHENDRA C SHAH
CHAIRMAN & MANAGING DIRECTOR

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

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 Friday the 23.09.2005 to Friday 30.09.2005 (both days inclusive).
6. At the ensuing Annual General Meeting Mr. N. S. Rangnath – Director, retires by rotation and being eligible offers himself for re-appointment, the brief resume of this director is as under:

Name	Mr. N. S. Rangnath
Age	65 Years
Qualification	B. Com, M.A., PGDLLEM & DMM
Expertise in Specific Area	Cable Industry & Administrative Services,
Date of First Appointment on the Board of the Company	July 4, 2003
Name(s) of the other companies in which Directorship held and Committee Membership/Chairmanship held.	Refer to Report on CORPORATE GOVERNANCE.



KARUNA CABLES LIMITED

7. At the ensuing Annual General Meeting Mr. Pavankumar Sanwarnal – Director, who was appointed by the Board of Directors as Additional Director during the year retires by completion of his term and being eligible offers himself for re-appointment, the brief resume of this director is as under:

Name	Mr. Pavankumar Sanwarnal
Age	45 Years
Qualification	B. Sc.
Expertise in Specific Area	Export, Manufacturing & Finance
Date of First Appointment on the Board of the Company	29 th Novembar, 2004
Name(s) of the other companies in which Directorship held and Committee Membership/Chairmanship held.	Refer to Report on CORPORATE GOVERNANCE.

8. 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.

ANNEXURE TO THE NOTICE

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

ITEM NO. 4

Mr. Pavankumar Sanwarnal was appointed as an additional director of the Company on November 29, 2004 by the Board of Directors of the Company, at their meeting, as per the provisions of Section 260 of Companies Act 1956. Mr. Pavankumar Sanwarnal 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. Pavankumar Sanwarnal as a Director. Mr. Pavankumar Sanwarnal has vast experience in the field of Business and Finance. His knowledge and experience will immensely help to the Company. The Board recommends his appointment as Director.

Except Mr. Pavankumar Sanwarnal, none of the directors are concern or interested in this resolution.

ITEM NO. 5

Stock Split of Shares and Re-classification of Shares:

The shareholders to note that the equity shares of your Company are listed on the Bombay Stock Exchange (BSE), and the shares are actively traded on the BSE.

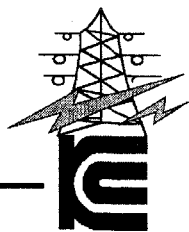
The market price of the shares of the Company has witnessed significant spurt over the last 6 months. In order to improve the liquidity of the Company's shares in the stock market and to make it affordable to the small investors, the Board of Directors of the Company (the Board) at their meeting held on 5th September 2005, considered it desirable to sub-divide the nominal value of the equity portion of the authorised share capital of the Company. Accordingly, the existing equity shares of Rs.10 nominal value are being sub-divided into 5 equity shares and re-classified into nominal value of Rs. 2 each.

The Shareholders may please note that presently the nominal value of the equity share is Rs. 10/- each and consequent to the sub-division it is being divided into 5(Five) equity shares of Rs. 2 each. The date on which this sub-division would become effective, will be decided by the Board after obtaining the shareholders approval, which will be notified through the Stock Exchanges.

Shareholders attention is also invited to the fact that in view of the foregoing the existing capital Clause V in the Memorandum of Association and Article 3 of the Articles of Association of the Company relating to equity shares also need relevant amendment to give effect to the sub-division.

Accordingly, in terms of Section 192 A of the Companies Act, 1956, approval of the members is being sought for passing the Special Resolution as set out in the Notice.

The Directors of the Company are deemed to be concerned or interested in the resolution only to the extent of the shares held by them in the Company.



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ITEM NO. 7 & 8

The present Authorised Share Capital of the company is reclassified from Rs. 14 Crores being sub-divided into 14 Crores Equity Shares of Rs. 10/- each to Rs. 14 Crores being sub-divided into 7 Crores equity shares of Rs. 2/- each.

In view of the company's expansion plans and in order to take care of future funds requirements of the company by issue and allotment of equity shares to meet the expenses of the increased business activities of the company, the Board of Directors of the company has decided to increase the Authorised Share Capital from the existing Rs. 14 Crores to Rs. 30 Crores comprising 15 Crores equity shares of Rs. 2/- each.

Consequently, clause V (being Capital Clause) of the Memorandum of Association and Article 3 of the Articles of Association of the Company relating to the equity shares be altered accordingly.

Pursuant to section 16, 31, and 94 such amendments and alterations needs the approval of the members in the general meeting.

The Board recommends the resolution for the approval of the members A copy of the Memorandum and Articles of Association of the company is available for inspection at the Registered Office of the Company on any working day upto the date of Annual General Meeting between 11:00AM to 1:00PM.

None of the Directors of the company is interested or concerned in the resolution.

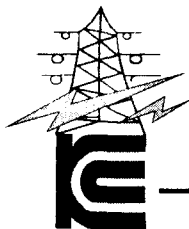
By Order of the Board of Directors
For **KARUNA CABLES LIMITED**

Place : Mumbai,

Date : 5th September, 2005.

DR. MAHENDRA C SHAH
CHAIRMAN & MANAGING DIRECTOR

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



KARUNA CABLES LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting their TWENTEETH ANNUAL REPORT together with the Audited Accounts of the Company for the year ended on 31st day of March 2005.

FINANCIAL PERFORMANCE :

PARTICULARS	Year ended 31-3-2005 Rs. (lacs)	Year ended 31-3-2004 Rs. (lacs)
Turnover	1713.26	800.85
Other Income	0.27	230.50
Increase / Decrease in Stock	162.01	24.36
Total Income	1875.54	1055.70
Total Expenditure	1807.62	828.79
Profit / (Loss) before Taxation	67.93	226.92
Provision for Tax	0.32	—
Profit / (Loss) after Taxation	67.61	226.92
Balance b/f from Previous Year	<u>(439.53)</u>	<u>(864.61)</u>
Deferred Tax	(33.23)	198.16
Earlier Year Adjustments	—	—
Balance Carried to Balance Sheet	<u>(405.16)</u>	<u>439.53</u>

OPERATIONAL REVIEW:

Your Directors are glad to inform you that your company has been successful in making operating profits despite all odds in the current year. In the year under report the Turnover of the company grew by 114 % to Rs. 1713.26 Lac as against Rs. 800.85 Lac in the previous year. The Profit After Tax is Rs. 67.61 Lac as against Rs. 226.92 Lac in the previous year.

The company is now focused itself for enhancing its business activities. The growth prospects of the power sector in India are very encouraging and hence the company is considering further expansion in a very near future for which the company is already in the final stage of finalizing land required for the new project.

DIVIDEND:

In view of the revival of the company's operation and the expansion plans, your Directors have decided not to recommend any dividend on account for the year under operation.

DIRECTORS:

Mr. Kirti C. Shah & Mr. Jaswant C. Shah – Directors of the Company resigned on personal reasons on November 29, 2004. Your Directors do place on record the valuable guidance & services received from Directors - Mr. Kirti C. Shah & Mr. Jaswant C. Shah, to the Company during their tenure.

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

Board of Directors of the Company appointed Mr. Pavankumar Sanwamal as Additional Directors at their meeting held on November 29, 2004. His term ends at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Your Directors recommends his re-appointment.

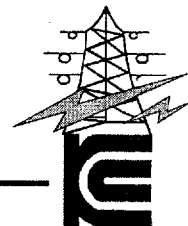
SUB-DIVISION OF SHARES:

The Board of Directors of the Company considered it desirable to sub-divide the nominal value of the equity portion of the authorised share capital of the Company. Accordingly, the existing equity shares of Rs.10 nominal value are being sub-divided into 5 equity shares and re-classified into nominal value of Rs. 2 each.

RECLASSIFICATION AND INCREASE IN AUTHORISED CAPITAL:

The present Authorised Share Capital of the company is reclassified from Rs. 14 Crores being sub-divided into 14 Crores Equity Shares of Rs. 10/- each to Rs. 14 Crores being sub-divided into 7 Crores equity shares of Rs. 2/- each.

In view of the company's expansion plans and in order to take care of future funds requirements of the company by issue and allotment of equity shares to meet the expenses of the increased business activities of the company, the Board of Directors of the company has decided to increase the Authorised Share Capital from the existing Rs. 14 Crores to Rs. 30 Crores comprising 15 Crores equity shares of Rs. 2/- each.



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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:

M/s Nilesh Lakhamshi & Co., Chartered Accountants, retires as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and has confirmed their eligibility and willingness to accept the office of the Auditors, if re-appointed.

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 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 the Board

Mumbai : 5th September, 2005.

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 for continuous power supply. Power produced by generator is used for manufacturing process / 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.

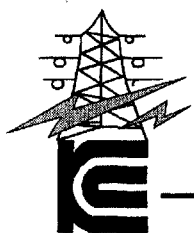
C. FOREIGN EXCHANGE EARNING AND OUTGO:

Total Foreign Exchange Used:	NIL
Total Foreign Exchange Earned:	NIL

For and on behalf of the Board

Mumbai : 5th September, 2005.

Mahendra C. Shah
Chairman & Managing Director



KARUNA CABLES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Your Directors have pleasure in presenting the Management Discussion and Analysis report for the year ended on 31st March 2005.

INDUSTRY STRUCTURE, DEVELOPMENT AND OUTLOOK:

Karuna Cables Limited is engaged in the manufacturing of Power Cables. The Plant has been running smoothly and the company is carrying out manufacturing, job-work and trading activities. Government of India has in its last couple of budgets announced major thrust in the areas of agriculture & infrastructure and more particularly in the power sector. Karuna Cables Limited being one of the 12 units, in whole of India, approved by the Power grid Corporation of India, has started receiving Government orders

Based on the various enquiries generated and the negotiations that are going on with various Government and Private parities, the Company is confident of receiving substantial orders in the current year. With the buoyant economy the company expects to continue this trend. However, still the company has lot of scope for using its unutilised production capacity to increase the turnover. However though, the company has not missed the opportunity to make profits from its trading activities also.

OPPORTUNITIES:

The Power sector has never experience the buoyancy that it is now envisaging now, since independence. Being one of the 12 Units in the whole of India that are approved by the Power Grid Corporation of India, the company foresees a very huge potential business in a very short period of time. The Government Policies have also shown the clear-cut intentions of the potential growth and opportunities in this sector.

Segment wise Performance:

The company operations are broad bifurcated into two segments, viz., manufacturing and trading activities. In the financial year 2004-05 the company has shown substantial progress in both the segments and it has been able to achieve a positive operating profit in both the segments. In the current year of operations also the company expects substantial growth, quarter on quarter, in both these segments.

Internal Control System & Their Adequacy:

Effective internal operational control systems and regular internal audit mechanism to monitor and review the same under the overall control and supervision of the Internal Audit and Audit committee of Directors are being revised and modified and are being put in place to commensurate with the increase in the activities of the company operations. Efforts for continued improvement are being consistently made in this regard.

Outlook:

The long term outlook for the Industry and consequently for your Company is stable and reasonably good. Demand for our products will grow continuously as the Power sector is doing well.

Risks and Concerns:

With the potential boom that is expected in the Power sector, the Company feels that there is a risk of increase in the raw material / input prices in near future. However, the company feels that this would be compensated by the increasing demand in this sector and hence it shall not be difficult for the company to be able to realize the increased price from its customers. The Power Sector is also not left untouched by the Globalisation Syndrome and accordingly there would increase in the competition in the Indian Markets also. However, with the Global markets now available to play with, the company has the potential to expand its territory beyond India.

Major decisions in the Power Sector and Industrial Sector in India even today are still in the control of the Government and hence any policy changes in those would directly affect the working of the company.

Human Resources & Industrial Relation:

The employee strength of the company is 25 as on 31.3.2005 as compared to 15 as on 31.3.2004. Industrial relations remained cordial and peaceful throughout the year 2004-05.

To establish efficiency and competitiveness for the employees growth and also for the better performance of the company's operations, your company believes in linking the reward and performance and accordingly the remuneration packages and the promotion criteria are being designed under the guidance of HR professional. The company has also plans to implement in house as well as external training programmes accordingly.