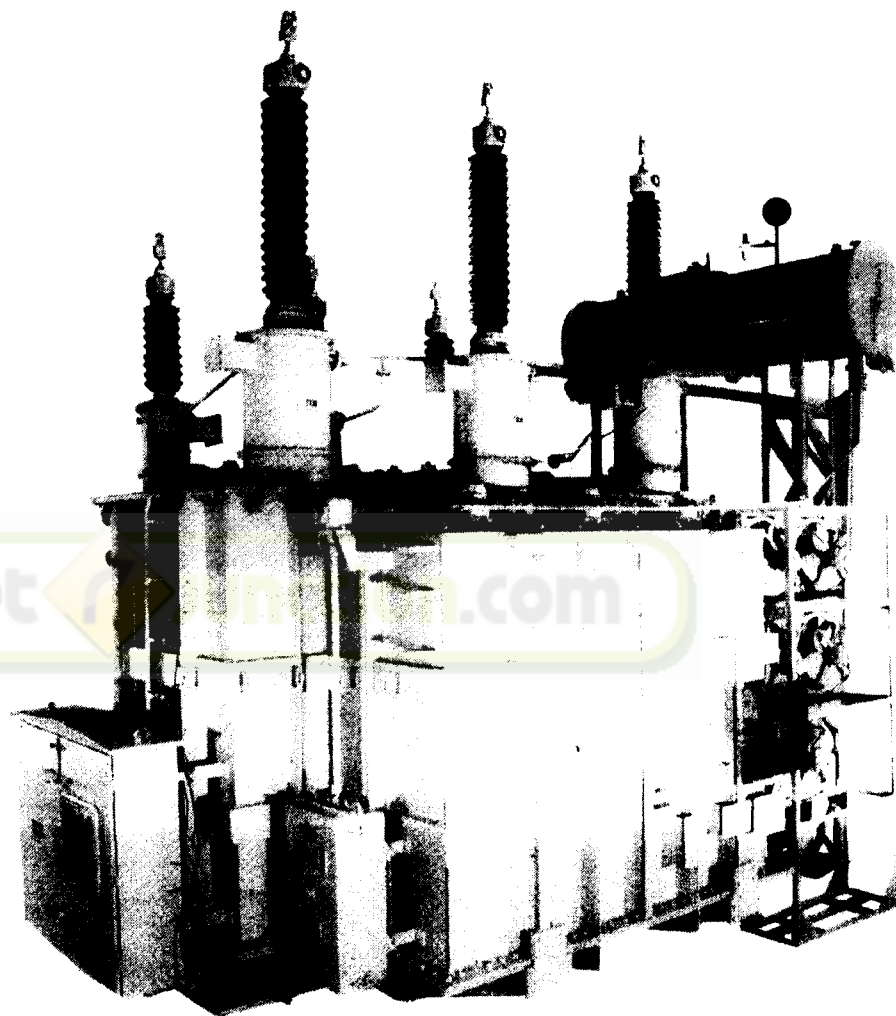


KANO HAR



**ANNUAL REPORT
2004 - 2005**

KANO HAR ELECTRICALS LIMITED

BOARD OF DIRECTORS

Kanohar Lal Singhal
Chairman

Dinesh Singhal
Managing Director

Adesh Singhal
Executive Director

Brijesh Singhal
Executive Director

Mukesh Singhal
Director

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AUDITORS

S. S. Gupta & Co.
Chartered Accountants

REGISTERED OFFICE

RITHANI, DELHI ROAD, MEERUT - 250103
PHONES : 2511010, 2512020, 2513030, 2512099
FAX : 91-121-2441763, 2524244
e-mail : kanohar@del2.vsnl.net.in
website : www.kanohar.com

WORKS

1. RITHANI, DELHI ROAD, MEERUT - 250 103
2. GANGOL ROAD, VILL. ACHHRONDA, MEERUT - 250 103
PHONE : 2440222

KANO HAR ELECTRICALS LIMITED**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the **THIRTY THIRD ANNUAL GENERAL MEETING** of the members of **KANO HAR ELECTRICALS LIMITED** will be held at the registered office of the Company at Rithani, Delhi Road, Meerut on Wednesday the 28th day of September, 2005 at 11.00 a.m. to transact the following business :

Ordinary Business :

1. To consider and adopt the audited Profit and Loss Account for the year ended 31st March 2005 and the Balance Sheet as on that date along with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri Kanohar Lal Singhal, who retires by rotation and, being eligible, offer himself for re-appointment.
3. To appoint Auditors and to fix their remuneration, M/s S.S. Gupta & Co., Chartered Accountants, Meerut, retire and, being eligible, offer themselves for re-appointment.

Special Business :

4. To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution :-

"RESLOVED that in suppression of resolution passed at the Annual General Meeting held on 28th September 1996 and pursuant to the provisions of section 293 (1) (a) of the Companies Act, 1956 and other applicable provisions, if any, consent of the shareholders be and is hereby accorded to the Board of Directors of the company for borrowing any sum or sums from time to time for the purpose of the business of the company, notwithstanding that the moneys to be borrowed together with moneys already borrowed by the company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) up to Rs. 50,00,00,000/- (Rupees Fifty Crore only), as outstanding at any time and from time to time in excess of its paid up capital and free reserves not set apart for specific purpose.

Rithani, Delhi Road, Meerut

On behalf of the Board of Directors

29th June, 2005

Sd.
(Dinesh Singhal)
MANAGING DIRECTOR

33rd ANNUAL REPORT, 2004-2005**NOTES**

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of himself and proxy so appointed need not be the member of the Company.
2. All documents in the accompanying notice are open for inspection at the registered office of the Company during office hours on all working days except holidays, between 11.00 a.m. and 1.00 p.m. up to the date of Annual General Meeting.
3. The register of members and Share Transfer Book of the Company will remain closed from 16.09.2005 to 28.09.2005 (both days inclusive).
4. Members are requested to notify change in address, if any, to the Company at it's registered office, quoting correct folio number space(s).
5. Members who are holding shares in identical order of names in more than one folio are requested to write to the Company enclosing their share certificates to enable the Company to consolidate their holdings in one folio.
6. Members seeking further information about the accounts are requested to write at least one week before the date of meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM NO. 4**

The Board of Directors was authorised to borrow money upto a limit of Rs. Twenty Five Crores over and above the aggregate of the paid up Share Capital of the Company and its Free Reserves vide resolution passed at the Annual General meeting held on 28th September, 1996. In view of the growth in the business of the Company, the Company will be in need of more finance in future. The borrowing limit is therefore proposed to be increased up to Rs. Fifty Crores over and above the aggregate of the paid up Share Capital of the Company and its Free Reserves. The resolution is required to be passed by you in accordance with the provisions of Section 293 (1) (d) of the Companies Act, 1956.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

Rithani, Delhi Road, Meerut

On behalf of the Board of Directors

29th June, 2005

Sd.
(Dinesh Singhal)
MANAGING DIRECTOR

KANO HAR ELECTRICALS LIMITED**DIRECTORS' REPORT**

To the members,

Your Directors are pleased to present the 33rd Annual Report together with the Audited Accounts of the company for the Financial Year ended 31st March 2005.

FINANCIAL RESULTS :

The performance of the Company for the financial year ended 31st March, 2005 is summarised below :

	<u>Year ended</u> <u>31.03.2005</u>	(Rs. In lacs) <u>Year ended</u> <u>31.03.2004</u>
Sales/Income from Operation	3714.00	1581.78
Other Income	30.32	21.19
Total Expenditure	3558.90	1536.56
Profit before Interest, Depreciation & Taxation.	185.42	66.41
Less :		
(i) Interest and Financial Charges	56.39	22.93
(ii) Depreciation	32.41	30.62
Profit before tax (available for appropriation)	96.62	12.86
Less : Provision for tax	26.19	11.99
Profit after Tax	70.43	0.87

APPROPRIATION

Balance brought forward from last year	92.90	86.35
Excess provision for Income Tax written back	0.58	3.22
Expenses relating to earlier years	1.60	0.04
Provision for Deferred Tax for earlier years	(0.24)	(2.50)
Balance Carried over to Balance Sheet	162.55	92.90

RESERVE AND SURPLUS :

General Reserve	4.63	4.63
Profit & Loss Account	162.55	92.90
Share Premium	263.85	263.85
Deferred Tax Liability	99.15	95.20

**COMPANY'S WORKING
PERFORMANCE****(a) FINANCIAL :**

Your Company's financial performance this year was very much satisfactory and the Company showed the healthy growth based on proven cost saving. Some of the highlights are :

- ✓ Gross Turnover increased by 135% and reached the highest ever level of Rs. 3714.00 lacs (US \$ 8.54 million).
- ✓ Net Profit before taxation got more than 7 folds and increased from Rs. 12.86 lacs to Rs. 96.62 lacs (US \$ 0.22 million)
- ✓ Another mile stone is remarkable increase in After Tax Profits from mere Rs. 0.87 lacs to Rs. 70.43 lacs (US \$ 0.16 million)
- ✓ Earning Per Share (EPS) gone up from Rs. 0.02 to Rs. 1.91
- ✓ Net Worth climbed to Rs. 892.50 lacs (US \$ 2.05 million) by marking a strong growth of more than 9%

(b) CROSS BORDER OPERATION :

The export turnover of the Company significantly increased from Rs. 83.82 lacs to Rs. 180.99 lacs (US \$ 0.42 million) as compared to previous year. Your Company is optimistic about future growth in exports.

(c) TECHNICAL :

The Company is continuously upgrading it's technical competency.

DIVIDEND :

Your Directors have not recommended any dividend for this fiscal.

FUTURE PROSPECTS :

The Company has strengthened its position of being key manufacturer of Power Transformers in Indian Market and with highly referencable customers and wider range of Transformers and is optimistic about future growth, both in domestic and international markets. Power reforms are expected to increase the demand of quality transformers and your Company is fully geared up for same. Your company is continuously getting orders from P.S.U.s and Private players, who are conscious about quality.

ACCOUNTS :

The relevant notes on the Accounts of the company referred to in the Auditor's Report are self explanatory and do not call for any further comments.

DEPOSITS :

The company does not have any Fixed Deposits in hand as on 31st March 2005.

DIRECTORATE :

Shri kanohar Lal Singhal Directors of the Company retires by rotation, and being eligible, offer himself for reappointment.

AUDITORS :

M/s S.S. Gupta & Co., Chartered Accountants, Meerut, statutory auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 224 (1-B) of the Companies Act, 1956.

PERSONNEL :

Yours company continues to place emphasis on enhancement of skills and capabilities of its people, their technological competence and its utilisation towards meeting customers' requirement.

There was no employee of the company, whose particulars are required to be given under section 217(2A) of the Companies Act 1956, read with companies (Particulars of Employees) Rules, 1975.

LISTING OF SHARES :

The shares of your company are listed at Kanpur, Mumbai and Delhi Stock Exchanges and the company has paid the listing fees upto the year 2004-05 for Mumbai and upto the year 2003-04 in the case of Delhi and Kanpur, as the company is in the process of delisting of its shares from these stock exchanges. However the company is very particular in completing all the formalities under listing agreement with all the stock exchanges.

KANO HAR ELECTRICALS LIMITED**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors confirm that;

- i) In the preparation of the Annual Accounts, the applicable accounting Standards have been followed.
- ii) Appropriate accounting policies have been selected and applied consistently and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended on 31st March, 2005.
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The annual accounts have been prepared on a going concern basis.

CONSERVATION OF ENERGY :

The operations of the company are not energy intensive. However, the company has endeavored to conserve energy, where ever feasible.

TECHNOLOGY ABSORPTION :

No technology has been imported.

Indigenous technology available is continuously being upgraded to improve over all performance.

RESEARCH AND DEVELOPMENT

Expenditure on research and development during the financial year 2004-05 is as under :

a) Capital	Nil
b) Revenue	Nil
c) Total	Nil
d) Total Research & Development Expenditure as a percentage of total turnover.	N.A.

FOREIGN EXCHANGE EARNING AND OUTGO :

1. Total Foreign Exchange used	Rs. 286.52 lacs
2. Total Foreign Exchange earned	Rs. 180.99 lacs

ACKNOWLEDGEMENT :

The Board of Directors acknowledge with deep appreciation for the assistance and co operation received from the Customers, Government Authorities, Vendors, Bank and Shareholders. Yours Directors also wish to place on record their deep sense of appreciation for the efforts and contribution made by the employees at all levels which made possible the significant achievements by your Company.

For and on behalf of the Board

Place : Meerut

Date : 29th June, 2005

Sd.
(KANO HAR LAL SINGHAL)
CHAIRMAN

AUDITORS' REPORT

To,

**THE MEMBERS OF KANO HAR ELECTRICALS LIMITED
Meerut**

We have audited the annexed Balance Sheet of **KANO HAR ELECTRICALS LIMITED, MEERUT** as at 31st March 2005, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that :

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31st March 2005, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March 2005 from being appointed as a Director in terms of clause (g) of sub-clause (1) of Section 274 of the Companies Act, 1956; and
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the accounts; *read with the Notes forming part of the Accounts appearing thereon*; give the information required by the Companies Act, 1956, the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India ;
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2005;
 - (b) in the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - (c) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks of the books of accounts and records as we considered appropriate and according to the information and explanations given to us during the course of audit, we state as under :

- 1 (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.