



Cable Corporation of India Limited

44th ANNUAL REPORT AND ACCOUNTS

Report Junction.com

2000-2001

Board of Directors

Chairman & Managing Director

Mr. Hiten A. Khatau

Directors

Mrs. Krishna A. Khatau

Mr. Maitreya V. Doshi

Mrs. N. H. Khatau

Mr. A. S. Supanekar (*Nominee - UTI*)

Mr. Gautam Doshi

Mr. Bahram N. Vakil

Mr. S. K. Pai (*Nominee - IDBI*)

Company Secretary

Mr. M. G. Rege

Bankers

State Bank of India

United Bank of India

State Bank of Patiala

Credit Agricole Indosuez

The Bank of Nova Scotia

Auditors

Sorab S. Engineer & Co.,

Chartered Accountants

Solicitors

Kanga & Co.

Cost Auditor

A. V. Ramana Rao

Registrars & Transfer Agents

M/s. Intime Spectrum Registry Pvt. Ltd.

Registered Office

Laxmi Building, 4th Floor,
6, Shoorji Vallabhdas Marg,
Ballard Estate, Mumbai - 400 001.

Regional Offices

Mumbai, Calcutta, Chennai, Delhi

Works

Borivli-Mumbai, Sinnar-Nashik

CABLE CORPORATION OF INDIA LIMITED

NOTICE

44th ANNUAL GENERAL MEETING

NOTICE is hereby given that the Forty - Fourth Annual General Meeting of CABLE CORPORATION OF INDIA LIMITED will be held at Sir Sitaram and Lady Shantabai Patkar Convocation Hall of SNDT Women's University, 1, Nathibai Thackersey Road, Mumbai - 400 020, on Wednesday, 6th March, 2002 at 12.15 p.m., to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 30th September, 2001 and the Profit and Loss Account of the Company for the period ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mrs K A Khatau, who retires by rotation and, being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mrs. N H Khatau, who retires by rotation and, being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr A S Supanekar, who holds office upto the date of this Annual General Meeting pursuant to Section 262 of the Companies Act, 1956, read with Article 116 of the Articles of Association of the Company but being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing from a Member signifying his intention to propose Mr A S Supanekar as a candidate for the office of a Director.
5. To appoint a Director in place of Mr Bahram N. Vakil who was appointed as an Additional Director of the Company under Article 115 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956, but being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing from a Member signifying his intention to propose Mr Bahram N. Vakil as a candidate for the office of a Director.
6. To appoint a Director in place of Mr Gautam Doshi who was appointed as an Additional Director of the Company under Article 115 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956, but being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing from a Member signifying his intention to propose Mr Gautam Doshi as a candidate for the office of a Director.
7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, and subject to other approvals as may be required, the appointment of Mr R N Somai as an Executive Director of the Company with effect from 4th December, 2000 on the terms and conditions including remuneration as set out in the Agreement between the Company and Mr R N Somai placed before the meeting be and is hereby approved and ratified."

8. To appoint a Director in place of Mr. G D Bhingarkar who was appointed as an Additional Director of the Company under Article 115 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956, but being eligible for re-appointment and in respect of whom the Company has received a notice in writing from a Member signifying his intention to propose Mr. G D Bhingarkar as a candidate for the office of a Director.
9. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to Sections 198, 269, 309 and other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956, the appointment of Mr. G D Bhingarkar as the wholetime Director, for a period of 5 years from 1st February, 2002 to 31st January, 2007 on the terms and conditions including remuneration as set out in the draft Agreement between the Company and Mr. G D Bhingarkar placed before the meeting and initialed by the Chairman, for the purpose of identification, be and the same is hereby approved.

RESOLVED FURTHER THAT the Directors of the Company be and are hereby authorised to enter into an Agreement on behalf of the Company with Mr. G. D. Bhingarkar, in terms of the aforesaid draft."

10. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s. Sorab S. Engineer & Company, Chartered Accountants, be and are hereby appointed Auditors of the Company, to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company, at a remuneration (excluding out-of-pocket expenses) to be mutually agreed upon between the Board of Directors of the Company and the Auditors."

11. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactments thereof for the time being in force), Securities Contracts (Regulation) Act, 1956, and the Rules framed thereunder, Listing Agreements, and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board', which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by the Resolution), the consent of the Company be and is hereby accorded to the Board to delist the Equity Shares of the Company from the Stock Exchanges at Ahmedabad and Delhi.

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

NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- (b) An Explanatory Statement as required by Section 173 of the Companies Act, 1956, relating to item Nos. 4,5,6,7,8,9 & 11 of the Notice is annexed hereto.
- (c) The Register of Members and Transfer Books of the Company will remain closed from Thursday, 28th February, 2002 to Wednesday 6th March, 2002 (both days inclusive).
- (d) Members are requested to notify of any change in their address to the Company's Registrars and Transfer Agents, M/s. Intime Spectrum Registry Pvt. Ltd., at 260 A, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (West), Mumbai 400 080.
- (e) The Company has already transferred on due date the unclaimed dividend declared for the financial year ended 31.03.1995 to the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956. Members who have not encashed the Dividend Warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, Mumbai. In view of the recent amendments to the Companies Act, 1956, any amount of dividend not claimed for a period of seven years is required to be transferred to an "Investor Education and Protection Fund". Hence, the Shareholders who have not so far encashed their Dividend Warrants for the years 1995-96, 1996-97 and 1997-98 may immediately approach the Company or their R & T Agents with their Dividend Warrants for revalidation or submit their claim to the Company immediately quoting their folio numbers. As per the amended provisions, once the amount of unclaimed dividends are transferred to the Fund on their respective dates, no claim shall lie against the Fund or the Company.
- (f) An amendment to the Companies Act, 1956 has introduced provisions for nomination by the holders of Shares, Debentures and Fixed Deposits. The Members may take advantage of this amendment.

By Order of the Board of Directors
For Cable Corporation of India Limited

M G REGE
Company Secretary

Mumbai, 31st January, 2002.
Registered Office: Laxmi Building, 4th Floor
6, Shoorji Vallabhdas Marg
Ballard Estate
Mumbai 400 001

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956.

Item No.4

As requested by Unit Trust of India, which is a shareholder of the Company, Mr A S Supanekar was appointed as a Director of the Company by the Board of Directors with effect from 2nd November, 2000 to fill the casual vacancy caused by the resignation of Mr U Mahesh Rao . Mr U Mahesh Rao, in whose place Mr A S Supanekar was appointed a Director would have held office upto the date of this Annual General Meeting . Pursuant to Section 262 of the Companies Act, 1956, read with Article 116 of the Articles of Association of the Company, Mr A S Supanekar holds office only upto the date of this Annual General Meeting.

Pursuant to Section 257 of the Companies Act, 1956, a notice in writing from a Member signifying his intention to propose Mr A S Supanekar as a candidate for the office of Director has been received by the Company alongwith a deposit of Rs.500/-.

Mr A S Supanekar holds a degree in Bachelor of Engineering and has vast experience in industrial engineering, project consultancy etc.

The Board of Directors recommend his appointment as a Director of the Company.

Except Mr A S Supanekar, none of the Directors of the Company is, in any way, concerned or interested in this Resolution.

Item No.5

Mr Bahram N Vakil was appointed as an Additional Director of the Company by the Board of Directors on 2nd August, 2001. Pursuant to the provisions of Section 260 of the Companies Act, 1956, read with Article 115 of the Articles of Association of the Company, Mr Bahram N Vakil holds office only upto the date of the forthcoming Annual General Meeting. A notice in writing has been received from a Member under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr Bahram N. Vakil as a candidate for the office of Director alongwith a deposit of Rs.500/-.

Mr. Bahram N Vakil is a solicitor by profession and has vast experience in the legal field. He is also a senior partner in Chambers of Zia Mody, a well known firm of solicitors.

The Board of Directors recommend his appointment as a Director of the Company.

Except Mr Bahram N Vakil, none of the Directors of the Company is, in any way, concerned or interested in this Resolution .

Item No.6

Mr Gautam Doshi was appointed as an Additional Director of the Company by the Board of Directors on 2nd August, 2001. Pursuant to the provisions of Section 260 of the Companies Act, 1956, read with Article 115 of the Articles of Association of the Company, Mr Gautam Doshi holds office only upto the date of this Annual General Meeting. A notice in writing has been received from a Member under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr Gautam Doshi as a candidate for the office of Director alongwith a deposit of Rs.500/-.

Mr. Gautam Doshi is an eminent Chartered Accountant and a senior partner in R S M & Company and has vast experience in areas of finance, taxation and corporate laws. He is also a Director of several Public Limited Companies.

The Board of Directors recommend his appointment as a Director of the Company.

Except Mr Gautam Doshi, none of the Directors of the Company is, in any way, concerned or interested in this Resolution .

Item No.7

The Board of Directors of the Company appointed Mr. R N Somai as an Executive Director of the Company with effect from 4th December, 2000 subject to the approval of the Company in General Meeting. The terms and conditions including remuneration and perquisites paid to him is set out in the Agreement entered into by the Company with Mr. R N Somai.

The remuneration and perquisites paid to Mr.R N Somai is in conformity with the requirement of Schedule XIII to the Companies Act, 1956.

The material provisions of the Agreement relating to Mr. R N Somai's appointment referred to in the Resolution at Item No.7 of the Notice are as under:

- a. Salary : Rs.50,000/- per month.
- b. Commission : One percent of the Company's net profits in each financial year subject to the overall ceiling laid down in Sections 198 and 309 of the Companies Act, 1956. This amount in no event to exceed annual basic salary.
- c. Housing / House Rent Allowance : Rs.25,000/- per month.
- d. Miscellaneous Allowance : Mr.R N Somai to be entitled to various allowances including miscellaneous reimbursements e.g. Personal Allowance, Education Allowance, Professional Development Allowance etc. totally amounting to Rs.30,000/- p.m.
- e. Medical Reimbursement : Medical reimbursement as per rules of the Company subject to a limit of Rs.25,000/- p.a. Accident and Mediclaim insurance as per the rules of the Company.
- f. Leave : As per the rules of the Company (including leave encashment)
- g. Leave Travel Allowance : Leave travel allowance of Rs.50,000/- p.a.
- h. Club Fees : Annual subscription of club fees subject to a maximum of 2 clubs to be reimbursed. The Company shall nominate Mr R N Somai as its representative of a suitable club of which the Company is a corporate member.
- i. Personal Accident Insurance : For self and family
- j. Gratuity : In accordance with the Rules of the Company.
- k. Provident Fund and Superannuation Fund : In accordance with the Rules of the Company.
- l. Car and Driver : The Company shall provide free of cost one fully maintained car and driver for official use or reimbursement of driver's salary actually paid by Mr R N Somai if Company is unable to provide a driver.
- m. Telephone and mobile Phone : The Company shall provide telephone facility at residence and mobile phone. Any personal long distance calls shall be at Mr R N Somai's cost.
- n. Credit Card : The Company shall provide Mr R N Somai credit card facility for all Company related expenses.
- o. Reimbursement of Expenses : Reimbursement of all entertainment and other expenses properly incurred for the business of the Company.
- p. Minimum Remuneration : Notwithstanding the above, where in any financial year during the currency of the term of office as an Executive Director, the Company has made no profits or its profits are inadequate, the Company will pay the same remuneration as minimum remuneration by way of salary, commission and other allowances and perquisites mentioned above.

Mr R N Somai resigned as an Executive Director with effect from 20th June, 2001. However, he continues to remain in employment of the Company as President & C E O on the same terms and conditions as set out above.

The approval and ratification by the members of the remuneration paid to Mr R N Somai during his term as an Executive Director is necessary in view of the provisions of Schedule XIII to the Companies Act, 1956.

A copy of the Agreement referred to above will be available for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day except Saturday.

This may also be treated as an abstract of the agreement and the Memorandum of Interest of Directors therein pursuant to the provisions of Section 302 of the Companies Act, 1956.

None of the Directors are concerned or interested in this Resolution.

Item Nos. 8 & 9

Mr G D Bhingarkar joined the Company on 1st July, 1998 as Executive Vice President-Personnel & Industrial Relations and was later promoted to the position of President-Human Resources. The Board of Directors at their meeting held on 31st January, 2002, has appointed Mr G D Bhingarkar as an Additional Director and Whole-time Director of the Company designated as Director-Human Resources with effect from 1st February, 2002. Pursuant to the provisions of Section 260 of the Companies Act, 1956, read with Article 115 of the Articles of Association of the Company, Mr G D Bhingarkar holds office only upto the date of this Annual General Meeting. A notice in writing has been received from a Member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr G D Bhingarkar as a candidate for the office of Director alongwith a deposit of Rs. 500/-.

Mr G D Bhingarkar, has over 30 years of experience in the field of industrial relations, human resources and administration.

The Board is of the opinion that it is in the interest of the Company that Mr G D Bhingarkar be appointed a Whole-time Director of the Company.

The draft Agreement between the Company and Mr G D Bhingarkar contains the following principal terms and conditions:

- | | |
|---|---|
| a. Salary | : Rs. 25,000 - Rs. 50,000 per month with such annual increment, if any, as may be decided by the Board of Directors or the Managing Director in its or his absolute discretion. |
| b. Housing/House Rent Allowance | : Mr G D Bhingarkar shall be provided with rent free accommodation or house rent allowance. |
| c. Miscellaneous Allowance | : Mr G D Bhingarkar shall be entitled to various allowances including Personal Pay, Education Allowance, etc. not exceeding Rs. 25,000/- p.m. |
| d. Perquisites | : Mr G D Bhingarkar shall be entitled to perquisites such as house maintenance, gas, water, electricity, etc. not exceeding Rs. 20,000/- p. m. or Rs. 2,40,000/- per annum. |
| e. Medical Reimbursement | : Medical reimbursement and Mediclaim insurance as per rules of the Company. |
| f. Leave | : As per rules of the Company (including leave encashment) |
| g. Leave Travel Allowance | : Leave travel allowance of Rs. 36,000/- p.a. |
| h. Personal Accident Insurance | : For self and family. |
| i. Gratuity | : In accordance with the Rules of the Company. |
| j. Provident Fund and Superannuation Fund | : In accordance with the Rules of the Company. |
| k. Car and Driver | : The Company shall provide free of cost one fully maintained car and driver for official use or reimbursement of driver's salary actually paid by Mr. G D Bhingarkar's if Company is unable to provide a driver. |
| l. Telephone and mobile Phone | : The Company shall provide telephone facility at residence and mobile phone. Any personal long distance calls shall be at Mr G D Bhingarkar's cost. |

- m. Reimbursement of Expenses : Reimbursement of all entertainment and other expenses properly incurred for the business of the Company.
- n. Minimum Remuneration : Notwithstanding the above, where in any financial year during the currency of the term of office as Director - Human Resources, the Company has made no profits or its profits are inadequate, the Company will pay the same remuneration as minimum remuneration by way of salary and other allowances and perquisites mentioned above.

The Board of Directors or the Managing Director shall have the power to amend or alter the various heads of allowances/perquisites within the overall ceiling as specified above.

A copy of the draft agreement referred to above will be available for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day except Saturday.

This may also be treated as an abstract of the draft agreement and the Memorandum of Interest of Directors therein pursuant to the provisions of Section 302 of the Companies Act, 1956.

Except Mr G D Bhingarkar, none of the Directors are concerned or interested in this Resolution.

Item No. 11

Presently, the Company's securities are listed on the following Stock Exchanges in India:-

- i) The Stock Exchange, Mumbai
- ii) The Stock Exchange, Ahmedabad
- iii) The Delhi Stock Exchange

With the extensive networking of The Stock Exchange, Mumbai (BSE) and the extension of the BSE terminals to other cities as well, investors have access to online dealings in the Company's securities across the country. The bulk of the trading in the Company's Equity Shares in any case takes place on the BSE and the depth and liquidity of trading in the Company's securities on the Ahmedabad and Delhi stock Exchanges are very low.

As a part of its cost control measures, the Company has proposed this resolution which will enable it to delist its Equity Shares from The Stock Exchange, Ahmedabad and The Delhi Stock Exchange.

In line with the SEBI regulations, members' approval is being sought by a Special Resolution for enabling voluntary delisting of its securities from the aforementioned two Stock Exchanges.

The Company is also separately giving special Notice of the proposed enabling resolution for the said delisting in one National Newspaper and one circulating in the region of The Stock Exchange, Ahmedabad and The Delhi Stock Exchange. The proposed delisting of the Company's securities from The Stock Exchange, Ahmedabad and The Delhi Stock Exchange as and when the same takes place, will not adversely affect the investors. The Company's securities will continue to be listed on The Stock Exchange, Mumbai, which is the Regional Stock Exchange. The delisting will take effect after all approvals, permissions and sanctions are received. The exact date on which delisting will take effect will be suitably notified at that time.

Your Directors recommend the special resolution at item No. 11 of the notice for approval of the members.

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

By Order of the Board of Directors
For Cable Corporation of India Limited

M G REGE
Company Secretary

Mumbai, 31st January, 2002.
Registered Office: Laxmi Building, 4th Floor
6, Shoorji Vallabhdas Marg
Ballard Estate
Mumbai 400 001

Directors' Report

Your Directors hereby present the Forty-Fourth Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the period of eighteen months ended 30th September, 2001.

PROFIT/LOSS AND APPROPRIATIONS:

	Current Year (18 months)	Previous Year (12 months)
	(Rs. in lakhs)	
Profit/(Loss) after Tax	(5592.09)	(2613.68)
Add : Compensation under VRS written off	273.74	96.54
Less : Excess provisions of Income Tax of earlier years written back	-	74.44
Add : Prior period expenses	331.10	-
Profit/(loss) for the year	(6196.93)	(2635.78)
Add: Balance brought forward from previous year	-	(1022.04)
	(6196.93)	(3657.82)
Add: Withdrawn from General Reserve	6196.93	3657.82
Balance available for Appropriation	-	-

OPERATIONS

During the year under review, the performance of your Company has been adversely affected due to the recessionary trends in the economy and depressed market conditions. High interest costs on borrowings and acute shortage of working capital have impacted the turnover and profitability. All these factors have added to the Company's losses in the year under review.

The Company has initiated several measures to control costs, minimise wastages and improve productivity. It has submitted restructuring proposals to the financial institutions for reduction in interest costs and deferment of loan installments and expects a positive response. The Company has received a favourable response from the employees to its voluntary retirement scheme.

DIVIDENDS

In view of the losses, your Directors do not recommend any dividend on Equity Shares for the year ended 30th September, 2001. The Company has not paid the dividend on Preference Shares in the absence of profits and the rejection by the Central Government of its application to pay dividend out of the General Reserves.

CURRENT YEAR'S OUTLOOK AND FUTURE PROSPECTS

The economy has been showing signs of recovery as is reflected in the increase in the enquiries from the customers. The Company expects to cut down its losses in the current year in view of the reductions in costs, inflow of funds from commercial utilisation of the Company's assets and improvement in sales.

COMMERCIAL DEVELOPMENT OF SURPLUS LAND

The Company has surplus land at its Borivli plant which it proposes to exploit commercially and utilise the proceeds to fund its working capital requirements, VRS costs and part payment of high costs debts. The Company has executed a Memorandum of Understanding with a Developer in respect of a part of the said property and is in the process of negotiations with other parties for the development of balance surplus land.

FIXED DEPOSITS

The Company had approached the Company Law Board (CLB) seeking extension of time to repay the fixed deposit amounts and interest thereon to all its fixed deposit holders in view of the financial

crunch faced by the Company. The CLB has passed an order on 9th July, 2001 granting the Company extension of time for the repayment of principal amount and interest thereon at a lower rate of 10% p.a. beyond the date of maturity over a period of 4½ years, effective 1st July, 2001.

INDUSTRIAL RELATIONS

The industrial relations situation continued to remain generally peaceful during the year.

DIRECTORS

Mrs. K A Khatau and Mrs N H Khatau retire by rotation and being eligible, offer themselves for reappointment.

Mr. Deepak K Verma and Mr U Mahesh Rao, Nominee Directors of ICICI Ltd. and Unit Trust of India (UTI) respectively resigned as Directors of the Company. Mr. D E Udwadia and Mr. H S Billimoria also resigned as Directors of the Company. The Board places on record its appreciation of the valuable advice given by them during their tenure as Directors of your Company.

Mr. R N Somai who was appointed as an Executive Director on 4th December, 2000 resigned during the

year under review and was re-designated as President & CEO of the Company.

Mr A S Supanekar and Mr. S K Pai have been appointed as Nominee Directors by UTI and IDBI respectively.

Mr Bahram N Vakil and Mr. Gautam Doshi were appointed as Additional Directors on the Board of the Company with effect from 2nd August, 2001. The Board has also appointed Mr. G D Bhingarkar, President - Human Resources as additional and Wholtime Director with effect from 1st February, 2002.

DELISTING OF EQUITY SHARES

As a cost reduction measure and expansion of BSE terminals all over the Country, the Company has proposed to delist its Equity Shares from the Stock Exchanges at Ahmedabad and Delhi for which necessary resolution shall be placed before the Members at the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors of your Company confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the directors have selected such accounting policies and applied them consistently and made judgements 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 loss of the Company for that period;
- (iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions

of the Companies Act, 1956 safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) that the directors have prepared the annual accounts on a going concern basis.

CONSTITUTION OF AUDIT COMMITTEE

As required by the provisions of Section 292A of the Companies Act, 1956, the Board of Directors has constituted Audit Committee comprising of three Directors viz. Mr. Gautam Doshi, Mr. M. V. Doshi and Mrs. N. H. Khatau.

CORPORATE GOVERNANCE

As per the amended Listing Agreement with the Stock Exchanges, your Company is required to comply with the requirements of Corporate Governance during the year 2001-2002.

AUDITORS

M/s. Sorab S. Engineer & Co., Chartered Accountants, retire and offer themselves for re-appointment. A certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

OTHER INFORMATION

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. However, as per provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all the Shareholders of the Company excluding the statement of particulars of employees under Section 217(2A) of the Companies Act, 1956. Any Shareholder

interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

Information as per Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of this Report is annexed.

SUBSIDIARY COMPANY

Pursuant to Section 212 of the Companies Act, 1956, the statement and the audited accounts with the Auditors' Reports thereon of the Subsidiary Company for the years ended 30th September, 2000 and 2001 are annexed hereto.

AUDITORS' REPORT

The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

ACKNOWLEDGEMENTS

Your Directors desire to record their sincere appreciation of the efforts put in by all the employees of the Company.

The Directors also take this opportunity to thank the Company's Collaborators, the Financial Institutions, Solicitors, Debenture Trustees and the Company's Bankers for their invaluable guidance and support.

Finally, the Directors convey their gratitude to all the Shareholders, Debentureholders, and Fixed Deposit holders for their continued support, especially in what has been a difficult year for the Company.

On behalf of the Board of Directors

H. A. KHATAU

Chairman & Managing Director

Mumbai

Dated: 31st January, 2002