

17th

ANNUAL REPORT

2001 - 2002

For KARUNA CABLES LTD.

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DIRECTOR

KARUNA CABLES LIMITED

KARUNA CABLES LIMITED

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17th ANNUAL REPORT

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BOARD OF DIRECTORS

| | |
|---------------------------|--------------------------------------|
| Dr. MAHEDNRA C. SHAH | Managing Director |
| Sri. KIRTI C. SHAH | Director |
| Sri. CHANDRAKANT N. PATWA | Director (Expired on 28th Dec, 2001) |
| Sri. JASWANT C. SHAH | Director |

AUDITORS

JOGLEKAR & NANDARSHI
CHARTERED ACCOUNTANTS

BANKERS

STATE BANK OF INDIA

REGD. OFFICE

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

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NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the members of Karuna Cables Limited will be held on Monday, 30th September 2002 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 2002 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. 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 and to fix their remuneration.

SPECIAL BUSINESS:

Reference under Section 15 of SICA

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 recommendation of the Board of Directors at their meeting held on 26.08.2002 forming an opinion that the Company has become sick as defined in section 3(1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) and a reference be made to the Board of Industrial and financial Reconstruction (BIFR) to seek determination of measures which would be adopted as required under Section 15(1) of the SICA, be and is hereby approved and adopted.

"RESOLVED FURTHER THAT the Managing Director Mahendra C. Shah be and is hereby authorized to give effect to this resolution."

By order of the Board

Dr. Mahendra C. Shah
Chairman

Place : Mumbai
Date : 29.08.2002

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. The share transfer book and register of members shall remain closed from 27th September 2002 to 30th September 2002.

KARUNA CABLES LIMITED

3. 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.

ANNEXURE TO THE NOTICE

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

Item No. 4

The cable and conductor manufacturing units faced severe recessionary problems. The matter further aggravated with the increased cost of labour, interest and power cost. Karuna Cables Ltd. is also seriously affected with these problems coupled with (i) non recovery of dues from large electrical boards such as TNEB & MSEB and (ii) non completion of expansion programme in view of liquidity crunch and thereby loss of advances paid to the suppliers.

Section 15 of the Sick Industrial Companies Act 1985 (SICA) provides that where an industrial company has become a sick industrial Company, the Board of Directors of the Company shall within 60 days from the date of finalisation of duly audited accounts of the Company for the financial year as at the end of which the Company has become a sick industrial company make a reference to the Board of industrial and Finance reconstruction for determination of the measures which shall be adopted with reference to the company.

Since the company's accumulated losses of Rs. 841.23 lacs exceeded the net worth of the Company of Rs. 764.84 lacs (paid up capital and reserves of the Company), the provisions of the said SICA have become applicable to the company. The company is a sick industrial company as defined in the SICA.

The Board of Directors at their meeting held on 26.08.2002 has formed an opinion that the Company has become sick as defined under Section 3(1)(o) of the SICA Accordingly reference shall have to be made in Form A, as provided under Regulation 19(1) of the BIFR Regulations, 1997 which shall be filed after approval of the Shareholders. A copy of the Form A duly filled in is available for inspection of the members of the Company at its registered office between 11.00 to 15.00 hours on any working day of the Company.

None of the Directors are interested or concerned in the resolution except to the extent of their being the shareholders of the Company.

Your Directors recommend the resolution for your approval.

By order of the Board

Dr. Mahendra C. Shah
Chairman

Place : Mumbai
Date : 29.08.2002

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1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2002 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. 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 and to fix their remuneration.

SPECIAL BUSINESS:

Reference under Section 15 of SICA

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 recommendation of the Board of Directors at their meeting held on 03.12.2001 forming an opinion that the Company has become sick as defined in section 3(1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) and a reference be made to the Board of Industrial and financial Reconstruction (BIFR) to seek determination of measures which would be adopted as required under Section 15(1) of the SICA, be and is hereby approved and adopted.

"RESOLVED FURTHER THAT the Managing Director Mahendra C. Shah be and is hereby authorized to give effect to this resolution."

By order of the Board

Dr. Mahendra C. Shah
Chairman

Place : Mumbai
Date : 29.08.2002

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. The share transfer book and register of members shall remain closed from 27th September 2002 to 30th September 2002.

DIRECTORS REPORT:

Your Directors have pleasure in presenting their SEVENTEENTH ANNUAL REPORT together with the Audited Statements of Accounts for the period ended 31st March 2002.

FINANCIAL HIGHLIGHTS:

| PARTICULARS | Period ended 31.03.2002 (Rs.in Lakhs) | Year ended 30.06.2001 (Rs.in Lakhs) |
|--|---|---|
| Turnover | 338.57 | 993.87 |
| Other Income | 1.30 | 2.85 |
| Increase/Decrease in stock | - | (4.21) |
| Total Income | 339.87 | 992.51 |
| Total Expenditure | 414.02 | 1167.62 |
| Profit / (Loss) Before Taxation | (74.15) | (175.11) |
| Provision for Tax | - | - |
| Profit / (Loss) after Taxes | (74.15) | (175.11) |
| Balance b/f from Previous Year | (767.08) | (592.32) |
| Preliminary Exps. w/o for earlier Period | - | - |
| Earlier Year Adjustments | - | (0.34) |
| Balance Carried to Balance Sheet | (841.23) | (767.08) |

OPERATIONS & OUTLOOK:

The Sales for the period ended 31.03.2002 were at Rs.338.57 lacs as against Rs.993.87 lacs for the previous year ended 30.06.2001. The profitability was seriously affected. In the year under review the total losses crossed the net worth of the Company. Despite the best efforts put in by your Directors, the Company continued to face acute problem of recovery of its long dues mainly from TNEB. The working capital shortages were substantial with increased gap resulted due to losses incurred. As reported in the last year the Bank filed a suit also against the Company in DRT court and the company is taking necessary action. Your company is complying with formalities of BIFR & hopes to receive various relief & concessions there against. At present, the company has good orders in hand, but the benefits of the same shall be possible with the support of the bank.

Your company has done only trading activities during the year under review and the same was at a negligible margin. The turnover was of Rs.338.57 lacs as against Rs.993.87 lacs for last year indicating sharp decline. The recovery problem continues. We hope to get positive action from the Bank and thereby restart the activity. As informed last year, the reference is made to BIFR and further details are in the process of submission.

There are court cases pending against the Company from various parties to which the Company is taking necessary action.

DIVIDEND:

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

DIRECTORS:

Mr. Kirti C. Shah, Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Mr. Chandrakant N. Patwa, Director of the Company expired on 28th December 2001. Directors express their profound grief on the sad demise of Mr. Patwa.

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.

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 subject to approval of Rehabilitation Scheme by BIFR.

LISTING FEES:

The Company has paid its listing fees for the year 2002-2003 to the Mumbai Stock Exchange and completed its formalities to commence the trading. The Company have informed the National Stock Exchange to complete formalities for the relisting. However, Company has yet to pay listing fees for National Stock Exchange.

DEMATERALISTION 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.

B I F R:

The Company is taking necessary steps to complete the formalities required under SICA for registration with BIFR after the members have approved the accounts.

ACCOUNTING YEAR:

Your Directors have decided to make uniform accounting year in line with Income Tax Act, therefore the current year covers the period of nine months ending 31st March 2002.

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.