

10th Annual Report 2001-2002



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KARNAVAT ALFA INTERNATIONAL LTD.

KARNAVATI ALFA INTERNATIONAL LIMITED**BOARD OF DIRECTORS**

Shri Hemangbhai A. Shah	<i>Chairman & Managing Director</i>
Shri Kiritbhai P. Mehta	<i>Director</i>
Shri Harshadbhai N. Mehta	<i>Director</i>
Shri Premjibhai P. Patel	<i>Director</i>
Shri Kantibhai L. Patel	<i>Director</i>
Shri Laljibhai T. Patel	<i>Director</i>
Shri Dhirubhai V. Kotadia	<i>Director</i>

COMPANY SECRETARY**Shri Virag Y. Joshi****AUDITORS****M/s. P. K. Modi & Co.***Chartered Accountants*

Ahmedabad.

Report  junction.com**BANKERS**

The Kalupur Commercial Co-Op. Bank Ltd.
State Bank of Travancore
UCO Bank

REGISTERED OFFICE AND FACTORY

Survey No.189/1, Kailash Industrial Estate,
 Village : Iyava-Vasna, Taluka : Sanand,
 Dist. : Ahmedabad, Pincode-382 110.

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KARNAVATI ALFA INTERNATIONAL LIMITED**NOTICE**

NOTICE is hereby given that the Tenth Annual General Meeting of the Members of **KARNAVATI ALFA INTERNATIONAL LIMITED** will be held on **Monday, 30th September, 2002 at 11.30 A.M.** at the Registered Office of the Company at Survey No.189/1, Kailash Industrial Estate, Village: Iyava-Vasana, Taluka: Sanand, District : Ahmedabad to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance-sheet as at 31st March, 2002, Profit and Loss Account for the year ended 31st March, 2002 and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri Kiritbhai P.Mehta, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Shri Harshadbhai N.Mehta, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. P.K.Modi & Co., the retiring Auditors are eligible for re-appointment.

By Order of the Board of Directors
For Karnavati Alfa International Ltd.

Registered Office:

Survey No.189/1,
Kailash Industrial Estate,
Village: Iyava - Vasna
Taluka: Sanand,
Dist. : Ahmedabad - 382 110
Dated, 30th August, 2002

(Virag Y. Joshi)
Company Secretary

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. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from **Friday, 27th September, 2002 to Monday, 30th September, 2002** (both days inclusive) for the purpose of Annual General Meeting.
3. During last year, the Company has introduced the dematerialization of its Equity Shares by executing agreements with Depositories, N.S.D.L. and C.S.D.L. The Members can avail of the depository facilities by approaching any one of the Depository Participants of NSDL or CDSL.
4. The Equity Shares of the Company have been listed at Mumbai, Delhi and Ahmedabad Stock Exchanges.

10th ANNUAL REPORT 2001-2002**DIRECTORS' REPORT**

**TO
THE MEMBERS OF
KARNAVATI ALFA INTERNATIONAL LIMITED,**

Yours Directors have pleasure in presenting the Tenth Annual Report together with the Audited Accounts of the Company for the Financial Year ended on **31st March, 2002.**

FINANCIAL RESULTS:

	F.Y. 2001 - 2002 (Rupees)	F.Y. 2000 - 2001 (Rupees)
Sales and Other Income	6,39,02,204	4,83,28,763
Profit/(Loss) before interest and depreciation	16,75,949	7,93,785
Less: Interest & Financial charges	35,00,857	23,69,189
Depreciation	30,40,941	19,54,910
Profit/(Loss) before Tax	(48,65,849)	(35,30,314)
Less: Provision for taxation	00	00
Profit/(Loss) after Tax	(48,65,849)	(35,30,314)
Add: Loss brought forward from last year	(1,16,77,006)	(81,48,692)
Total Loss	(1,65,42,855)	(1,16,77,006)
Appropriation	00	00
Balance Loss carried forward to Balance Sheet	(1,65,42,855)	(1,16,77,006)

DIVIDEND

Your Directors regret their inability to recommend any dividend, in view of the accumulated losses of the company.

REVIEW OF BUSINESS OPERATIONS

During the year under review, your Company has posted good results as compared to previous year. The turnover of the Company rose from Rs.391.19 lacs to Rs.531.82 lacs recording an increase of 36% over the previous year. Similarly, the Profit before interest and depreciation has stepped up to Rs. 16.76 lacs as against Rs.7.94 lacs of the previous year, which shows an increase of 111% over the previous year. But the Loss after tax has increased from Rs.35,30,314/- to Rs.48,65,849/- during the year. This is due to significant increase in financial charges and depreciation on account of increased borrowings and additions in capital expenditure during the year. Despite the overall deceleration experienced by the Plastic Packaging Industry, your Company could achieve marginal growth in its financial parameters as indicated above. However, a concerted efforts are being initiated on all fronts to recoup the mounting losses carried forward from year to year.

MODERNISATION & EXPANSION

Your Directors are pleased to report that the Company has already completed all front activities to increase its production capacity from 1500 M.T per annum of HDPE/PP Woven Sack Bags to 2000 M.T per annum at an estimated project cost of 100.40 Lacs.

FIXED DEPOSITS

The Company has not accepted any deposit within the meaning of section 58A of the Companies Act, 1956 and the Rules made there-under.

KARNAVATI ALFA INTERNATIONAL LIMITED**DIRECTORS**

During the year, Shri Arvind V. Shah, Director (Marketing) and Shri Yogendra R. Parikh, Additional Director had resigned on personal grounds. The Board places on record its appreciation to the valuable services rendered by them during their brief tenure on the Board of Directors of the Company.

In accordance with the provisions of the Companies Act and Article - 150 of the Articles of Association of the Company, Shri Kiritbhai P. Mehta and Shri Harshadbhai N. Mehta, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. You are requested to re-appoint them.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. That in the preparation of the annual accounts for the financial year ended 31st March, 2002, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. That the Directors have selected appropriate accounting policies and applied them consistently and made judgments and estimates that were 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 the year under review.
3. 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 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the annual accounts for the financial year ended 31st March, 2002 on a 'going concern' basis.

AUDITORS AND AUDITORS' REPORT

M/s. P. K. Modi & Co., Chartered Accountants, Auditors of the Company, hold the office until conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(1B) of the Companies Act, 1956.

The observations made in the Auditors' Report read together with the relevant notes thereon are self explanatory, and therefore, do not call for any further comments or explanations.

CORPORATE GOVERNANCE

Listing agreement with the Stock Exchanges have been amended to include Corporate Governance Code as per SEBI directives. The said Corporate Governance Code will become applicable to your Company by March, 2003. However, your Company has already initiated steps to put in place the system of Corporate Governance and all the mandatory provisions will be fully complied with before the deadlines prescribed.

PARTICULARS OF EMPLOYEES

There are no employees whose particulars are required to be shown in terms of provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION FOREIGN EXCHANGE EARNINGS AND OUTGO

The additional information required to be disclosed pursuant to Section 217 (1)(e) of the Companies Act read with the companies (Disclosures of Particulars in the Report of Board of Directors) Rules 1988, is given in the Annexure 1 forming part of this Report.

ACKNOWLEDGEMENT

Your Directors wish to express their sincere appreciation of the co-operation and assistance received from its valued Shareholders, Bankers, Government Authorities and other Business Constituents during the year under review. Your Directors express their warm appreciation to all the Employees for their diligence and contribution.

For and on behalf of the Board of Directors

Sanand.
30th August, 2002

Hemang A. Shah
Chairman and Managing Director

ANNEXURE TO THE DIRECOTRS' REPORT

Information under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 forming part of the Directors' Report for the year ended on 31st March, 2002.

A. Conservation of Energy

The operations of your Company are not energy intensive. Nonetheless, energy optimization measures continue to be pursued during the year.

Total Energy Consumption and Energy Consumption per unit of Production is as under:

a) Power and Fuel Consumption		2001 - 2002	2000 - 2001
		— — —	— — —
1.	Electricity		
	Purchased Units	12,25,038	5,79,886
	Total Cost (Rupees)	61,55,714	28,21,968
	Rate per Unit (Rupees)	5.03	4.87
	Consumption (in Units) per unit of production	1.37	1.17
2.	Own Generation Through Diesel Generator		
	Purchased Units (Litres)	1,11,002	1,45,922
	Total Cost (Rupees)	21,84,073	26,37,808
	Rate per Unit (Rupees)	19.68	18.08
	Consumption (in Units) per unit of production	0.13	0.29

B. Technology absorption, adaptation and innovation:

The Company has not maintained any separate R & D cell. It has a quality assurance department to check the quality and constantly adapt measures to enhance the quality. As there is no imported/ foreign technology involved, question of its adoption/ absorption does not arise.

C. Foreign Exchange Earnings and Outgo :

		(Rs. in Lacs)	
		2001-2002	2000-2001
i)	Foreign Exchange earning	Nil	Nil
ii)	Foreign Exchange outgo	Nil	8.19

For and on Behalf of the Board of Directors

Sanand
30th August, 2002

HEMANG A. SHAH
Chairman & Managing Director