

# **VENTURA TEXTILES CORPORATION LIMITED**

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**31<sup>ST</sup> ANNUAL REPORT  
2000 - 2001**

## VENTURA TEXTILES CORPORATION LIMITED

### BOARD OF DIRECTORS

Mr. R. S. Mehra	:	<i>Chairman</i>
Mr. P. M. Rao	:	<i>Managing Director</i>
Mr. T. B. Ananthanarayanan	:	<i>Nominee Director - IDBI</i>
Mr. S. R. Karmarkar	:	<i>Director</i>
Mr. P. R. Bhargava	:	<i>Director</i>

### COMPANY SECRETARY

Mr. K.R. Vishwanath

### SOLICITORS AND ADVOCATES

M/s. Amarchand & Mangaldas & Suresh A. Shroff & Co.

### AUDITORS

M/s. S. M. Kapoor & Co  
Chartered Accountants

### BANKER

State Bank of India

### REGISTERED OFFICE

313, MIDAS, Sahar Plaza  
J. B. Nagar  
Andheri (East)  
Mumbai - 400 059

### FACTORY

Gonde & Satpur, Nashik  
District, Maharashtra

### REGISTRAR & SHARE TRANSFER AGENT

Intime Spectrum Registry Pvt. Ltd  
260-A, Shanti Industrial Estate  
Sarojini Naidu Road  
Mulund (West), Mumbai - 400 080

### AUDIT COMMITTEE

: Mr. P. M. Rao  
: Mr. S.R. Karmarkar  
: Mr. P. R. Bhargava

# VENTURA TEXTILES CORPORATION LIMITED

## NOTICE

NOTICE is hereby given that the **THIRTY-FIRST ANNUAL GENERAL MEETING** of the members of **VENTURA TEXTILES CORPORATION LIMITED** will be held on Saturday, the 29th day of September, 2001 at the Registered Office of the Company at 313, Midas, Sahar Plaza, J.B. Nagar, Andheri (East), Mumbai - 400 059 at 3.00 p.m to transact the following business :

### AS ORDINARY BUSINESS :

1. To receive, consider, and adopt the Audited Balance Sheet as at 31st March, 2001 and the Profit and Loss Account for the year ended on that date, the Schedules and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. R. S. Mehra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint M/s S. M Kapoor & Co., Chartered Accountants, as the Statutory Auditors and to fix their remuneration.

### AS SPECIAL BUSINESS :

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION** :

**"RESOLVED THAT** Mr. S. R. Karmarkar, who was appointed as an Additional Director and holding office upto the date of the Annual General Meeting, and in favour of whom the Company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director liable to retire by rotation."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION** :

**"RESOLVED THAT** Mr. P. R. Bhargava, who was appointed as an Additional Director and holding office upto the date of the Annual General Meeting, and in favour of whom the Company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director liable to retire by rotation."

6. 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 21 and other applicable provisions, if any, of the Companies Act 1956, and subject to the approval of the Central Government, the name of the Company be changed from 'Ventura Textiles Corporation Limited' to 'Ventura Textiles Limited', as the said name has been made available by the Office of the Registrar of Companies, Maharashtra vide approval letter No. AN - 113944 dated 18th July, 2001."

**"RESOLVED FURTHER THAT** the existing name of the Company be altered and substituted by the new name in the Memorandum and Articles of Association of the Company and other documents subsequent to the approval of the Central Government."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things which may be necessary, usual, expedient or proper to give effect to this resolution."

7. 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 31 and other

applicable provisions, if any, of the Companies Act, 1956 and the provisions of other statutes, rules and regulations as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities and bodies, the Articles of Association of the Company be and is hereby altered as follows :

- (1) That Article No. 2 be and is hereby altered by insertion of the expressions in the following manner:

i. The expression "Beneficial Owner" be inserted after the expression "Auditors" and before the expression "Board or Board of Directors"

*"Beneficial Owner" shall mean beneficial owner as defined in clause (a) of the sub section (1) of Section 2 of the Depositories Act, 1996.*

ii. The expression "Depository" be inserted after the expression "Debenture" and before the expression "Directors"

*"Depository" means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992.*

iii. The expression "SEBI" be inserted after the expression "Seal" and before the expression "Secretary"

*"SEBI" means The Securities and Exchange Board of India.*

iv. The expression "Securities" be inserted after the Expression "Secretary" and before the expression "Shares"

*"security" means such security as may be specified by SEBI from time to time.*

- (2) That the following Article No. 15(A) along with the heading be inserted after the Article No. 15 :

### DEMATERIALISATION OF SHARES :

#### 15(A) (i) Dematerialisation of Securities

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

#### (ii) Option for investors

Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with the depository. Such a person who is beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of the securities.

If a person opts to hold his security with a depository the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

(iii) **Securities in depositories to be in fungible form**  
All the securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C, and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

(iv) **Rights of depositories and beneficial owners**

a) Notwithstanding anything contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.

(v) **Service of documents**

Notwithstanding anything contrary contained in the Act or these Articles, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

(vi) **Transfer of Securities**

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

(vii) **Allotment of securities dealt with by a depository**

Notwithstanding anything in the Act or these Articles, where the securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

(viii) **Distinctive numbers of securities held in a depository**

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held in a depository.

(ix) **Register and Index of the beneficial owners**

The Register and Index of the beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of the Members and Security holders for the purpose of these Articles.

(3). That the following new Article 18(A) and the heading be inserted after the Article No. 18 :

**EMPLOYEE STOCK OPTION PLAN / SCHEME :**

18(A) Subject to the provisions of Section 79A and other applicable provisions of the Act and the Rules made thereunder, the Company may issue Sweat Equity if such issue is authorised by a Special Resolution passed by the Company in the General Meeting. The company may also issue shares to employees including its Directors under Employee Stock Option Scheme (ESOP) or any other scheme, if authorised by a Special Resolution in the General Meeting subject to the provisions of the Act and the Rules and applicable guidelines made thereunder, by whatever name called.

(4). That the following new Article 28(A) and the heading be inserted after the Article No. 28 :

**BUYBACK OF SHARES**

28(A) Notwithstanding anything contained in these Articles, the Company may, when and if thought fit, Buy-Back such of the Company's own shares or securities in accordance with the Section 77A of the Companies Act 1956, subject to such approvals, as may be required under the applicable guidelines and regulations.

(5). That the following Article 69(A) and heading be and is hereby inserted after the Article No. 69 :

**NOMINATION :**

69(A)(i). Notwithstanding anything contained in the articles, every holder of shares or debentures of the Company may, at any time, nominate a person in whom his shares or debentures shall vest in the event of his death and the provisions of Section 109A and 109B of the Companies Act, 1956 shall apply in respect of such nomination.

(ii) No person shall be recognized by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of the holder(s) of the shares or debentures of the Company in the manner specified under Section 109A of the Companies Act, 1956

(iii) The Company shall not be in any way responsible for transferring the shares and / or debentures consequent upon such nomination.

(iv) If the holder(s) of the shares or debentures survive(s) nominee, then the nomination made by the holder(s) shall be of no effect and shall automatically stand revoked.

(6). That a new Article 131(A) and the heading be and is hereby inserted after Article No. 131:

**POSTAL BALLOT :**

131.(A) Notwithstanding anything contained in the provisions of the Companies Act, 1956, and the rules made thereunder, the Company may, and in case of resolutions relating to such business as may be prescribed by such authorities from time to time, declare to be conducted only by postal ballot, shall, get any such business/resolutions passed by means of a postal ballot, instead of

# VENTURA TEXTILES CORPORATION LIMITED

transacting the business in the General Meeting of the Company.

- (7). That the existing Article 146 be and is hereby altered by insertion of new sub-clause (g) after the sub-clause (f) :

- (a) he is a director of a public company which
- has not filed the annual accounts and annual return for any continuous three financial years commencing on and after the first day of April, 1999 or
  - has failed to repay its deposit or interest thereon on due date or redeem its debentures on due date or pay dividend and such failure continues for one year or more

provided that such person shall not be eligible to be appointed as a director of any other public company for a period of five years from the date on which such public company, in which he is a director failed to file annual accounts and annual returns under sub-clause(ii) or has failed to repay its deposit or interest or redeem its debentures on due date or pay dividend referred to in clause (ii).

- (8). That Article 4(a) be replaced and substituted by the following Article :

- 4(a) The Company in the General Meeting may from time to time increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. The new shares shall be issued upon such terms and conditions and with rights and privileges annexed thereto, as the resolution shall prescribe and in particular, such shares may be issued with a preferential or qualified right to dividends, and/or in the distribution of assets of the company, and with or without a right of voting at General Meetings of the Company in conformity with the Section 86 and such other provisions of the Companies Act, 1956.

- (9) That the Article 153 (1) (b) be and is hereby altered in the following manner:

the words "*rupees five hundred or more*" be and are hereby replaced and substituted by the words "*such sum as may be prescribed*"

- (10) That the Article 153 (6) be and is hereby altered in the following manner:

the words "*three thousand rupees*" be and are hereby replaced and substituted by the words "*such sum as may be prescribed*"

- (11) That the Article 188 (11) be and is hereby altered in the following manner:

the numbers "*370, 372*" be and are hereby replaced and substituted by the number "*372A*"

- (12) That the Article 209 along with the marginal note be and is hereby altered in the following manner:

- In Article 209(1) and the marginal note, the words "*forty-two days*" be and is hereby substituted and replaced by the words "*thirty days*"
- Existing Article 209(2) be replaced and substituted by a new Article 209(2) as given under :
  - The amount of dividend, including interim dividend, declared shall be deposited in a separate bank account within five days from the date of declaration of such dividend.

- If the dividend has not been paid within thirty days to a share holder then the Company shall within seven days from the date of expiry of the said thirty days transfer the whole of the dividend amount to a special account called "Unpaid Dividend Account Limited" to be opened with a scheduled bank.

- Any money transferred to the unpaid dividend account of the Company, which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to Investor Education and Protection Fund established under Section 205C."

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

**"RESOLVED THAT** the Company do apply for delisting of its shares from the Stock Exchanges at Ahmedabad, Coimbatore and Delhi and the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things which may be necessary, usual, proper and/or expedient to give effect to this resolution."

Regd. Office:

313 - MIDAS, Sahar Plaza,  
J. B. Nagar  
Andheri (East)  
Mumbai - 400 059  
Date : 31st July, 2001

By order of the Board of Directors

K. R. Vishwanath  
Company Secretary

## NOTES :

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
- Proxy, in order to be effective, should be lodged with the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 for the business to be transacted is annexed.
- All the documents referred to in the Notice and Explanatory Statement annexed to the Notice convening this Annual General Meeting of the Company is available for inspection at the Registered Office of the Company between 11 a.m. to 1.00 p.m on all working days, upto the date of the Annual General Meeting.
- The Share Transfer Book and the Register of Members of the Company will remain closed from 22nd September, 2001 to 26th September, 2001 (both days inclusive).
- Members are requested to immediately intimate change of address, if any, to the Company's Registrar and Share Transfer Agent 'Intime Spectrum Registry Pvt. Ltd.', 260-A, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (West), Mumbai 400 080 quoting reference to their Registered Folio Number.
- Members/ Proxies are requested to bring the copy of their Annual Report along with them and to produce the Attendance slip at the Entrance of the Meeting Hall.
- The Shares of the Company are listed with Mumbai Stock Exchange and the Stock Exchange at Ahmedabad, Coimbatore and Delhi.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

**Item No. 4.**

Mr. S. R. Karmarkar has been appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 29th June, 2001. He is a practicing Chartered Accountant for the past twenty-nine years.

He is a member of various professional bodies and is associated with number of social forums. The Company has received a notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director liable to retire by rotation.

None of the Directors other than Mr. S. R. Karmarkar is concerned or interested in the above mentioned appointment.

**Item No. 5.**

Mr. P. R. Bhargava has been appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 29th June, 2001. He is a Mechanical Engineer and has more than thirty years of Industrial experience.

He was holding senior position in Mahindra & Mahindra Ltd. for a period of sixteen years. At present he holds Directorship in Dilip Plastics Pvt. Ltd. and is a partner in M/s. Cool Deck. The Company has received a notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director liable to retire by rotation.

None of the Directors other than Mr. P. R. Bhargava is concerned or interested in the above mentioned appointment.

**Item No. 6**

The Company is mainly into exports and finds in its business international dealings certain inconvenience in its name, as the word 'Corporation' in the existing name of the Company, '**Ventura Textiles Corporation Limited**' is misleading and creating an impression that the Company is a Public Sector Undertaking. Hence your Board recommends to drop the word 'Corporation' in the existing name, subject to necessary approvals, and change the name of the Company to '**Ventura Textiles Limited**'. Your Directors recommend to pass the resolution as a Special Resolution.

None of the Directors are concerned or interested in the above resolution.

**Item No. 7.**

Your Company has been advised to register with Depositories for dematerialisation of its shares by the Stock Exchanges subsequent to the directives of The Securities and Exchange Board of India, for compulsory demat trading of its shares.

The Company has been granted the facility for Dematerialisation of its shares w.e.f. 6th March, 2001 by Central Depository Services (India) Limited. And is waiting for necessary approval from NSDL. In order to facilitate the demat trading, the Articles of Association of the Company has been proposed to be altered by insertion of necessary Articles.

Further considering the various amendments in the Companies

Act, 1956, the Articles have to be altered to bring in line with the amendment, especially the provisions relating to Buy-Back of shares, Sweat Equity, Differential Rights of Shares, Employee Stock Option Scheme, payment of Dividend, Postal Ballot, Nomination facilities to the shareholders.

None of the Directors may be deemed to be concerned or interested in the said resolution.

Your Directors recommend the resolution to be passed as a Special Resolution.

**Item No. 8**

The Shares of the company are listed with the Stock Exchanges at Ahmedabad, Coimbatore, Delhi and Mumbai. Considering the fact that the shares are rarely / thinly traded at the Stock Exchanges at Ahmedabad, Coimbatore and Delhi, the Board of Directors is of the view that it would be advisable to apply for delisting of its shares from the said three Non-Regional Stock Exchanges in accordance with the provisions of applicable laws and continue to have listing only with the Mumbai Stock Exchange, the Regional Stock Exchange.

Considering the directions of the Stock Exchange, Mumbai for trading of shares in Demat mode and also of the financial position of the Company, your Directors recommend for Voluntary Delisting of Shares of the Company from the three Stock Exchanges. The Share of the Company will continue to be listed with the Stock Exchange, Mumbai, being the Regional Stock Exchange.

The Record Date for determining the eligible shareholders in this respect will be intimated subsequent to obtaining approval of the members of the Company and the respective Stock Exchanges.

Your Directors recommend the resolution be passed as special resolution, in accordance with the Guidelines for voluntary delisting of shares.

Regd. Office:

By order of the Board of Directors

313 - MIDAS, Sahar Plaza,  
J. B. Nagar  
Andheri (East)  
Mumbai - 400 059  
Date : 31st July, 2001

**K. R. Vishwanath**  
Company Secretary

# VENTURA TEXTILES CORPORATION LIMITED

## DIRECTORS' REPORT

To  
The Members

Your Directors present the Thirty-First Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2001.

### FINANCIAL RESULTS :

(Rs. in lacs)

	2000-2001	1999-2000
Gross Income	4499.43	3592.85
Profit/(Loss) before interest and depreciation	201.81	(323.64)
Less:		
Interest	615.44	986.82
Depreciation	329.92	316.61
Loss for the year	(743.55)	(1627.07)
Less: Prior period adjustments	18.00	—
Loss for the year	(761.55)	(1627.07)
Add:		
a) Balance brought forward from the previous year.	(2309.27)	(752.20)
b) Transfer from General Reserve	—	70.00
Balance carried to Balance Sheet	(3070.82)	(2309.27)

### DIVIDEND :

The Directors regret their inability to recommend any dividend, due to loss incurred by the Company for the year under review.

### OPERATIONS :

During the year under review, the Company achieved a total income of Rs.4499.43 lacs against Rs.3592.85 lacs in the previous year. The Company incurred a loss of Rs.761.55 lacs for the year, while for the previous year the loss was Rs.1627.07 lacs.

The Company made a cash profit of Rs.201.81 lacs for the year under review, against the cash loss of Rs.323.64 lacs in the previous year. The turnaround was mainly on account of several initiatives undertaken by the new management in improving the production and enlarging marketing activities.

Despite the improved operating performance with increased production of Yarn and Fabric, the Company could not achieve the desired results, due to the continued pressure on export prices. The international market for Textiles continued to witness sluggish demand for grey fabrics, resulting in low volumes even at reduced prices. The increased input costs of power, fuel, labour and cotton put the Company under severe pressure on margins.

With a view to improve the profitability, the management strategically changed its focus from Grey Textiles to Finished Products. The management has identified 'Home Textiles' as a potential area, considering its growth rate of about 17% to 18% per annum. In this direction, the Company has developed Satin Stripe Bed Sheets to the U.S. market and successfully marketed the product by signing the initial business. The management is now focussed to market value added products by shifting from

traditional Grey Fabrics. With this change in product mix, the Company foresees a turnaround in its profitability.

### PREFERENTIAL ISSUE :

During the year under review the Company allotted 7,50,000 Convertible Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred Only) each to the Industrial Development Bank of India (IDBI) on Preferential Issue basis at a coupon rate of 11.35% (yield 15.34%) on conversion of Rs.7.50 crore, being about 20% of the outstanding loan borrowed from IDBI by the company.

Further, the Company had allotted 1,35,00,000 Equity Shares of Rs.10/- each to the Promoters for cash at par on Preferential Issue basis on 28th March, 2001, in accordance with the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

### INTIMATION UNDER SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985:

In terms of sub-section (1) of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, the Company has become a potentially sick Industrial Company, as the accumulated losses of the Company as at 31st March, 2001 have resulted in erosion of more than 50% of the peak networth during the immediately preceding four financial years. The Company would take necessary steps to comply with the requirements, subsequent to approval of the members.

### DISCLOSURE UNDER THE LISTING AGREEMENT:

Cash flow statement pursuant to Clause 32 of the Listing Agreement is annexed herewith and forming part of this report.

### FIXED DEPOSITS :

With respect to deposits accepted within the meaning of Section 58A of Company Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, the Company has complied with the provisions and rules thereof.

### DIRECTORS :

During the year under review Mr. M.P. Bharucha resigned from the Board with effect from 27th March, 2001. The Board records its appreciation for the valuable contributions made by him during his tenure as a Director.

The Board of Directors at their meeting held on 29th June, 2001 appointed Mr. S.R. Karmarkar and Mr. P.R. Bhargava as Additional Directors of the Company and they hold office upto the date of the ensuing Annual General Meeting.

The Company has received notices under Section 257 of the Companies Act, 1956 proposing their candidature for the office of a Director liable to retire by rotation. Your Directors are of the view that the Company would benefit immensely out of the rich experience of the said persons, hence recommends the said appointments.

Mr. D.S. Alva resigned from the Board with effect from 30th June, 2001. The Board records its appreciation for the valuable contributions made by him during his tenure as a Director.

Mr. R. S. Mehra, Director, who is liable to retire by rotation at the ensuing Annual General Meeting, being eligible has opted for his re-appointment. Your Directors recommend his re-appointment.

#### RESPONSIBILITY STATEMENT :

Pursuant to sub-section (2AA) Section 217 of the Companies Act, 1956 your Directors confirm that:

- i. In 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 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 the year ended;
- iii. Your Directors had 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; and
- iv. Your Directors have prepared the attached Statement of Accounts for the year ended 31st March, 2001 on a going concern basis.

#### AUDITORS :

M/s. S.M. Kapoor & Co., Chartered Accountants, the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting. The Company has received a certificate from the Auditors, under Section 224 (1B) of the Companies Act, 1956, intimating their willingness and eligibility for re-appointment. Your Directors recommend the said re-appointment.

#### DEMATERIALISATION OF SHARES :

During the year under review, your Company applied to Central Depository Services (India) Ltd. (CDSL) and National Securities Depository Ltd. (NSDL) for registering itself to enable shareholders to trade and hold shares of the Company in electronic form.

While your Company has obtained necessary approval from CDSL for demat of the shares of the company with effect from 6th March, 2001, but still is in the process of entering into a tripartite agreement with NSDL in this respect.

The Company has taken necessary action to implement this facility through its Share Transfer Agent 'Intime Spectrum Registry Private Limited'.

Further The Stock Exchange, Mumbai has advised the Company to sign necessary agreements with CDSL and NSDL and establish required connectivity with the said Depositories, as the trading in scrip in physical form will be on trade to trade basis after April 30, 2001.

#### DELISTING OF SHARES :

The shares of the Company are thinly/rarely traded at the Stock Exchange at Ahmedabad, Coimbatore and Delhi, hence the Board of Directors is of the view that it would be advisable to apply for

delisting of the shares of the Company from the said three Stock Exchanges in accordance with the applicable laws. The Record Date for determining the eligible shareholders in this respect will be intimated subsequent to obtaining approval of the members of the Company and the respective Stock Exchanges.

Considering the directions of The Stock Exchange, Mumbai for trading of shares in Demat mode and also of the financial position of the Company, your Directors recommend for Voluntary Delisting of Shares of the Company from the three Stock Exchanges. The Share of the Company will continue to be listed with The Stock Exchange, Mumbai, being the Regional Stock Exchange.

#### COST AUDITORS :

Your Company had appointed M/s. ABK & Associates, Cost Accountants, Mumbai, pursuant to the Order No.52/777/CAB-2000 dated 10th August, 2000, as the Cost Auditors for the Financial Year 2000-2001. With respect to the financial Year 2001-2002 your Company has, subject to approval of Central Government, proposed to re-appoint M/s. ABK & Associates, Cost Accountants, Mumbai as the Cost-Auditors.

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE AND OUTGO :

The information as required to be submitted pursuant to 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 is given in the Annexure to this report.

#### PARTICULARS OF EMPLOYEES :

None of the Employees were in receipt of the remuneration in excess of the ceiling as prescribed in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended by the Companies (Amendment Act), 1988.

#### CORPORATE GOVERNANCE :

The Company is required to comply with Clause 49 of the Listing Agreement with respect to Corporate Governance within financial year 2001-2002, but not later than 31st March, 2002. Your Directors have initiated necessary steps to comply with the requirement in this regard.

Your Board of Directors has constituted an Audit Committee in terms of the requirement under Section 292 A of the Companies Act, 1956.

#### ACKNOWLEDGEMENT :

The Directors express their appreciation and sincere gratitude to various Departments of the Central and State Governments, Bankers, Stock Exchange authorities, Clients and Shareholders for their valuable assistance and continued support. The Directors also record their appreciation for the sincere and dedicated efforts of staff at the various levels of the Company.

For and on behalf of the Board of Directors

Place : Mumbai

Date : 31st July, 2001

S. R. Karmarkar  
Director

P.M. Rao  
Managing Director