

KG Fabriks Limited



10th Annual Report 2003 - 2004



BOARD OF DIRECTORS

Managing Directors

Mr B Sriramulu

Mr B Srihari

Directors

Mr V Jagadisan

Mr A Velusamy

Mr R Vasudevan

Mr M Balasubramanian

AUDITOR

Mr C A Venkatesan

Chartered Accountant

Coimbatore

INTERNAL AUDITORS

M/s Gopalaier & Subramanian

Chartered Accountants

Coimbatore

LEGAL ADVISORS

M/s Ramani & Shankar

Advocates

Coimbatore

BANKER

UTI Bank Limited

REGISTERED OFFICE

K G HOUSE

126 Arts College Road

Coimbatore – 641 018

FACTORY

90, Ranga Vilas Mills Line

Peelamedu

Coimbatore - 641 004

KG Fabriks Limited

Notice to the Shareholders

Notice is hereby given that the TENTH ANNUAL GENERAL MEETING of the members of the Company will be held at the premises of KG Fabriks Ltd, at 90, Rangavilas Mills Line, Peelamedu, Coimbatore 641 004 on Tuesday, the 28th September 2004 at 10.30 AM to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March 2004, the Profit and Loss Account for the year ended 31st March 2004 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr A Velusamy who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr M Balasubramanian who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

The retiring Auditor Mr C A Venkatesan, Chartered Accountant is eligible for reappointment.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification the following Resolution as a SPECIAL RESOLUTION

RESOLVED THAT Clause 1 to 3 of the A – main objects of the Memorandum of Association be appended to C – other objects and the Clause 10 to 12 be renumbered as 1 to 3 consequent to the commencement of the textile activities and change of name of the Company.

By Order of the Board

Coimbatore
Date: 23.06.2004

B Srihari
Managing Director

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and the **proxy need not be a member**.
2. Members/Proxies should bring the enclosed Attendance Slip duly filled in for attending the meeting.
3. The Register of Members of the Company and the Share Transfer Book will remain closed from 22.09.2004 To 28.09.2004 (both days inclusive)
4. Members are requested to notify change of address, if any, with PINCODE to the Company quoting reference of their folio number.



5. Those members who have so far not encashed their dividend warrants for the financial year ended 30.06.1997, may claim or approach the Company for the payment thereof, as the same will be transferred to the Investor Education and Protection Fund of the Central Government, pursuant to Section 205 C of the Companies Act, 1956 on the due date i.e., 29.12.2004. Kindly note that after such transfer, the members will lose their right to claim such dividend. **The Company has already transferred unclaimed dividend for the year ended 30.06.1996 to the Investor Education and Protection Fund.**
6. Members are requested to bring their copy of the Annual Report to the meeting.
7. Explanatory Statements pursuant to Section 173(2) of the Companies Act in respect of the special business under items 5 is enclosed.

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No.5

Clause 1 to 3 of the A – main objects of the Memorandum of Association reflects Non Banking Finance activities. Since the company diversified its core activities into textile, the main objects needs renumbering to reflect the current activities.

After renumbering Clause 1 to 3 of the A – main objects reflects the Textile activities being the main objects. The NBFC activities shall be appended to the C. other objects.

The Board of Directors therefore recommend passing of the Special Resolution as set out in item 5 of the notice.

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

By Order of the Board

Coimbatore
Date: 23.06.2004

B Srihari
Managing Director

NAME STICKERS

Consequent to the change of the name of the Company, the 'name stickers' bearing the new name 'KG Fabriks Limited' are sent to the shareholders to affix on the top of the share certificate on the old name.



KG Fabriks Limited

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

Your Directors are pleased to present the Tenth Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2004.

FINANCIAL RESULTS

	Year ended 31 st March 2004	Year ended 31 st March 2003
	(Rs. in lakhs)	
Gross Profit	53.92	35.37
Interest	1.48	12.26
Profit Before Depreciation	52.44	23.11
Depreciation	12.88	15.76
Net Profit Before Tax	39.56	7.35

After providing Rs.9.75 lakhs for taxation, the Company has earned a net surplus of Rs.29.80 lakhs. This along with previous surplus is carried to Balance Sheet.

OPERATIONS

The increase in yarn price, not commensurate with the cloth price, had resulted in an adverse impact on the working of the Company during the year under review. Efforts are being continued to recover the outstanding dues from NBFC customers. Legal actions are initiated in cases wherever necessary.

OUTLOOK

Your Directors are initiating efforts to increase the production capacity in a phased manner to improve the financials of the Company as well as to reap the advantages of the change in economic scenario.

DIRECTORS

Mr A Velusamy and Mr M Balasubramanian Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

AUDIT COMMITTEE

The Audit Committee of the Company comprises of the following Directors:

1. Mr B Srihari, Managing Director
2. Mr A Velusamy, Non Executive Director
3. Mr R Vasudevan, Non Executive Director

AUDITORS

The Auditor, Mr C A Venkatesan, Chartered Accountant, retires at the conclusion of the ensuing Annual General Meeting and is eligible for reappointment.



DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of Section 217 (2AA) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000, Directors of your Company confirms:-

- that all applicable accounting standards have been followed in the preparation of annual accounts and there are no material departure;
- that such accounting policies have been selected and applied consistently and such judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2004 and of the Profit/Loss of the Company for the year ended on the date;
- that proper and sufficient care has been taken 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;
- that the annual accounts have been prepared on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed 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 are given in the Annexure which forms part of the Directors' Report.

ADDITIONAL DISCLOSURES

The Company does not have any employee drawing the remuneration referred in Section 217 (2A) of the Companies Act, 1956.

PERSONNEL

The Industrial relations were cordial during the year under review.

ACKNOWLEDGEMENT

Your Directors express their appreciation for the co-operation extended by the Bankers, Customers and Employees at all levels and offer their sincere thanks for the same.

Our humble prayers to Lord Sri Venkateswara, ThenThirumalai Sri Venkatachalapathy, Lord Muruga and Goddess Sri Saradambal for the continued prosperity of the Company

For and on behalf of the Board

Coimbatore
Date: 23.06.2004

B Srihari
Chairman

KG Fabriks Limited

ANNEXURE TO DIRECTORS' REPORT

Particulars pursuant to the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A Conservation of Energy

- a) Energy Conservation measures taken:
A study in the energy conservation aspect is being conducted and the corrective measures being taken.
- b) Additional Investments and proposals being implemented for reduction of consumption of energy: Nil
- c) Impact of measures (a) & (b) above for reduction of energy consumption and consequent impact on cost of production: Not Applicable

FORM A

Form for disclosure of particulars with respect to conservation of energy

A. Power and Fuel Consumption	31.03.2004	31.03.2003
Electricity		
a) Purchased		
Units (in thousands)	143.196	17.990
Total amount (in thousands)	(Rs.) 702.298	80.123
Rate per unit	(Rs.) 4.90	4.45
b) Own generation:		
i) Through Diesel Generator Units (in lakhs)	N.A	N.A.
Units per Ltr of Diesel Oil		
Cost/Unit (for Diesel only)		
ii) Through Steam/Turbine Generator		
B Power and Fuel Consumption		
Electricity – Units per Metre	0.446	0.539

Particulars pursuant to the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

FORM B

A Research and Development (R & D)

Company is intending to avail the best from the industry to carryout its R & D activities.

B Technology Absorption

Indigenous technology alone is used.

C Foreign Exchange Earnings and Outgo

Total foreign exchange used and earned

Used 109.54 lakhs

Earned Nil

For and on behalf of the Board

Coimbatore
Date: 23.06.2004

B Srihari
Chairman