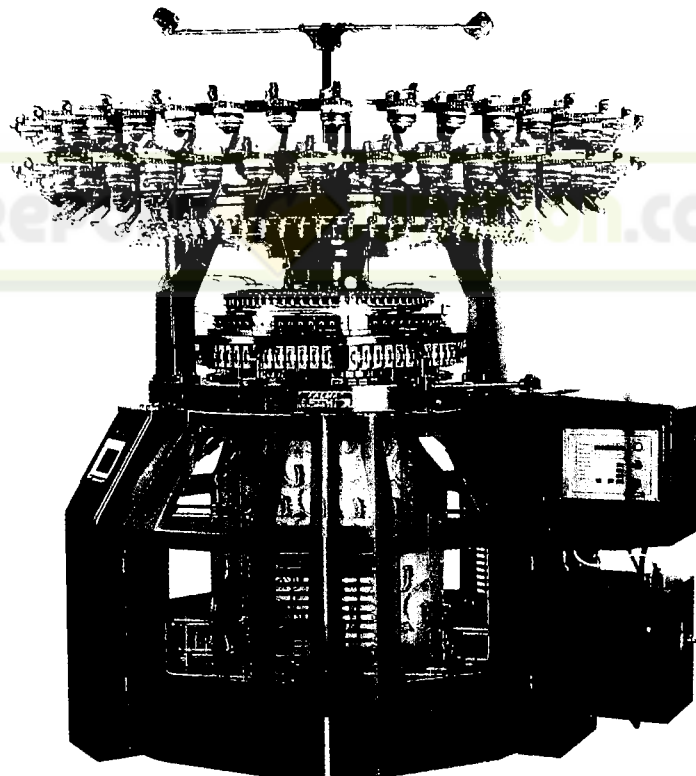




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KRISHNA TEXTPORT INDUSTRIES LTD.

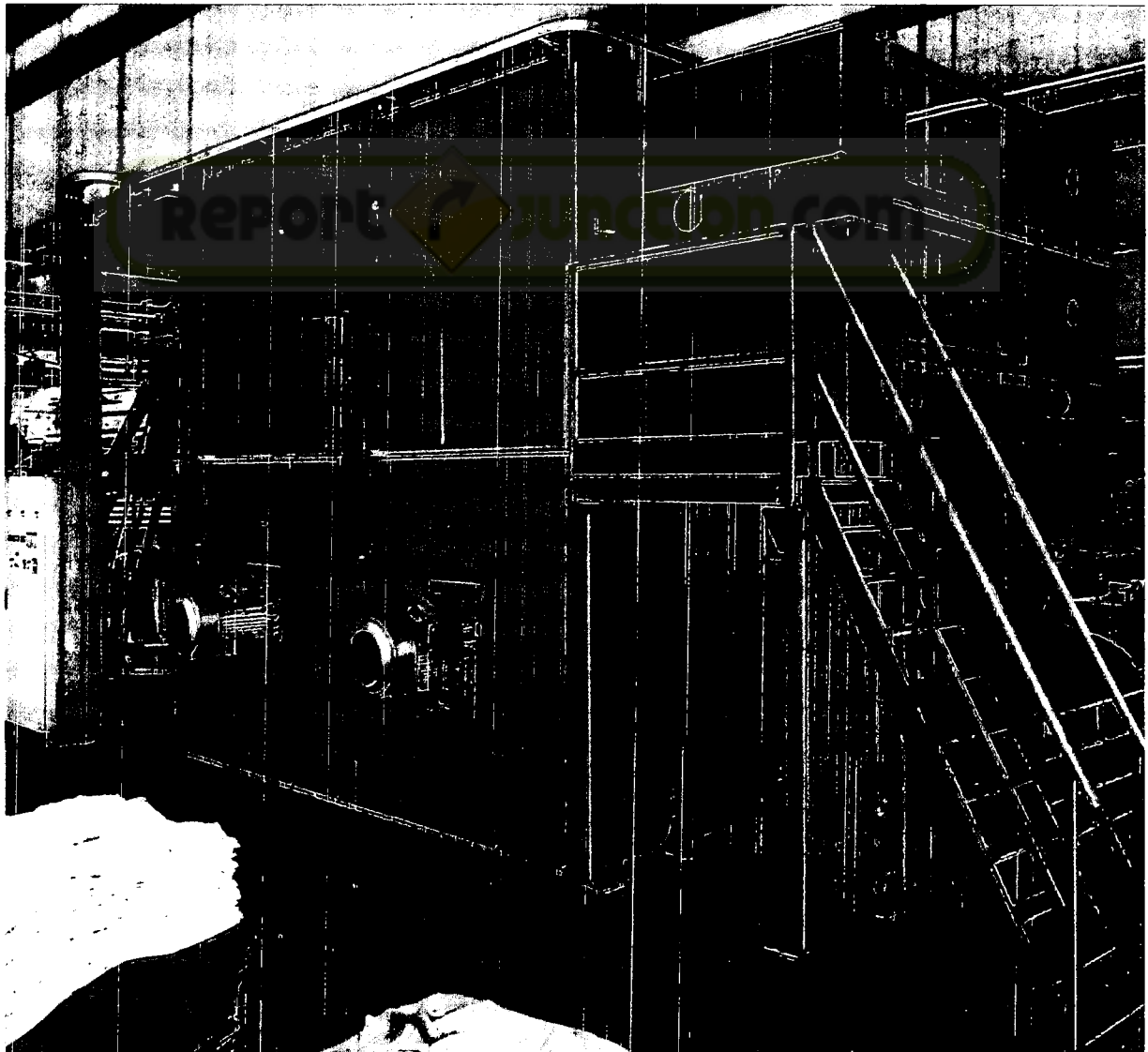


16TH ANNUAL REPORT 1997-98

MEMBER OF THE KRISHNA GROUP  
FROM THE HOUSE OF TAYALS



MR. PRAVIN KUMAR TAYAL  
*Chairman & Managing Director*





**KRISHNA TEXPORT INDUSTRIES LTD.**  
(FORMERLY KRISHNA TEXPORT & CAPITAL MARKETS LTD.)

**BOARD OF DIRECTORS**

Shri Pravin Kumar Tayal - *Chairman & Managing Director*  
Shri Arvind Sharma - *Executive Director*  
Shri Sanjay Kumar Tayal  
Shri Navin Kumar Tayal  
Shri S. P. Jolly

**COMPANY SECRETARY**

Shri Paresh Soni

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

**BANKERS**

State Bank of India  
State Bank of Indore  
Times Bank Ltd.  
IndusInd Bank Ltd.

**AUDITORS**

A. F. Khasgiwala & Co.,  
Chartered Accountants,  
Mumbai.

**REGISTERED OFFICE**

58-A, Dhanu Udyog Industrial Area,  
Piperia, Silvassa, (U.T. of Dadra & Nagar, Haveli)

**CORPORATE OFFICE**

Raghuvanshi Mills Compound,  
11/12, Senapati Bapat Marg,  
Near Mahalaxmi Stn.,  
Mumbai - 400 013.

**PLANTS**

Silvassa (U.T.),  
Dombivli, Dist. Thane, (Maharashtra)

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## KRISHNA TEXPORT INDUSTRIES LTD.

### NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the members of KRISHNA TEXPORT INDUSTRIES LTD. will be held at Kamat Silvassa Resorts, Silvassa, on Thursday, 24th September, 1998 at 1.00 p.m to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March, 1998 and the Reports of Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Shri Arvind Sharma who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

#### SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modification(s), the following Resolutions:

#### AS ORDINARY RESOLUTIONS

5. **"RESOLVED THAT** pursuant to Sections 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-appointment of Shri Arvind Sharma as Executive Director of the Company till the conclusion of next Annual General Meeting, upon the terms and conditions set out in the agreement dated 10th August, 1998, duly initialled by the Chairman for the purpose of identification."
6. **"RESOLVED THAT** pursuant to Article No.4 of the Articles of Association of the Company and Sections 80, 94 and other applicable provisions of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs. 11.5 Crores to Rs. 130 Crores by creating, 8,85,00,000 (Eight Crores Eighty Five Lacs only) New Equity Shares of Rs. 10/- each, entitled to Dividend and ranking pari passu with the existing Equity Shares, and 3,00,00,000 (Three Crores only) Redeemable Preference Shares of Rs. 10/- each, which shall be redeemed before the expiry of a period of ten years from the date of its issue."
- "RESOLVED FURTHER THAT** pursuant to Section 16 and other applicable provisions of the Companies Act, 1956, the existing Clause V of the Memorandum of Association of the Company be and is hereby altered by deleting the same and substituting in its place the following:  
V. Authorised Share Capital of the Company is Rs. 130,00,00,000 Crores (Rupees One Hundred Thirty Crores only) divided into 10,00,00,000 (Ten Crores only) Equity Shares of Rs.10/- (Rupees Ten only) each and 3,00,00,000 (Three Crores only) Redeemable Preference Shares of Rs. 10/- (Rupees Ten only) each, which shall be redeemed before the expiry of a period of ten years from the date of issue".

#### AS SPECIAL RESOLUTIONS

7. **"RESOLVED THAT** pursuant to Section 31 and any other applicable provisions of the Companies Act, 1956:
  - (A) Existing Article 3 of the Articles of Association of the Company be and is hereby deleted and new Article 3 be and is hereby substituted in its place as under:  
The Authorised Share Capital of the Company is Rs.130 (One Hundred Thirty Crores only) divided into 10,00,00,000 (Ten Crores only) Equity Shares of Rs.10/- (Rupees Ten only) each and 3,00,00,000 (Three Crores only) Redeemable Preference Shares of Rs.10/- (Rupees Ten only) each, which shall be redeemed before the expiry of a period of ten years from the date of issue.
  - (B) In the exiting sub-clause (1) of Article 2 of the Articles of Association of the Company, the following additional Interpretations shall be inserted.  
'Beneficial Owner' shall mean the beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.  
'Depositories Act' means the Depositories Act, 1996 and shall include any statutory modifications or re-enactment thereof for the time being in force; and  
'Depository' shall mean a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.
  - (C) After existing clause 64 of the Articles of Association, the following new clauses shall be inserted :  
64 (a) Nothing contained in the foregoing Article shall apply to transfer of security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the records of a Depository.  
64 (b) In the case of transfer of shares or other marketables securities where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act, shall apply."
8. **"RESOLVED THAT** pursuant to Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 and the enabling provisions in the Articles of Association of the Company and subject to the consents, sanctions, approvals and/or permissions of the Central Government, Financial Institutions, Reserve Bank of India (RBI), Securities & Exchange Board of India (SEBI) and other appropriate authorities, and subject to such other approvals as may be necessary and further subject to such conditions and modifications as may be prescribed or imposed in granting such consents, sanctions, approvals and/or permissions and subject to any laws, guidelines, rules or regulations that may be applicable in this behalf, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (which shall be deemed to include any committee which the Board may have constituted or may hereafter constitute to exercise its powers, including the powers conferred by this Resolution) to issue, offer for subscription and to allot, from time to time, at the option of the Company, further Shares (including equity, redeemable preference, cumulative/non-cumulative and/or shares not having voting rights, if permitted by law by whatsoever name called) Debentures, secured or unsecured (Fully paid/Partly paid/ Non Convertible and with or without Interest), Bonds etc., with or without Detachable Warrants, to any person and/or Body Corporate and/ or Institution, through Prospectus and or Letter of Offer or Circular and/or on Private Placement basis from time to time in one or more tranches as may be deemed appropriate for an aggregate amount (Inclusive of such premium as may be determined) not exceeding Rs. 1000 Crores (Rupees One Thousand Crores Only) and such issue and allotment to be made on such occasions and/or such value (s), at a discount or at a premium to the Market Price prevailing at the time of the Issue and in such form and manner and on such terms and conditions or such modifications, determined in consultation with the Lead Managers and/or Underwriters and/or Legal or other Advisors,

## ANNUAL REPORT 1997-98

with authority to retain oversubscription as may be permitted by appropriate authorities and as the Board may think fit, with or without offering the same to the existing Shareholders of the Company on rights basis as required under Section 81(1) of the Companies Act, 1956, as may be deemed appropriate by the Board and as may be permitted by law."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue and allot such number of additional Equity/Preference Shares/Bonds as may be required in pursuance of the above Resolution, and that the Equity Shares so allotted shall rank, in all respects, *pari passu* with the existing Equity shares of the Company. Such Equity Shares shall carry the right to receive dividend which may be declared in the financial year in which the allotment of the Shares becomes effective, *pro-rata* from the date of allotment."

9. **"RESOLVED THAT** pursuant to the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Financial Institutions, SEBI, RBI etc. and subject to such other approvals as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to issue Equity/Redeemable Preference Shares (Cumulative/ Non-cumulative), Debentures, secured or unsecured, fully paid/partly paid/ non convertible and with or without interest, Bonds etc. with or without detachable warrants, of the aggregate value not exceeding Rs. 1000 crores (Rupees One Thousand Crores Only) with or without offering to the existing Shareholders of the Company on rights basis and/or to any Financial Institution, Body Corporate or Person by way of Private subscriptions and/or by a public issue to NRIs and to the general public and/or to employees of the Company, on such terms and conditions as to total amount of issue, rate of interest, nominal value, convertibility, time of conversion, premium/discount on issue, premium on conversion into Shares, nature of security, disposal of unsubscribed portion, right to retain the excess subscription, right of entitlement of Equity Shares if issued before full conversion of Debentures, premium on redemption, period of redemption and such other terms and conditions as the Board of Directors may deem fit."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and to execute all such documents and writings, as it may consider necessary, (under the Common Seal of the Company, if required and proper for the purpose of giving effect to the above Resolution."

10. **"RESOLVED THAT** subject to all applicable provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof and any Ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed 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'), the consent of the Company be and is hereby accorded to the Board to buy back, from the existing holders of shares and/or other securities giving right to subscribe to shares of the Company, on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the Securities (odd lots) and/or by purchasing the securities issued to the employees pursuant to a scheme of stock option, the shares or such other securities or securities having such underlying voting rights as may hereafter be notified by the Central Government or any other regulatory authority, from time to time (herein for brevity's sake referred to as "the Securities"), of the Company, from out of its free reserves or out of the securities premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose, or from such other sources as may be permitted by law, on such terms, conditions and in such manner as may be prescribed by law from time to time provided that the aggregate of the Securities so bought back shall not exceed 5% of the respective Securities of the Company."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts and things and deal with all such matters and take all such steps in this regard as it may, in its absolute discretion, deem necessary, fit or proper."

## NOTES

1. The relative explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of items 5 to 10 are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND PROXY NEED NOT BE A MEMBER.
3. The Register of Members and Share Transfer Register of the Company will remain closed from Tuesday, 22nd September, 1998 to Thursday, 24th September, 1998 for the purpose of Annual Book Closure and to determine the members who may be entitled to receive the dividend, if declared at the meeting.
4. All documents, referred to in the notice and explanatory statement, are open for inspection at the Registered Office of the Company on all working days, except holidays, between 10.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting.
5. The unclaimed dividend for the financial year of the Company ended 31.03.1995 is Nil.
6. Members are requested to notify immediately change, if any, in their address specifying full address with Pin Code and quoting their Registered Folio No. to Share Department, Krishna Texport Industries Ltd., Gr. Floor, Kamat Industrial Estate, Opp. Siddhivinayak Temple 396, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025. Telephone: 022-437 39 67.

By Order of the Board

Place : Silvassa (U.T.)  
Date : 10th August, 1998

PRAVIN KUMAR TAYAL  
Chairman





## KRISHNA TEXPORT INDUSTRIES LTD.

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

#### Item No. 5 of the Notice:

Shri Arvind Sharma was appointed Executive Director in the last Annual General Meeting and his present term will expire on conclusion of this Annual General Meeting. The Board of Directors, at its meeting held on 10th August, 1998, has, subject to approval of the shareholders of the Company, re-appointed Shri Arvind Sharma as Executive Director of the Company. The following are the terms and conditions of his appointment:

A) Salary : Rs. 10,000/-per month.

B) Perquisites: As per the Company's rules, subject to Schedule XIII of the Companies Act, 1956.

None of the Directors of the Company is, in any way, concerned or interested in the Resolution except Shri Arvind Sharma himself.

#### Items Nos. 6 & 7 of the Notice:

The Present Authorised Share Capital of the Company is Rs. 11.5 Crore, divided into 1,15,00,000 Equity Shares of Rs. 10/- each. The Company has various expansion plans for increase in the Knitting & Processing capacities. In order to finance these activities and having regard to the size of the operations of the company, it is proposed to increase the Authorised Share Capital of the company from Rs. 11.5 Crores to Rs. 130 Crores by creating 8,85,00,000 new Equity Shares of Rs. 10/- each and 3,00,00,000 Redeemable Preference Shares of Rs. 10/-each, which shall be redeemed before the expiry of a period of ten years from the date of issue. The increase in capital as such requires the approval of the shareholders in the General Meeting under Sections 80 and 94 of the Companies Act, 1956. In view of the increase in the Authorised Share Capital, the Memorandum and Articles of Association of the Company also require to be amended. Hence, the proposed Resolutions.

It is proposed to add new clauses pertaining to issue, transfer and other dealings in shares and securities as also certificates thereof, in view of that the same have been amended after enactment of the Depositories Act, 1996 and introduction of the Depository system.

Consequently addition of new provisions in Articles of Association of the Company pertaining to issue, holding and dealing in shares and securities, which are to be brought in line with the aforesaid amendment, is proposed.

The Directors of the Company may be deemed to be concerned or interested in the proposed Resolutions to the extent of new shares that may be allotted to them in their capacity as shareholders.

#### Items Nos. 8 & 9 of the Notice:

As stated in the Directors' Report, the Company intends to expand its capacities in all the divisions. To meet the requirement of additional funds for the proposed expansion, the Company may enter the Capital Market. Hence, the proposed Resolutions.

Section 81 of the Companies Act, 1956 provides, inter alia, that when it is proposed to increase the Issued/Subscribed Capital of the Company by allotment of further Equity/preference Shares, such further shares shall be offered to the existing shareholders of the Company for subscription unless the shareholders decide otherwise in the General Meeting, by passing a Special Resolution.

The proposed Special Resolutions seek to give, to the Board, powers to issue securities in one or more tranches and at such time or times and at such price or prices as the Board may, in its absolute discretion, deem fit.

None of the Directors of the Company is, in any way, concerned or interested in the Resolution.

#### Item No. 10 of the Notice:

Buy back of own shares or other securities convertible into equity shares by the Companies is presently not allowed under the Companies Act, 1956. The Companies Bill, 1997, sought to lay down the operative provisions to regulate the buy back of shares/securities by companies. It is expected that, in due course of time, the law will be amended to allow such buy back.

It is proposed to buy back not exceeding 5% of the total voting powers relating to the shares or other securities giving right to subscribe for shares of the Company, from the existing security holders on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the securities (odd lots) and/or by purchasing the securities issued to the employees of the Company pursuant to the scheme of stock option, subject to necessary enactment in this regard.

The buy back of shares as aforesaid would entail investing of an amount which would not be less than the market value of the shares of other securities giving right to subscribe for shares of the Company and shall be met out of the free reserves and/or the securities premium account and/or out of the proceeds of an issue specifically made for the purpose or from such other sources as may be permitted by law. The shares so bought back shall be dealt with as per the then prevailing law/regulation.

The Board is of the opinion that it will be in the best interests of the Company if shareholders approve the said Resolution, permitting such buy back, so that the Company will be able to implement this Resolution once the law is amended.

The Resolution is an enabling provision aimed at facilitating the Company to buy back its shares as soon as legally permissible.

The Directors commend the Resolution for approval of the shareholders.

None of the Directors of the Company is, in any way, concerned or interested in the Resolution.

By Order of the Board

Place : Silvassa (U.T.)  
Date : 10th August, 1998

**PRAVIN KUMAR TAYAL**  
Chairman & Managing Director

**ANNUAL REPORT 1997-98****DIRECTORS' REPORT TO THE SHAREHOLDERS****TO THE MEMBERS,**

The Directors have pleasure in presenting the 16th Annual Report together with Audited Statement of Accounts of your Company for the year ended 31st March, 1998.

**FINANCIAL RESULTS**

	<b>1997-98</b>	<b>1996-97</b>
	<b>(Rs.in Lacs)</b>	<b>(Rs.in Lacs)</b>
Net Sales and other income	<b>26042</b>	10051
Profit before depreciation, interest and tax	<b>2306</b>	1448
Interest	<b>3</b>	108
Depreciation	<b>183</b>	104
Net Profit	<b>2120</b>	1120
Profit available for Appropriation	<b>2927</b>	1961
Appropriations:		
General Reserve	<b>1600</b>	1000
Proposed Dividend	<b>375</b>	140
Tax on Dividend	<b>37</b>	14
Surplus carried to Balance Sheet	<b>915</b>	807

**DIVIDEND**

The Directors recommend, for your consideration and approval, payment of enhanced dividend of Rs. 5.00 per Equity Share for the year ended 31st March, 1998 as against Rs. 2.50 per Equity Share for 1996-97. The dividend will be paid on pro rata basis on new Equity Shares allotted during the year. The Dividend outgo for the year will Rs.412 lacs (including tax on dividend as compared to Rs.154 lacs for the previous year.

**OPERATIONS**

During the year under review, the Company achieved record turnover of Rs.260 crore, an increase of 159% over the previous year in the wake of a three fold rise in the production of Knitted Fabric, from 4588 tonnes in 1996-97 to 14000 tonnes in 1997-98, following enhancement of installed capacity from 5000 tonnes to 12000 tonnes in the existing unit and commencement of production in the new 5000 tpa capacity unit at Silvassa. The operating profit improved by 59% to Rs.23.06 crore as compared to Rs.14.48 crore in the preceding year while the net profit has gone up by 89% to Rs.21.20 crores in spite of the recessionary conditions prevailing in the economy and slow down in volume of business, income and profitability in financial services activity.

In response to the requirements notified by the Reserve Bank of India, the company has, during the year, applied to Reserve Bank of India for registration as a Non-Banking Finance Company but it has, so far, neither received the refusal letter nor registration letter from RBI. However, the Company has never invited/received any deposits from the public and has been, as a matter of policy, shifting its emphasis from financial services to manufacturing activities.

**FUTURE PLANS**

As the three listed Group companies viz Krishna Texport Industries Ltd., Shree Krishna Petro Yarns Ltd. and Shree Krishna Polyester Ltd., have, over a period of time, established themselves mainly in the identical manufacturing facilities, there have been suggestions for merger of the three companies into one with a view to achieving synergy in finance, production, marketing and deriving the benefits of economies of scale. Your Directors have decided to examine the proposal for merger of Shree Krishna Petro Yarns Ltd. and Shree Krishna Polyester Ltd. into your Company and to appoint a suitable Consultant/Valuer/Solicitor to work out the modalities. The members would be kept apprised of the developments in this regard from time to time.

Although your company would emerge as the World's largest manufacturers of speciality knitted processed fabrics, in the event of the fructification of the proposed merger, tentative plans for further expansion in spinning and processing capacity by further 50,000 tonnes per annum at an estimated cost of Rs.750 crores are already under active consideration. Your Directors are confident of great future for the Company and overall enhancement of Shareholder value.

**SHARE CAPITAL**

The Equity Share Capital of the Company has gone up by Rs.4.99 crore to Rs.10.59 crore, with addition of Rs.70.00 crore in the Share Premium Account, as a result of conversion of detachable warrants attached to Initial Public Offer made in March 1995. The funds, so raised, have been deployed for the expansion of manufacturing facilities and meeting the working capital requirements; the company has not so far availed any term loan/ Working Capital Limits from the banking system or the financial institutions.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri Arvind Sharma is liable to retire by rotation and, being eligible, offers himself for re-appointment.

Shri Arvind Sharma, who holds office as the Company's Executive Director, upto the conclusion of the Annual General Meeting is proposed to be re-appointed for another year on the same terms and conditions.