



KRISHNA TEXPORT INDUSTRIES LTD.



17TH ANNUAL REPORT 1998-99

MEMBER OF THE KRISHNA GROUP
FROM THE HOUSE OF TAYALS



Shirley King, Royal Canadian Mounted Police



KRISHNA TEXPORT INDUSTRIES LTD.

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Shri Paresh Soni

BANKERS

State Bank of Indore
 Times Bank Ltd.

AUDITORS

A. F. Khasgiwala & Co.
 Chartered Accountants

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 17th Annual General Meeting of the Shareholders of KRISHNA TEXPORT INDUSTRIES LIMITED will be held at Kamat Silvassa Resorts, Silvassa, at 12.00 Noon on Saturday, 18th September, 1999 to transact the following business:

ORDINARY BUSINESS

1. To discuss and adopt the Balance Sheet as at 31st March, 1999 and Profit & Loss Account for the year ended 31st March, 1999 as also the Reports of Directors and Auditors thereon.
2. To discuss and adopt the proposal for declaration of dividend for the year ended 31st March, 1999.
3. To appoint a Director in place of Shri Navin Kumar Tayal who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and 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** Shri Anup Aggarwal, who was appointed by the Board as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 on 11th January, 1999 and whose tenure of office comes to an end at this Annual General Meeting, be and is hereby appointed as a Director of the Company who shall be liable to retire by rotation."
6. **"RESOLVED THAT** pursuant to Sections 198, 269, 309, 310 and 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 having substantial powers of management under the overall control of the Board, till the conclusion of the next Annual General Meeting, upon the terms and conditions as set out in the draft agreement dated 20th August, 1999.
7. **"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. 30 Crore to Rs. 130 Crore by creating additional 7,00,00,000 (Seven Crore only) New Equity Shares of Rs.10/- (Rupees Ten only) each entitled to dividend and ranking *pari passu* with the existing equity shares and 3,00,00,000 (Three Crore only) Redeemable Preference Shares of Rs.10/- (Rupees Ten only) each which shall be redeemed before the expiry of a period of 10 years from the date of issue."
- "RESOLVED FURTHER THAT** pursuant to Section 16 and other applicable provisions of the Companies Act, 1956, 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. The Authorised Share Capital of the Company is Rs. 130 Crore (Rupees One Hundred and Thirty Crore only) divided into 10,00,00,000 (Ten Crore only) Equity Shares of Rs. 10/- (Rupees Ten only) each and 3,00,00,000 (Three Crore only) Redeemable Preference Shares of Rs. 10/- (Rupees Ten only) each which shall be redeemed before the expiry of ten years from the date of issue."

AS SPECIAL RESOLUTIONS

8. **"RESOLVED THAT** pursuant to Section 31 and any other applicable provisions of the Companies Act, 1956, existing Article 3 of the Articles of Association of the Company be and is hereby deleted and new Article 3 be substituted in its place as under :
 3. "The Authorised Share Capital of the Company is Rs. 130 Crore (Rupees One Hundred and Thirty Crore only) divided into 10,00,00,000 (Ten Crore only) Equity Shares of Rs. 10/- (Rupees Ten only) each and 3,00,00,000 (Three Crore only) Redeemable Preference Shares of Rs. 10/- (Rupees Ten only) each which shall be redeemed before the expiry of ten years from the date of issue."
9. **"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 and 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, 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 Shares, Cumulative/Non-Cumulative, and/or Shares not having voting rights, if permitted by law, by whatever name called), Debentures, secured or unsecured (Fully/Partly/Non-Convertible and with or without interest), Bonds etc., with or without Detachable Warrants, to any person, Body Corporate and/or Institutions other than persons, Body Corporate and/or Institutions, who at the time of issue of Shares are holders of Equity Shares of the Company, either at par or at such premium/discount, through Prospectus and/or Letter of Offer or Circular or on Private Placement basis, from time to time, in one or more tranches, as may be deemed appropriate, for an amount (inclusive of such premium as may be determined) which may be decided by the Board in their sole discretion and such issue and allotment to be made on such occasion and/or occasions and/or such value(s), at a discount or at a premium to the Market Price prevailing at the time of the issue, in such form and manner and on such terms and conditions or such modifications, as determined in consultation with the Lead Managers and/or Underwriters and/or Legal or other Advisors, with authority to retain oversubscription, as may be permitted by the 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/ Debentures as may be required in pursuance of the above issue, 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."
10. **"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, 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, with or without interest) Bonds etc., with or without Detachable Warrants, of the aggregate value, not exceeding Rs. 1000 Crore (Rupees One Thousand Crore only) with or without

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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 subscription 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 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."

11. "**RESOLVED THAT** pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Articles of Association of the Company be and are hereby altered by the addition of the following Clause 21-A after the existing Clause 21 and Clause 56-A after the existing Clause 56, in the manner and to the extent as set out below:

Article 21-A : Nomination

1. Every Shareholder or Debenture holder of the Company may, at any time, nominate a person in whom his shares or debentures shall vest, in the event of his death, in such manner, as may be prescribed under the Act.
2. Where the shares or debentures of the Company are held by more than one person jointly, joint holders may, together, nominate a person in whom all the rights in the shares or debentures, as the case may be, shall vest in the event of death of all the joint holders, in such manner as may be prescribed under the Act.
3. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person, the right to vest the shares or debentures, the nominee shall, on the death of the shareholder or debentureholder or as the case may be, on the death of the joint holders, become entitled to all the rights in such shares or debentures or as the case may be, all the joint holders in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.
4. Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures to make the nomination to appoint any person to become entitled to shares in or debentures of the Company in the manner prescribed in the Act, in the event of his death, during the minority."

Article 56-A Transmission of Securities

1. A nominee, upon production of such evidence as may be required by the Board and subject to as hereinafter provided, elect, either
 - a. To register himself as holder of the share or debenture, as the case may be :
 - or
 - b. To make such transfer of the share or debenture, as the deceased shareholder or debentureholder, as the case may be, could have made.
2. If the nominee himself elects to be registered as holder of the share or debenture, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied by the Death Certificate of the deceased shareholder or debentureholder, as the case may be.
3. A nominee shall be entitled to the share dividend and other advantages to which he would be entitled if he were the registered holder of the share or debenture. Provided that, he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meetings of the Company.

Provided further, that the Board may, at any time, give notice requiring any such person to elect either to register himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may, thereafter, withhold payment of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with."

NOTES

1. The Explanatory Statement pursuant to Section 173(2) is annexed hereto.
2. A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT A GENERAL MEETING IS ENTITLED TO APPOINT ANOTHER PERSON (WHETHER A SHAREHOLDER OR NOT) AS HIS PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING AND SHALL BE ENTITLED TO VOTE ONLY UPON A POLL.
3. The Register of Members and Share Transfer Register of the Company will remain closed from Thursday, 16th September, 1999 to Saturday, 18th September, 1999 for the purpose of Annual Book Closure and to determine the members who shall be entitled to receive dividend, if and as declared in the meeting.
4. All documents referred to in the accompanying 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. Members are requested to notify, immediately, any change in their address specifying full address with Pin Code and quoting their Registered Folio No. to Share Department, Krishna Texport Industries Limited, Gr. Floor, Kamat Industrial Estate, Opp. Siddhivinayak Temple, 396, Veer Savarkar Marg, Prabhadevi, Mumbai 400025. Tel. 022- 4373967.

By Order of the Board

Place : Mumbai
Date : 20th August, 1999.

PRAVIN KUMAR TAYAL
Chairman & Mg. Director



KRISHNA TEXPORT INDUSTRIES LTD.

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

Item No. 5 of the Notice:

Shri Anup Aggarwal was appointed by the Board as Additional Director on 11th January, 1999 under Section 260 of the Companies Act, 1956. He holds office till the conclusion of this Annual General Meeting. The Company has received a Notice along with the requisite deposit amount from a member under Section 257 of the Act, signifying his intention to propose the candidature of Shri Anup Aggarwal for the office of the Director of the Company.

The Board recommends the passing of this Resolution.

None of the Directors of the Company, except Shri Anup Aggarwal himself, is in any way interested in the Resolution.

Item No. 6 of the Notice :

The present term of Shri Arvind Sharma, who was appointed as Executive Director last year, will expire on the conclusion of this Annual General Meeting. The Board of Directors, at its meeting held on 20th August, 1999, has, subject to the approval of the Shareholders of the Company, decided to re-appoint Shri Arvind Sharma as Executive Director of the Company with substantial powers of management under the overall control of the Board. The following are the terms and conditions of his re-appointment.

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

B. Perquisites: As per Company's Rules, subject to the ceilings prescribed under Schedule XIII of the Companies Act, 1956.

The Board commends the Resolution for the members' approval.

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

Items Nos. 7 & 8 of the Notice :

The present Authorised Capital of the Company is Rs.30 Crore divided into 3,00,00,000 Equity Shares of Rs. 10/- each. It is proposed to increase the Authorised Capital as an enabling provision to tap the capital market to meet the cost of expansion plans for increase in knitting and processing capacities, besides a foray into spinning, which are presently under consideration.

The proposed increase in the Authorised Share Capital of the Company requires the approval of the members in the General Meeting, by way of Special Resolution, as the Memorandum & Articles of Association are required to be altered to reflect the increase in Share Capital.

The Board recommends the passing of these Resolutions.

None of the Directors is interested in the Resolutions.

Items Nos. 9 & 10 of the Notice :

The Company has embarked upon various expansion plans for increase in the Knitting and Processing Capacities besides setting up of spinning facilities. In order to finance these activities, the Company is contemplating issue of further Equity Shares to persons other than the members of the Company. Section 81 (1) of the Companies Act, 1956, *inter alia*, provides that whenever the Company proposes to increase its Subscribed Capital, it shall first offer such shares to the members of the Company. However, the Company may offer such further shares to non-members if a special resolution to that effect has been passed by the members at a general meeting.

The special resolution seeks 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.

The Board commends the Resolutions for the members' approval.

None of the Directors is interested in the proposed Resolutions except to the extent of new shares that might be allotted to them in their capacity as shareholders.

Item No. 11 of the Notice:

By the Companies (Amendment) Act, 1999, the holders of securities of the Company have been given an option to nominate any person in whom the rights of security holder of the Company will vest in the event of death of the Security Holder(s). It would be beneficial if such a nomination clause is included in the Articles of Association of the Company.

It is, therefore, proposed to alter the Articles of Association of the Company so as to provide for the Nomination Facility to the members.

Under Section 31 of the Companies Act, 1956, alteration of the Articles of Association can be done only by passing a Special Resolution and, accordingly, the Resolution set out at item No. 11 has been proposed as a Special Resolution.

The Board commends the Resolution for the members' approval.

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

By Order of the Board

Place : Mumbai
Date : 20th August, 1999.

PRAVIN KUMAR TAYAL
Chairman & Mg. Director

ANNUAL REPORT 1998-99**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the 17th Annual Report and the Audited Accounts of your Company for the financial year ended 31st March, 1999.

FINANCIAL RESULTS

	1998-99 (Rs. in Lacs)	1997-98 (Rs. in Lacs)
Sales & Other Income	33114	26042
Profit Before Depreciation, Interest and Tax	4499	2306
Interest	3	3
Depreciation	266	183
Net Profit	4230	2120
Profit available for Appropriation	5158	2927
Appropriations :		
General Reserve	2000	1600
Dividend on Equity Shares	530	375
Tax on Dividend	58	37
Surplus carried to Balance Sheet	2570	915

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 5.00 per Equity Share (the same as for 1997-98). The Dividend (including tax payable by the Company) will absorb Rs. 588 lacs against Rs. 412 lacs in the preceding year.

OPERATIONS

The Company's turnover at Rs. 331 crore, during the year under report, registered a growth of 27.2% over the corresponding figure of the previous year but the net profit almost doubled over the period mainly as a result of higher realisations on superior quality value added products coupled with strict control over manufacturing costs. The Directors are happy to report that the Company has been able to strengthen and sustain its progress, despite recessionary conditions in the economy, and achieve considerable improvement in the Shareholders' Value.

MERGER PROPOSAL

The Proposal for merger of Shree Krishna Petro Yarns Limited and Shree Krishna Polyester Limited with your Company was approved by the Equity Shareholders and Unsecured Creditors at the court convened meetings held on 15th December, 1998. However, the meetings of Secured Creditors and Preference Shareholders of the other two Companies were deferred at the instance of financial institutions which subsequently desired that the exchange ratio be looked into on the basis of audited balance sheets of the three companies as at 31st March, 1999. The Boards of the three companies have since decided not to pursue the matter.

FUTURE PLANS

The Company proposes to take advantage of the facilities available under the recently introduced Textile Upgradation Scheme for backward integration into Spinning to meet captive requirement of cotton yarn for manufacture of Speciality Knitted fabrics. A detailed proposal in this regard, envisaging participation and support of financial institutions, banks and investors, is being worked out for submission to the institutions for their appraisal and approval. Being a debt-free Company, so far, with an excellent track record of growth, profitability and dividend payments, the Directors expect a very enthusiastic response from the institutions, banks and investors.

The Company continues to gradually phase out its financing activities. The Company's application for registration as a non-banking finance company, made in July, 1997, is still pending with Reserve Bank of India.

DIRECTORS

Shri Anup Aggarwal was appointed as an Additional Director of the Company on 11th January, 1999 and will hold office upto the ensuing Annual General Meeting.