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**22ND ANNUAL REPORT 2003 - 2004**



**KSL AND INDUSTRIES LIMITED**



REPORT



JUN

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**KSL AND INDUSTRIES LIMITED**  
**(Formerly Krishna Texport Industries Limited)**

**BOARD OF DIRECTORS**

Shri Saurabh Kumar Tayal *Chairman*  
 Shri Ramit Aggarwal *Managing Director*  
 Shri Samir Antani  
 Shri Santosh Ghumatkar  
 Shri S N Dubey  
 Shri Ashok Omprakash Soni  
 Shri Satyendra Kumar Singh  
 Shri Mahendra Patel  
 Shri Dileep Shanker Kapre  
 Shri Farindra Bihari Rai  
 Shri Praveen Sharma  
 Shri Sanjay Nimbalkar

**PRINCIPAL BANKER**

Dena Bank

**AUDITORS**

A.F.Khasgiwala & Co.  
 Chartered Accountants

**REGISTERED OFFICE**

Plot No.69, Danudyog Industrial Area,  
 Piperia, Silvassa (Union Territory)

**CORPORATE OFFICE**

Kamat Industrial Estate,  
 396, Veer Savarkar Marg  
 Prabhadevi,  
 Mumbai 400025.

**PLANTS**

Silvassa (U.T.)  
 Bhilad, Valsad, Gujarat  
 Dombivali, Dist. Thane (Maharashtra)  
 Nagpur, Maharashtra

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ANNUAL GENERAL MEETING on Friday, 10<sup>th</sup> September 2004, at 12.30 p.m., at 65,  
 Krishna Nagar, Samarvani, Silvassa, (Union Territory).

## KSL AND INDUSTRIES LIMITED (Formerly Krishna Texport Industries Limited)

### NOTICE

NOTICE IS HEREBY GIVEN that the 22<sup>nd</sup> ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF KSL AND INDUSTRIES LIMITED will be held on Friday, 10<sup>th</sup> September 2004 at 12.30 p.m. at 65, Krishna Nagar, Samarvani, Silvassa (U.T.), to transact the following business :

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2004 and the Balance Sheet as on that date and the Reports of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Santosh Ghumatkar, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Ashok Soni, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S.N. Dubey, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Mahendra Patel, who retires by rotation, and being eligible, offers himself for re-appointment.
6. To re-appoint M/s. A. F. Khasgiwala & Co., Chartered Accountants, as Auditor 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 authorize the Board of Directors to fix the Auditor's remuneration.

#### SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions

#### AS ORDINARY RESOLUTIONS:

7. **"RESOLVED THAT** Shri Sanjay Nimbalkar, who was appointed by the Board as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 on 30<sup>th</sup> July, 2004 and whose tenure of office comes to an end at this Annual General Meeting, be and is hereby appointed as Director of the Company who shall be liable to retire by rotation."

#### NOTES:

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business under item no. 7 is annexed hereto and forms an integral part of this notice.
2. A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON (WHETHER A SHAREHOLDER OR NOT) AS HIS/HER PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER. 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 instrument(s) appointing the Proxy, if any, shall be delivered at the Registered Office of the Company not less than forty eight (48) hours before the commencement of the Meeting and the instrument of proxy shall be treated as invalid in case of default.
4. The Register of Members and Share Transfer Register of the Company will remain closed from Wednesday, 8<sup>th</sup> September 2004 to Friday, 10<sup>th</sup> September 2004 (both days inclusive) to comply with Annual Book Closure requirements.
5. Members desiring any information with regard to accounts or operations are requested to write to the Company at an early date so as to enable the Management to keep the information ready.

**ANNUAL REPORT 2003-2004**

6. Pursuant to amended provisions of Section 205A of the Companies Act, 1956, dividend for the financial year ended 31<sup>st</sup> March 1996 and thereafter, which remains unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial years ended 31<sup>st</sup> March 1996 are requested to immediately send their Claims to the Company. It may also be noted that once the unclaimed dividend is transferred to Central Government, as above, no claim shall lie in respect thereof.
7. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.

Members are requested to immediately notify any change in their registered address specifying full address with Pin Code Number and quoting their registered Folio No. to the Company.

For and on Behalf of the Board of Directors

Place : Mumbai  
Date : 30<sup>th</sup> July 2004

**SAURABH KUMAR TAYAL**  
Chairman

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM NO. 7:**

Shri Sajay Nimbalkar was appointed as an Additional Director by the Board on 30<sup>th</sup> July 2004 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 Sanjay Nimbalkar for the office of the Director of the Company.

Shri Sanjay Nimbalkar is M.Com. and has wide experience of working in Senior Level in Textile and Processing Industry. The company will get the benefit of his rich experience and commercial acumen.

The Board recommends the passing of this resolution. None of the Directors is interested in the resolution.

For and on Behalf of the Board of Directors

Place : Mumbai  
Date : 30<sup>th</sup> July 2004

**SAURABH KUMAR TAYAL**  
Chairman

## KSL AND INDUSTRIES LIMITED (Formerly Krishna Texport Industries Limited)

### DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 22<sup>nd</sup> Annual Report on the business and operations of your Company and the Audited Financial Statements for the year ended 31<sup>st</sup> March 2004.

### FINANCIAL RESULTS

	2003-2004 (Rs. in Lacs)	2002-2003 (Rs. in Lacs)
Sales	8717	3445
Other Income	70	133
Profit before Depreciation, Interest & Tax	348	295
Interest & Finance Charges	1	82
Depreciation	264	152
Profit before Tax	83	61
Provision for tax	6	5
Net Profit for the Year	77	56
Profit available for Appropriation	5951	5874
<b>Appropriations</b>		
General Reserve	-	-
Surplus carried to Balance Sheet	5951	5874

### DIVIDEND

In view of inadequacy of profits, your Directors do not recommended any dividend on the equity shares for the year under review.

### REVIEW OF OPERATIONS

The Company has achieved a sales turnover of Rs.87.17 Crores in F. Y. 2004 as against Rs.34.45 Crores in F. Y. 2003, an increase of 153%. Cash accruals have increased by 64% in F. Y. 2004 to Rs.3.41 Crores from Rs.2.08 Crores in F. Y. 2003. The net profit has gone up to Rs.77.46 Lacs in F. Y. 2004 from Rs.56.47 Lacs in F. Y. 2003, an increase of 37%. The P.B.I.D.T. has also increased to Rs.3.48 Crores in F. Y. 2004 from Rs.2.95 Crores in F. Y. 2003, an increase of 18%.

### SUBSIDIARY COMPANY

The Report and Accounts of the subsidiary company are annexed to this Report along with the statement pursuant to Section 212 of the Companies Act, 1956. However, in the context of the mandatory requirement to present consolidated accounts, which provides members with a consolidated position of the Company including its subsidiary, at the first instance, members are being provided with the Report and Accounts of the Company and the consolidated accounts treating these as abridged accounts as contemplated by Section 219 of the Companies Act, 1956. Members who wish to receive the full Report and Accounts including the Report and Accounts of the subsidiary will be provided with it upon receipt of a written request. This will help save considerable cost in connection with printing and mailing of the Report and Accounts.

### FUTURE PLANS

In view of changing market scenario the Company is in the process of technological up-gradation of its machines in line with latest market developments and the company has installed captive power plant to reduce the power cost. The Company has installed 17000 spindles at bhilad during the year 2003-04. The company proposes to increase its spinning capacity to manufacture higher counts as per market requirements.

### DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of the Company, Shri Santosh Chumatkar, Shri Ashok Soni, Shri S.N. Dubey and Shri Mahendra Patel, Directors of the Company are due to retire at the forthcoming annual general meeting, and being eligible, have offered themselves for re-appointment.

During the year, Shri Dhananjay Kandhare resigned from the Directorship of the Company w.e.f 1<sup>st</sup> March 2004. Your Directors place on record the Board's appreciation of the valuable services rendered by Shri Dhananjay Kandhare to the Company during his tenure of office.

**ANNUAL REPORT 2003-2004****DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000 the Directors' confirm that :

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) appropriate accounting policies have been selected and applied consistently, and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2004 and of the Profit of the Company for the year under review;
- (iii) proper and sufficient care has been taken 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 frauds and other irregularities;
- (iv) the annual accounts have been prepared on a 'going concern' basis for the Financial year ended 31<sup>st</sup> March 2004.

**AUDIT COMMITTEE**

The composition of Audit Committee is as given in the Report on Corporate Governance.

**REPORT ON CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis Report and a Corporate Governance Report are made as a part of this Annual Report.

A Certificate from the auditors of the company regarding compliance of the conditions of Corporate Governance as stipulated by Clause 49 of the Listing Agreement is attached to this report.

**DELISTING**

The Stock Exchange, Ahmedabad has accorded approval under clause 5.1 of the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003, for voluntary delisting of Equity Shares of your Company with effect from 11<sup>th</sup> February 2004. The delisting approval from The Delhi Stock Exchange Association Ltd. and Vadodara Stock Exchange Ltd., is awaited. Your Company's Equity Shares will continue to be listed at The Stock Exchange, Mumbai.

**SAFETY, HEALTH AND ENVIRONMENT**

Your Company spared no efforts to ensure safety in the operation of the Plants, promote health and protect the environment. The health of employees and the environment in and around the Plant area have been given due care and attention. The Company continued to comply with the prescribed industrial safety environment protection and pollution control regulation at its production plant, through periodic checks of the system involved and constant monitoring to meet the standards set by the pollution control authorities etc.

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

The particulars required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the Annexure forming part of this Report.

**EMPLOYEES**

As part of HR-initiatives, thrust is given for Leadership Development to meet the aspirations and long-term goals of your Company. Your Company has also laid qualitative objectives to maximize overall growth. Emphasis was placed on building a cohesive workforce to maximize returns to all stakeholders.

Focused attention was given for knowledge updating and application of new technologies available to reduce costs and to meet the business challenges. The industrial relations during the year were harmonious.

None of the employees drew remuneration of Rs.24,00,000/- or more per annum/Rs.2,00,000/- or more per month during the year. This information is furnished as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

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**FIXED DEPOSITS**

The Company has not invited/received any Fixed Deposits from the Public during the year under report.

**INSURANCE**

The properties/assets of your Company are adequately insured.

**COST AUDIT**

The Central Government's Cost Audit Committee Order specifies audit of Cost Accounting Records for certain products of the company every year. The Board of Directors, subject to the approval of the Central Government, have appointed M/s J. K. Kabra & Co., Cost Accountants, as Cost Auditors to carry out this audit in respect of manufacture of textile products for the year ending 31<sup>st</sup> March 2004.

**AUDITORS**

M/s. A. F. Khasgiwala & Co., Chartered Accountants, the Auditor of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received a letter from M/s. A. F. Khasgiwala & Co. to the effect that their reappointment as Auditors, if made, would be within the limits under Section 224(1B) of the Companies Act, 1956.

**AUDITORS' REPORT**

The observation of Auditors contained in their Report have been adequately dealt with in the Notes to the Accounts given in Schedule "19" which are self explanatory and therefore, do not call for any further comments.

**ACKNOWLEDGEMENT**

Your Directors place on record their appreciation of the assistance and support extended by all Government Authorities, Financial Institutions, Banks, Consultants, Solicitors, and Shareholders of the Company. Your Directors express their appreciation for the dedicated and sincere services rendered by the employees of the Company

For and on Behalf of the Board of Directors

Place : Mumbai  
Date 30<sup>th</sup> July 2004

**SAURABH KUMAR TAYAL**  
Chairman

**ANNUAL REPORT 2003-2004****ANNEXURE TO THE DIRECTORS' REPORT :**

Information as per Section 217(1)(e), of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year 2003 - 2004

**I. CONSERVATION OF ENERGY****a) Energy conservation measures taken :**

The Company has been making concerted efforts for enhancement in capacity utilisation, cost competitiveness and quality through systematic process monitoring and adherence to technological norms. Sophisticated instruments are used for regulation and adjustment as per parameters. Efforts are also made for upgradation of the quality of the Plant Operation. Utilities are being combined for effective energy conservation.

**b) Additional Investments and Proposals being implemented for reduction of consumption of energy :**

The Company, as a matter of policy, has a regular and ongoing programme for investments in energy saving devices. Studies are being made to reduce energy consumption and make suitable investments in this area, if necessary.

**c) Impact of the measures (a) & (b) above for reduction of energy consumption and consequential impact on the cost of production of goods:**

The Company has economised considerably the cost of power despite steep hike in the tariffs and is constantly exploring avenues for cost saving as an on-going process.

**d) TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM A OF THE RULES IN RESPECT OF INDUSTRIES SPECIFIED IN THE SCHEDULE THEREOF**

	Year ended 31.03.2004	Year ended 31.03.2003
<b>A. Power and Fuel Consumption in respect of :</b>		
<b>1. Electricity</b>		
(a) Purchased		
1. Units (KWH in Lacs)	28.39	0.52
2. Total amount (Rs. in lacs)	92.54	1.52
3. Rate per unit (Rs/unit)	3.26	2.95
(b) Own Generation(Through Diesel Generator/Furnace Oil)		
1. Units (KWH in Lacs)	24.91	26.27
2. Units per litre of fuel	3.59	3.22
3. Cost per unit (Rs/unit)	3.21	2.91
2. Coal	—	—
3. Furnace Oil	—	—
4. Others/Internal Generation	—	—
<b>B. Consumption per unit of production</b> (Product : Yarn & Fabric)		
1. Electricity (KWH/Tonne)	577.60	241.97
2. Coal (Kgs.)	—	—
3. Furnace Oil (Ltrs.)	—	—
4. Steam (Tonnes)	—	—

Note : Since the Company manufactures different qualities of fabrics/yarns with product-mix changing significantly, there are no specific norms for per unit of production.

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**II. TECHNOLOGY ABSORPTION**

**Efforts made in technology absorption in prescribed Form 'B' :**

- |  |   |
|--|---|
| 1. Research and Development :  |   |
| a) Specified areas in which R & D activities are carried out by the Company. | R & D activities are being carried out continuously to produce better quality of yarn and fabrics.  |
| b) Benefits derived as a result of the above                                 | As a result of R & D activities, the Company has been able to produce quality fabrics conforming to international standards.                        |
| c) Future Plan of Action   | Efforts aimed at cost reduction, improvement in quality of products and development of new process will continue.                                   |
| d) Expenditure on R & D  | Expenditure on R & D is being booked under the respective heads in the Profit & Loss Account as no separate account is maintained for this purpose. |
| 2. Technology Absorption, Adoption and Innovation                            | The Company has not utilised any imported technology.   |

**III. FOREIGN EXCHANGE EARNINGS AND OUTGO :**

- |  |   |                          |
|--|---|--------------------------|
| a) Activities relating to export markets for products and services and export plan | The Company is exploring avenues to export its premium quality fabrics. |                          |
|  | Year ended<br>31.03.2004  | Year ended<br>31.03.2003 |
| b) Foreign Exchange Outgo (Rs. in Lacs)  | ---   | ---                      |
| c) Foreign Exchange earned (Rs. in Lacs)   | ---   | ---                      |



For and on Behalf of the Board of Directors

Place : Mumbai  
 Date : 30<sup>th</sup> July 2004

**SAURABH KUMAR TAYAL**  
 Chairman