

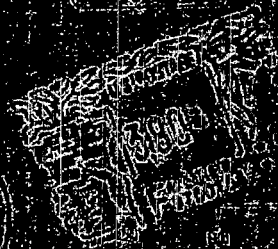
Krishna Filaments Limited

Performance Review to Shareholders 1997-98



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STER DNGNE

Sailors in the Netherlands, USA, Belgium,
Japan, Hong Kong, France, Sweden,
Canada, Germany - and 45 other countries -
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C O N T E N T S

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NOTICE

Notice is hereby given that the Tenth Annual General Meeting of the Members of Krishna Filaments Limited will be held on Friday, 28th August, 1998, at 4.30 p.m. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. Dubhash Marg, Mumbai 400 001.

Ordinary Business

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998, and the Profit and Loss Account for the year ended 31st March, 1998 together with the Report of the Directors' and Auditors' thereon.
- 2) To declare a Final Dividend.
- 3) To appoint a Director in place of Mr. Mahesh Gandhi, who retires by rotation, and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Mr. Mohan Jaykar, who retires by rotation, and being eligible, offers himself for re-appointment.
- 5) To appoint Auditors and fix their remuneration.

Special Business

- 6) To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution :

"Resolved that subject to the provisions of sections 198, 269, 309, 311, read with Schedule XIII and all other applicable provisions if any of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force) the consent of the Company be and is hereby accorded to the re-appointment of Mr. Krishnakumar Agarwal, as Managing Director of the Company for a period of five years with effect from 1st November, 1998 upon and subject to the terms and conditions including the remuneration as detailed in an agreement to be entered into between the Company and Mr. Krishnakumar Agarwal, a draft whereof which is initialled by the Chairman for the purpose of identification is placed before this meeting with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956, including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government or as may be agreed to between the Board of Directors and Mr. Krishnakumar Agarwal.

Resolved further that where in any financial year on or after 1st April, 1998, the Company has no profits or its profits are inadequate, the Company may pay Mr. Krishnakumar Agarwal a minimum remuneration by way of salary, perquisites and other allowances not exceeding the ceiling limit prescribed under Schedule XIII and in addition thereto the perquisites as specified under Section II of the Schedule XIII to the Companies Act, 1956.

Resolved further that, in the event of statutory amendment or modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration, including the salary, commission, perquisites, allowances, etc., within such prescribed limit or ceiling without any further reference to the Company in General Meeting.



And resolved further that the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, matters and things as may be considered necessary or desirable to give effect to this Resolution."

- 7) To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution :

"Resolved that subject to the provisions of Sections 198, 269, 309, 311 read with Schedule XIII and all other applicable provisions if any of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force) the consent of the Company be and is hereby accorded to the re-appointment of Mr. Omprakash Agarwal, as Whole Time Director of the Company for a period of five years with effect from 1st November, 1998 upon and subject to the terms and conditions including the remuneration as detailed in an agreement to be entered into between the Company and Mr. Omprakash Agarwal, a draft whereof which is initialled by the Chairman for the purpose of identification is placed before this meeting with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956, including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government or as may be agreed to between the Board of Directors and Mr. Omprakash Agarwal.

Resolved further that wherein any financial year on or after 1st April, 1998, the Company has no profits or its profits are inadequate, the company may pay Mr. Omprakash Agarwal a minimum remuneration by way of salary, perquisites and other allowances not exceeding the ceiling limit prescribed under Schedule XIII and in addition thereto the perquisites as specified under Section II of the Schedule XIII to the Companies Act, 1956.

Resolved further that, in the event of statutory amendment or modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration, including the Salary, Commission, Perquisites, allowances, etc., within such prescribed limit or ceiling without any further reference to the Company in General Meeting.

And resolved further that the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, matters and things as may be considered necessary or desirable to give effect to this Resolution."

- 8) To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution :

"Resolved that in supersession of the resolution passed by the Shareholders in the Extra Ordinary General Meeting held on 25th November, 1995 and pursuant to the provisions of section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time all such sum of monies as they deem fit from anyone or more, Company's bankers, other persons, firms, Bodies Corporate or Financial Institutions whether by way of Secured or Unsecured loans or by creating mortgage, charge, hypothecation or lien or pledge on Company's assets or properties, whether movable or immovable as it may considered fit, upon such terms and conditions as it may considered fit, notwithstanding that the money to be borrowed together with the monies already borrowed by the Company (apart from



temporary loans obtained from the Company's lenders in the ordinary course of business) will or may exceed the aggregate of the Paid-up Capital and Free Reserves (reserves not set apart for any specific purpose) of the Company that is to say a sum of Rs. 350 crores (Rupees three hundred and fifty crores only) exclusive of interest at any one time.

Resolved further that the Board of Directors of the Company be and is hereby authorised to finalise with the concerned lenders, documents for creation aforesaid mortgages and or charges and to do all such acts, deeds, and things as may be necessary for giving effect to the above resolution."

By Order of the Board of Directors

Place : Mumbai
Dated : 24th July, 1998

For : Krishna Filaments Limited

Registered Office :
Eucharistic Congress Bldg., No.II
5, Convent Street, Colaba.
Mumbai 400 039

K. K. Agarwal
Managing Director

Notes

1. 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.
2. The instrument appointing a proxy should, however be deposited at the registered office of the Company not later than 48 hours before the time for holding the meeting. The proxy need not be a member of the company.
3. The Register of Members and the Share Transfer Register of the Company shall remain closed from 14th August, 1998 to 28th August, 1998 (both days inclusive).
4. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 for item Nos. 6 to 8 is annexed and forms part of this Notice.
5. Members are requested to intimate any change in their address at the Registered Office of the Company.
6. The Unpaid Dividends that are due for transfer to the Central Government are as follows :

| Financial year ended | Due for transfer on |
|----------------------|---------------------|
| 31-3-1995 | 25-11-1998 |
| 31-3-1996 | 27-11-1999 |
| 31-3-1997 | 13-11-2000 |

All members who have either not received or have not encashed their Dividend Warrants for the Financial Year 1994-95, 1995-96 and 1996-97 are requested to write to the Company's Registrar and Transfer Agents at the aforesaid address mentioning the relevant folio nos. for issuance of Duplicate Dividend Warrant(s).



ANNEXURE TO NOTICE**Explanatory Statement Under Section 173 (2) of the Companies Act, 1956
Item No. 6 & 7**

As the Members are aware the Board of Directors has appointed Mr. Krishnakumar Agarwal as Managing Director and Mr. Omprakash Agarwal as Whole Time Director with effect from 1st November, 1993 for a period of five years. Under the dynamic and able leadership of Mr. Krishnakumar Agarwal and Mr. Omprakash Agarwal, the Company has progressed tremendously and operations of the company has also increased manifold. Their terms as Managing Director and Whole time Director expires on 31st October, 1998. The Board of Directors at its meeting held on 24th July, 1998 has re-appointed Mr. Krishnakumar Agarwal as Managing Director and Mr. Omprakash Agarwal as Whole Time Director of the Company on revised remuneration and on the following terms and conditions and is in accordance with Section 198, 269, 309, 311 and Schedule XIII of the Companies Act, 1956 with effect from 1st November, 1998 for a period of five years.

Salary

Salary will be Rs 50,000/- per month. The annual increments which will be effective from 1st April each year will be decided by the Board after taking into account the Company's performance.

Commission

One per cent commission on net profits of the Company computed in the manual laid down in Sec 349 and 350 of the Companies Act, 1956 will be paid to the Managing Director subject to a maximum of annual salary. Perquisites shall be allowed in addition to salary and commission. Perquisites shall be restricted to an amount equal to the annual salary. Perquisites are classified into three categories 'A', 'B' and 'C' as follows:

Perquisites**Category 'A'****i) Housing :**

The expenditure incurred by the Company on furnished accommodation shall be subject to a ceiling of 60% of their salary over and above 10% payable by them. However, if the Company does not provide them residential accommodation, the Directors are entitled to House Rent Allowance of 60% of their salary or where the accommodation in a Company owned house is provided, the Directors will pay the Company 10% of their salary which may be revised by the Board of Directors from time to time, however subject to a ceiling mentioned above.

Besides, the Company shall provide amenities such as gas, electricity, water and furnishings subject to a ceiling of 10% of salary, computed as per the Income Tax Rules, 1962

ii) Medical Reimbursement :

Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary for one year or three months' salary over a period of three years.

iii) Leave Travel Concession :

Leave Travel Concession for appointed and family once in a year incurred in accordance with the rules of the Company.



iv) Club Fees :

Reimbursement of club fees, subject to a maximum of two clubs, excluding life membership and admission fees.

v) Personal Accident Insurance :

Personal Accident Insurance, the annual premium of which shall not exceed Rs. 10,000/- per annum.

vi) Mediciam Policy :

In the interest of the Company, a Mediciam Policy during the tenure of their employment would be taken out.

The Perquisites as stated in (i) to (vi) above will be in addition to salary.

Category 'B'

Contribution to Provident Fund, Superannuation Fund, or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961. Gratuity payable shall not exceed half a month's salary for each completed year of service.

One month's leave, as per the rules of the Company, on full pay, for every eleven months of service. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

Category 'C'

- i) Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone shall be billed by the Company.
- ii) Reimbursement of expenses including travelling, entertainment etc. incurred in relation to the Company's business.

Other Terms

- i) They shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.
- ii) The above remuneration payable to them shall be subject to the limits of 5% and 10% of the net profits of the Company, as the case may be as laid down in Sections 198 and 309 of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956 and the over all limit of 11% of the net profits of the Company as laid down in Section 198 (1) of the Companies Act, 1956.

In compliance with the provisions of Section 309 of the Companies Act, 1956 the terms of remuneration specified above is placed before the Members in General Meeting for their approval.

This may be treated as an abstract of the Draft Agreement between the Company and Mr. Krishnakumar Agarwal and Mr. Omprakash Agarwal, for appointment and remuneration as Managing Director and Whole Time Director respectively, pursuant to Section 302 of the Companies Act, 1956.

Yours Directors recommend the resolution in the best interest of the Company as proposed at item No. 6 & 7 of the Notice for approval of shareholders.

Mr. Krishnakumar Agarwal and Mr. Omprakash Agarwal are interested in these



resolutions. Being relatives, Mr. Rajkumar Agarwal and Mr. Sharadkumar Agarwal, may be deemed to be concerned or interested in these resolutions. Save as aforesaid, none of the Directors of the Company is, anyway, concerned or interested in these resolutions.

Item No. 8

With a view of raising additional long term funds to redeem NCDS option of the present OFCDD issue, acquire assets and to strengthen the working capital of the Company, it is proposed to raised the funds either by way of Cash Credit or Term Loans from Banks and / or Financial Institutions to the tune of Rs. 350 crores. The resolution appearing in item no. 8 for borrowing in excess of its aggregate Paid Up Capital and Free R reserves cannot be passed without the consent of the member. It is deemed desirable as a matter of abundant caution also to provide sufficient margin for borrowing powers of the Board.

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

By Order of the Board of Directors

Place : Mumbai

Dated : 24 July, 1998

For : Krishna Filaments Limited

Registered Office :

Eucharistic Congress Bldg., No.II

5, Convent Street, Colaba.

Mumbai 500 039

K. K. Agarwal
Managing Director

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KRISHNA FILAMENTS LIMITED

Regd. Office : Eucharistic Congress Bldg, II,
5, Convent Street, Colaba, Mumbai 400 039

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL. Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the Company. The admission will, however, be subject to verification of signature and such other checks, as may be necessary.

| Name and Address of the Shareholder | Reference Folio |
|-------------------------------------|-----------------|
| | |

I hereby record my presence at the 10th Annual General Meeting of the Company held on Friday, 28th August, 1998, at 4.30 p.m. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. Dubhash Marg, Mumbai 400 001.

Signature of the Shareholder or Proxy



KRISHNA FILAMENTS LIMITED
Regd. Office : Eucharistic Congress Bldg, II,
5, Convent Street, Colaba, Mumbai 400 039

PROXY FORM

L. F. No.

I/We.....of.....being a member/members of Krishna Filaments Limited, hereby appoint of or failing him of or failing him..... of as my/our Proxy to attend and vote for me/us and on my/our behalf at the 10th Annual General Meeting of the Company to held on Friday, 28th August, 1998, at 4.30 p.m. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. Dubhash Marg, Mumbai 400 001 and at any adjourned meeting thereof.

Signed this.....day of.....Nineteen ninety eight.

Signature(s) of the Shareholder(s).....

No. of Shares.....

Distinctive Nos.....

Affix
Rupee 1
Revenue
Stamp

Note: This form must be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.

