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11th
ANNUAL REPORT 1998-99

KRISHNA
FILAMENTS LIMITED

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

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KRISHNA FILAMENTS LIMITED

NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the Members of KRISHNA FILAMENTS LIMITED will be held on Friday, 17th September, 1999 at M.C. Ghia Hall, Bhogilal Hargovindas Bldg., 2nd floor, 18/20 K. Dubhash Marg, Mumbai 400 001 at 10.00 a.m.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and Profit and Loss Account for the year ended 31st March, 1999 together with Reports of Directors' and Auditors' thereon.

2. To declare Dividend.

3. To appoint a Director in place of Mr. Ajay Khatlawala who retires by rotation and being eligible offers himself for re-appointment.

4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

5. To appoint a Director in place of Mr. Mulji Patel, who was appointed as an Additional Director under Article 121 of Articles of Association of the Company and who by virtue of Section 260 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting, but being eligible, offers himself for re-appointment and in respect of whom the Company has received notice in writing under Section 257 of the Companies Act, 1956 from certain members proposing his candidature for the office of Director.

By order of the Board of Directors,

Place: Mumbai
Date : 30th July 1999

O. P. AGARWAL
CHAIRMAN

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

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KRISHNA FILAMENTS LIMITED

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 explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of Item No.5 is annexed hereto.

4. The Register of Members and the Share Transfer Register of the Company shall remain closed from 11th September, 1999 to 17th September, 1999 (both days inclusive).

5. Documents referred to in any of the items of the Notice are available for inspection at the Registered Office of the Company on any working day except Saturday during business hours of the Company between 11.00 A.M. and 1.00 P.M.

6. Please note that as per the Notification of SEBI, the Krishna Filament Limited's shares have been under compulsory Demat trading, with effect from 31st May, 1999 for all the investor's. You are therefore requested to demat your Shares holding, to avoid inconvenience in future.

7. Members are also requested to notify changes in address, if any, immediately to the Company's REGISTRAR & SHARE TRANSFER AGENTS - Intime Spectrum Registry Private Limited, 260-A, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (W), Mumbai 400 080.

8. Members of the Company holding more than one share Certificate in the same name under different ledger folios are requested to apply for consolidation of such folios and send the relevant Equity Share Certificates to the Company's REGISTRAR & SHARE TRANSFER AGENTS - Intime Spectrum Registry Private Limited, 260-A, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (W), Mumbai 400 080.

9. The Company has listed its shares at :
   a. The Stock Exchange, Mumbai
   b. National Stock Exchange of India

   The listing fees for these exchanges have been paid on time.

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KRISHNA FILAMENTS LIMITED

ANNEXURE TO NOTICE

Explanatory Statement Under Section 173 (2) of the Companies Act, 1956

Item No.5

Mr. Mulji Patel, was appointed as an Additional Director under Article 121 of the Articles of Association of the Company on 29th January, 1999, pursuant to Section 260 of the Companies Act, 1956. As per his terms of appointment, his term as Director expires at the forthcoming Annual General Meeting. The Company in turn has received notices from some members pursuant to Section 257 of the Companies Act, 1956 signifying their intention to appoint him as Director. The Directors recommend their appointments in the best interest of the Company.

None of the Directors except Mr. Mulji Patel may be considered to be interested in the passing of this resolution.

By order of the Board of Directors,

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Place: Mumbai
Date : 30th July 1999

O. P. AGARWAL
CHAIRMAN

Registered Office :

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KRISHNA FILAMENTS LIMITED

ELEVENTH ANNUAL REPORT 1998-99

BOARD OF DIRECTORS

Mr. O.P. Agarwal	Chairman
Mr. K.K. Agarwal	Managing Director
Mr. A.M. Khatlawala	Director
Mr. M.M. Gandhi	Director
Mr. M.M. Jayakar	Director
Mr. M.J. Patel	Director

AUDITORS

M/s. Haribhakti & Co.,
Chartered Accountants
Mumbai

BANKERS

ICICI Banking Corporation Limited
Credit Agricole Indo Suez
UTI Bank Limited
State Bank of India

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SOLICITORS AND ADVOCATES

Little & Co., Mumbai
Gagrat & Co., Mumbai

REGISTERED OFFICE

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

REGISTRAR & SHARE TRANSFER AGENTS

Intime Spectrum Registry Private Limited
260-A, Shanti Industrial Estate
Sarojini Naidu Road
Mulund (W)
Mumbai 400 080

FACTORY

Betegaon Village, Boisar (E), Taluka Palghar,
Dist. Thane, Maharashtra, India

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KRISHNA FILAMENTS LIMITED

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure to present the Eleventh Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 1999.

1. FINANCIAL RESULTS

Description	Year Ended 31-3-1999 (Rs. in Lacs)	Year Ended 31-3-1998 (Rs. in Lacs)
Profit before Interest, Depreciation & Tax	3629.34	3497.97
Interest	490.69	442.66
Profit before depreciation and tax	3138.65	3055.31
Depreciation	973.01	509.08
Profit before tax	2165.64	2546.23
Provision for tax	-	38.00
Profit after tax	2165.64	2508.23
Add: Prior Period Adjustments	217.62	644.70
Add: Surplus B/F from the previous year	2133.44	1733.48
Amount available for appropriation	4516.71	4886.41
Dividend recommended/Paid (inclusive of dividend tax)	95.34	252.97
Transfer to General Reserve	150.00	2500.00
Transfer to Debenture Redemption Reserve	1600.00	--
Balance carried forward to Balance Sheet	2671.37	2133.44

2. DIVIDEND

Your Directors have pleasure to recommend a dividend of Rs. 1.50 per share on the expanded Equity Share Capital of the Company for the year ended 31st March, 1999 on pro-rata basis, in accordance with the regulations applicable at that time.

3. OPERATION

Your company has continued to strengthen and enlarged its position in both the domestic and export markets. The Company during the year has achieved a Sales Turnover of Rs.108.34 crores (Rs.69.17 crores), as growth of 57% over the previous year. The Profit before interest, depreciation and tax for the year stood at Rs.36.29 crores (Rs.34.98 crores).

The expansion programme taken up by the Company in the previous year is completed successfully and commercial production has commenced during the year.

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KRISHNA FILAMENTS LIMITED

4. INDUSTRIAL RELATIONS

Industrial relations remained stable throughout the year with signs of growing mutual trust between the management and employees. Harmonious industrial relation and commitment of the employees have been instrumental in our success.

5. FIXED DEPOSIT

The company has not accepted any fixed deposit from the public during the year 1998-99.

6. DIRECTORS

Mr.Ajay Khatlawala, Director of the Company retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer himself for re-election.

Mr. M.J. Patel, was appointed as an Additional Director of the Company by the Board of Directors on 29th January, 1999. He holds this office upto the date of the forthcoming Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and Article 121 of the Articles of Association of the Company. Notice has been received from member under Section 257 of the Companies Act, 1956 proposing Mr. M.J. Patel candidature for the office of Director.

7. AUDITORS

M/s.Haribhakti & Co., Chartered Accountants, auditors of the company, retire at the forthcoming Annual General Meeting and being eligible for re-appointment, have indicated their willingness to act as such.

8. AUDITORS REPORT

The notes to the Accounts referred to in the Auditors Report are self explanatory and, therefore, do not call for any further explanation under Section 217(3) of the Companies Act, 1956.

9. PARTICULARS OF EMPLOYEES

There were no employees drawing a salary in excess of the limit prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

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KRISHNA FILAMENTS LIMITED

10. STATEMENT REQUIRED UNDER CLAUSE 43 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES

Funds raised from the public issue of 1994 and 1997 have been deployed towards projects outlined in the prospectus.

Performance Vs. Actual (Rs. in lacs)

	Projected 1998-99	Actual 1998-99
Total Income	12,505	10,900
Profit before tax	1,430	2,166
Profit after tax	1,246	2,165

11. CONSERVATION OF ENERGY, TECHNOLOGICAL ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

In accordance with the provision of Section 217(1)(e) of the Companies Act, 1956, the required information relating to the conservation of energy, technology absorption and foreign exchange earning and outgo is annexed to this report.

12. STATUS OF Y2K COMPLIANCE

The company has taken appropriate & effective steps to meet any possible disruption in any hardware, network components & third party software products etc., due to Y2K impact. The company does not anticipate significant material cost which may in the opinion of the board of director, materially affect company's profitability, given Y2 compliance needs.

13. ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation to the Financial Institutions, Banks, Central & State Governments for their continued co-operation and support.

The Board of Directors also take the opportunity to acknowledge the dedicated efforts by workers, the staff and officers and their contribution to the success achieved by the Company.

For and on behalf of the Board,

Place : Mumbai
Date : 30th July, 1999

O.P.AGARWAL
CHAIRMAN

Registered Office :
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ANNEXURE TO DIRECTOR'S REPORT

a. **Conservation of Energy** : The above details are not required to be given by the Company in Form A as our activities do not fall under list of industries specified in the Schedule attached to Rule 2. Ours is not a major power consuming industry.

b. **Technology absorption** : The Company has done R & D work to design ropes of higher rating for shipping. The Company has also designed ropes for other purposes such as fishing.

c. **Foreign Exchange Earnings and Outgo**:

		1998-99 (Rs.Lacs)	1997-98 (Rs.Lacs)
1	**Foreign Exchange earned :**		
	Export of Goods on FOB Basis	3,647.02	3,329.34
2	**Outgo of Foreign Exchange :**		
	Value of Imports (CIF)		
	(a) Raw Material	434.77	163.29
	(b) Capital Goods	5,673.38	6,246.78
3	**Expenditure in Foreign Currencies**	29.36	24.00

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For and on behalf of the Board

Place : Mumbai
Date : 30th July, 1999

O.P.AGARWAL
CHAIRMAN

Registered Office :

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KRISHNA FILAMENTS LIMITED

AUDITORS' REPORT
TO THE MEMBERS OF KRISHNA FILAMENTS LIMITED

We have audited the attached Balance Sheet of **KRISHNA FILAMENTS LIMITED** as at 31st March, 1999 and the Profit and Loss Account of the Company for the year ended on that date, annexed thereto.

We report as follows :

I. As required by the Manufacturing And Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 on the basis of such checks of the books and records as we considered appropriate and the information and explanations given to us during the course of the audit, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.

II. Further to our comments in the Annexure referred to in paragraph I above, we report that :

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) in our opinion, proper books of account as required by Law have been kept by the Company, so far as appears from our examination of these books;

c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;

d) in our opinion, the Balance Sheet and Profit and Loss Account comply with the Accounting Standards as referred to in section 211(3C) of the Companies Act, 1956, except that as stated in para 8 of Significant Accounting Policies in Schedule V, the accounting for foreign exchange transactions are not in conformity with the relevant 'Accounting Standard 11' issued by the Institute of Chartered Accountants of India.

e) Attention is invited to Note No.7 in Schedule V on the accounts regarding search and seizure proceedings and the consequent adjustments made in the accounts. We have not verified records of the earlier years and the adjustments have been made by the management as per block return of income filed with the tax authorities.

f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account, dealt with by this report, read together with the Notes thereon give the information required by the Companies Act, 1956 in the manner so required except that as stated in Note No.10 in Schedule V, information for dues to SSI units is not available.

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