



***12<sup>TH</sup> ANNUAL REPORT  
1999-2000***

**Krishna Filaments Limited**

**Registered Office:**

**Bategaon Village, Boisar (East), Taluka Palghar, Dist. Thane - 401 501.**



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**TWELFTH ANNUAL REPORT 1999-2000****BOARD OF DIRECTORS**

Mr. K.K. Agarwal  
Mr. M.M. Jaykar  
Mr. M. J. Patel  
Mr. MSR Srinivasa  
Mr. Sundararaja Srinivasan

Chairman & Managing Director  
Director  
Director  
Director  
Nominee Director - IDBI

**AUDITORS**

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

**BANKERS**

Syndicate Bank  
State Bank of India  
Karnataka Bank  
ICICI Banking Corporation Limited  
Central Bank of India

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**SOLICITORS AND ADVOCATES**

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

**REGISTERED OFFICE & FACTORY**

Bategaon Village,  
Boisar (E), Tal. Palghar,  
Dist. Thane - 401 501.  
Maharashtra, India

**REGISTRAR & SHARE TRANSFER AGENTS**

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

## **KRISHNA FILAMENTS LIMITED**

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### **NOTICE**

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of **KRISHNA FILAMENTS LIMITED** will be held on Saturday, 30th December, 2000 at the Registered office of the company at 11.00 a.m.

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000 and Profit and Loss Account for the year ended 31st March, 2000 together with Reports of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Mohan Jayakar who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

### **SPECIAL BUSINESS**

4. To appoint a Director in place of Mr. MSR Srinivasa, 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:** Boisar

**Date :** 6th October, 2000

**Registered Office:**

Bategaon Village,

Boisar (E), Tal. Palghar,

Dist. Thane - 401 501.

**Sd/-**

**K. K. AGARWAL**  
**Managing Director**



## **ANNEXURE TO NOTICE**

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

#### **Item No. 4**

Mr. MSR Srinivasa, was appointed as an Additional Director under Article 121 of the Articles of Association of the Company on 28th January, 2000, 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. MSR Srinivasa may be considered to be interested in the passing of this resolution.

**By order of the Board of Directors,**

**Sd/-**

**Place:** Boisar

**Date :** 6th October, 2000

**K. K. AGARWAL**  
**Managing Director**

#### **Registered Office :**

Bategaon Village,  
Boisar (E), Tal. Palghar,  
Dist. Thane - 401 501.

**KRISHNA FILAMENTS LIMITED**

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**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. 4 is annexed hereto.
4. The Register of Members and the Share Transfer Register of the Company shall remain closed from 22.12.2000 to 30.12.2000 (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 (West), 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.



## DIRECTORS' REPORT

To  
The Members.

Your Directors have pleasure to present the Twelfth Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2000.

### 1. Financial Results

Description	Year Ended 31-3-2000 (Rs. In Lakhs)	Year Ended 31-3-1999 (Rs. In Lakhs)
Profit before interest, depreciation & tax	695.90	3,629.34
Interest	2,860.83	490.69
Profit/(Loss) before depreciation and tax	(2,164.93)	3,138.65
Depreciation	1,953.35	973.01
Profit/(Loss) before tax	(4,118.28)	2,165.64
Provision for tax	Nil	Nil
Profit/(Loss) after tax	(4,118.28)	2,165.64
Add : Non-operating loss	(877.36)	Nil
Add : Prior period and extra ordinary items	(857.64)	217.62
Add : Surplus b/f from the previous year	2,671.37	2,133.44
Amount available for appropriation	(3,181.91)	4,516.71
Proposed dividend	Nil	95.34
Transfer to General Reserve	Nil	150.00
Transfer to Debenture Redemption Reserve	Nil	1,600.00
Balance carried forward to Balance Sheet	(3,181.91)	2,671.37

There has been a net loss for the year 1999-2000 which is mainly due to heavy burden of interest and depreciation which have increased by Rs. 2,370.14 lacs and Rs. 980.34 lacs respectively over last year and change in the accounting policy for the valuation of inventory in view of the Accounting Standard - 2 issued by the Institute of Chartered Accountants of India becoming mandatory from the year under review resulting into a negative impact on the profitability of the Company.

### 2. Dividend

In view of the losses incurred by the Company during the year under review, your directors regret their inability to declare any dividend on equity shares of the Company.

## KRISHNA FILAMENTS LIMITED

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### 3. Operations and Outlook

The total net sales of the Company were Rs. 12,261.60 lacs as compared to Rs. 10,834.89 lacs during the previous year. The company has selectively entered the highly competitive market. The company continues to focus upon cost reduction in all operating areas. Operating margins during the year under review have declined due to customers' pressure for lowering the selling prices in extremely competitive market and increase in the prices of raw material.

### 4. Industrial Relations

Integration of the Indian economy with the global economy has led to a shift in the focus to human skills. To meet this change, the Company has charted a human resource policy that integrates human skills and needs of the organisation. The Company believes that the people constitute strength of an organisation. Proactive initiative has been taken to establish systems that foster performance, transparency, fairness and empowerment at all levels. The process in the Company is team driven. The Company has created a culture of knowledge sharing and is endeavoring to make it a way of life. Individual achievements and attainment of team objectives have been inter-linked.

### 5. ISO 9002 Certification

Your directors have pleasure to announce that your company has obtained the Quality System Certification ISO 9002 from 4th August 2000 for its manufacturing process.

### 6. Directors

Mr. Mohan Jayakar, Director of the Company retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for reappointment.

Mr. M. S. R. Srinivasa was appointed as an additional director of the Company by the board of directors on 28th January, 2000. 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. The Company has received a notice from a member proposing his candidature for the directorship.

During the year under review, the Industrial Development Bank of India has nominated Mr. Sunderaraja Srinivasan as Nominee Director in the Company with effect from 25th May, 2000.

### 7. Auditors

M/s. Haribhakti & Co., Chartered Accountants, Mumbai retire as auditors of the company and have given their consent for reappointment.



## 8. Auditors' Report

The 'Notes on 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.

## 10. Conservation of Energy, Technological Absorption, Foreign Exchange Earnings and Outgo

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

## 11. Acknowledgements

The Board of Directors desires to place on record, its appreciation for the co-operation and continued support to the Company by bankers and financial institutions. The Board of Directors also wishes to thank the Company's members and esteemed business associates for their valued contributions and support.

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

**For and on behalf of the Board,**

**Sd/-**

**Place: Mumbai**

**Date : 6th October, 2000**

**K. K. AGARWAL**  
**Managing Director**

**Registered Office:**

Bategaon Village,

Boisar (E), Tal. Palghar,

Dist. Thane - 401 501.

**KRISHNA FILAMENTS LIMITED****ANNEXURE TO DIRECTORS' 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:**

		Rupee in lacs	
	PARTICULARS	1999-2000	1998-1999
1	<b>Foreign Exchange earned :</b>		
	Export of Goods on FOB Basis	3,714.53	3,647.02
2	<b>Outgo of Foreign Exchange :</b>		
	Value of Imports (CIF)		
	(a) Raw Material	508.92	434.77
	(b) Capital Goods	0.00	5,673.38
3	<b>Expenditure in Foreign Currencies</b>	14.01	29.36

For and on behalf of the Board,



Sd/-

**K. K. AGARWAL**  
Managing Director

Place: Mumbai

Date : 6th October, 2000

**Registered Office:**

Bategaon Village.

Boisar (E), Tal. Palghar,

Dist. Thane - 401 501.



## **AUDITORS' REPORT**

### **TO THE MEMBERS OF KRISHNA FILAMENTS LIMITED**

We have audited the attached Balance Sheet of **KRISHNA FILAMENTS LIMITED** as at 31st March, 2000 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto and report that :

- 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 the Profit and Loss Account comply with the Accounting Standards as referred to in section 211(3C) of the Companies Act, 1956, to the extent applicable to the Company, except that as mentioned in Note No. 10, a sum of Rs. 373.50 lacs has not been capitalized as a part of Fixed Assets, which is not in conformity with Accounting Standard - 10 on "Accounting for Fixed Assets".
  - e) 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.
  - f) we further report that (i) bad debts of Rs. 2,884.24 lacs written off during the year have not been debited to the profit & Loss Account but have been adjusted against General Reserve, (ii) as mentioned in Note No. 7, Sales commission of Rs. 2,530.21 lacs accrued during the year has been considered as extraordinary expense and a sum of Rs. 1,689.00 lacs has been drawn from General Reserve to adjust the commission