

## 16<sup>th</sup> ANNUAL REPORT

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# Krishna Filaments Limited

### Registered Office

Betegaon Village, Boisar (E), Taluka Palghar, Dist: Thane – 401 501.

## **SIXTEENTH ANNUAL REPORT 2003-2004**

### **BOARD OF DIRECTORS**

Mr. K.K. Agarwal	Director
Mr. MSR Srinivasa	Director
Ms. Leena Thakkar	Director

### **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

### **SOLICITORS AND ADVOCATES**

Little & Co., Mumbai

### **REGISTERED OFFICE & FACTORY**

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

### **REGISTRAR & SHARE TRANSFER AGENTS**

Intime Spectrum Registry Limited  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai – 400 078.

BETEGAON VILLAGE, BOISAR (EAST),  
TAL. PALGHAR, DIST. THANE - 401 501.  
TEL.: 02525-84950/62 FAX: 02525-84252

## **KRISHNA FILAMENTS LIMITED**

### **NOTICE**

**NOTICE** is hereby given that the **Sixteenth Annual General Meeting** of the Members of **KRISHNA FILAMENTS LIMITED** will be held on Thursday, 30<sup>th</sup> September, 2004 at Registered Office of the Company situated at Betegaon Village, Boisar (East), Taluka Palghar, Dist. Thane – 401 501 at 4.00 p.m. to transact the following business –

### **ORDINARY BUSINESS**

- 1) To receive, consider and adopt the Audited Profit and Loss Account for the year ended on 31<sup>st</sup> March, 2004 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
- 2) To appoint Director in place of Shri. Krishnakumar Agarwal, who retires by rotation, and being eligible offers himself for re-appointment.
- 3) To appoint Auditors and fix their remuneration.

**By Order of the Board of Directors  
For KRISHNA FILAMENTS LIMITED**

Date : 24/08/2004

Place : Betegaon

**Registered Office**

Betegaon Village,

Boisar (East),

Taluka Palghar,

District Thane – 401 501.

**DIRECTOR.**

### **NOTES**

1. A SHAREHOLDER ENTITLED TO ATTEND THE MEETING AND VOTE THREAT MAY APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF ONLY ON A POLL. A PROXY NEED NOT BE A MEMBER OF THE COMPANY
2. 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.
3. 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.
4. The Register of Members and the Share Transfer Register of the Company shall remain close from 27<sup>th</sup> September, 2004 to 30<sup>th</sup> September 2004 (both days inclusive).
5. Members are also requested to notify changes in address, details of bank account number, name of the bank, bank,s branch name and address, if any, immediately to the Company's REGISTRAR & SHARE TRANSFER AGENTS – Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078.

6. Members holding shares in the same name or same order of names under different ledger folios are requested to apply for consolidation of such folios, to the Company's Registrar's and Transfer Agents, at the address as stated in note.4 above.
7. Members may please address all their documents/ correspondences relating to the equity shares & NCD's of the Company directly to the Company's Registrars and Transfer Agents, at the address as stated above.
8. Nomination facility for shares is available for members. The prescribed format in this regard can be obtained from the Company's Registrars and Transfer Agents at the address as stated above.
9. The Company's equity shares are under compulsory dematerialisation. Accordingly, trading of these shares through the Stock Exchange would be facilitated if share certificates are dematerialized. Members having the physical shares certificate are advised to consider opening of a Demat Account with an authorized Depository Participant and arrange for dematerializing their shareholdings in the Company.
  - a) All unclaimed dividend for the financial year 1996-1997 (interim dividend) of the company has been transferred to the Investors Education and Protection Fund in terms of Section 205C of the COMPANIES ACT, 1956
  - b) In terms of Section 205A and 205C of the COMPANIES ACT, 1956 the amount of dividend declared for the financial year 1996-97 (Final Dividend) and thereafter remaining unpaid for a period of seven years from the due date of payment shall hereafter be transferred to the Investor Education and Protection Funds('Fund") . Members who have not encashed their dividend warrant for the year 1996-97 or thereafter are requested to write to the Company's Registrars and Transfer Agents.

Members may kindly note that once the unclaimed dividend is transferred to the fund, no claim shall be against the Fund of the Company in respect of the individual amounts which were unclaimed and unpaid for a period of seven years from the dates that they first become due for payment and no payment shall be made in respect of such claim.

- 14 Members attending the Annual General Meeting are requested to bring with them the following:
  - a) Members holding shares in dematerialized form, their DP & Client ID Numbers.
  - b) Members holding shares in physical form, their folio Numbers.
  - c) Copy of the Annual Report and Notice, as no copies thereof would be distributed at the Meeting.
  - d) The Attendance Slip duly completed and signed in terms of specimen signature lodged with the Company.

The company would accept only the Attendance Slip from a member actually attending the Meeting or from the person attending as a proxy under a valid proxy form registered with the Company not less than 48 hours prior to the Meeting. Attendance Slip of Members/ valid proxies not personally present at the Meeting, or relating to proxies which are invalid, will not be accepted from any other member/person.

BETEGAON VILLAGE, BOISAR (EAST),  
TAL. PALGHAR, DIST. THANE - 401 501.  
TEL.: 02525-84950/62  
FAX: 02525-84252

## KRISHNA FILAMENTS LIMITED

### DIRECTORS' REPORT

To  
The Members,

Your Directors present the Sixteenth Annual Report of your Company together with the Audited Accounts for the year ended 31<sup>st</sup> March 2004.

#### 1. Financial Results

(Rupee in Lakhs)

Description	Year Ended 31-03-2004	Year Ended 31-3-2003
Profit/(Loss) before Interest, Depreciation & Tax	(43.18)	20.26
Interest	2713.14	2,713.20
Profit/(Loss) before Depreciation and Tax	(2756.32)	(2692.94)
Depreciation	1340.70	1346.56
Profit/(Loss) before Tax & Provisions	(4097.02)	(4039.50)
Diminution in the Value of Fixed Assets	(17468.16)	Nil
Provision for Doubtful Debts	1172.27	248.35
Provision for Tax	Nil	Nil
Profit/(Loss) after Tax	(22737.45)	(4287.85)
Add : Non-operating loss	Nil	Nil
Add : Prior period and extra ordinary items	Nil	Nil
Add : Surplus b/f from the previous year	(20790.14)	(16,502.29)
Deficit	(22737.45)	(4287.85)
Balance carried forward to Balance Sheet	(43527.59)	(20790.14)

#### 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.

#### 3. Operations and Outlook

During the year there was no manufacturing operation at plant of the company due to unavoidable circumstances beyond control of the company.

#### 4. Directors

Mr. Krishnakumar Agarwal, retires by rotation at the conclusion of ensuing Annual General Meeting and being eligible, offers himself for reappointment.

## 5. Directors' Responsibility Statement

As required by section 217(2AA) of the companies Act, 1956, your directors state:

- ◆ that in the preparation of annual accounts, for the year ended 31<sup>st</sup> March 2004, the applicable accounting standards have been followed along with proper explanations relating to material departures except to the extent that an amount of Rs. 373.50 Lakhs which has not been capitalised as a part of fixed assets, which is not in conformity with the Accounting Standard – 10 on "Accounting for Fixed Assets";
- ◆ that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year and of the loss of the company for that year;
- ◆ that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularity;
- ◆ that the directors had prepared the annual accounts for the year ended 31<sup>st</sup> March 2004, on a going concern basis.

## 6. Audit Committee

In pursuance of the Companies Amendment Act, 2000, the company has formed Audit Committee.

### A) Terms of reference:

- ◆ Review with the management and/or Internal Audit Department and/or Statutory Auditors.
  - ❖ Company's Financial Statements and Reports,
  - ❖ Disclosure of Company's financial information to ensure the same are correct, sufficient and credible,
  - ❖ Changes/improvement in financial/accounting practices,
  - ❖ Adequacy of Internal Audit function and systems; and
  - ❖ Charter of Audit Committee
- ◆ Hold Discussions with
  - ❖ Statutory Auditors, before and after audit on the scope and area of concern;
  - ❖ Internal Audit Department on its significant findings and also failure of internal control systems, if any; and
  - ❖ Management before submission of Financial Statements to the Board

- ◆ Look into reasons for substantial defaults in payment to Debenture Holders, Financial Institutions and Bankers.
- ◆ Compliance with Accounting Standards, legal requirements and ethical codes.

#### **B) Composition, name of member and chairperson**

The audit committee of the company comprises three members, two of them are Non executive directors. The names of the members of the Audit Committee, including its chairman , are provided herein below ;

<b>Sr. No.</b>	<b>Name of the Member/Chairperson</b>
1	Ms. Leena Thakkar - Chairperson
2	Mr. K. K. Agarwal - Member
3	Mr. MSR Sriniswasa - Member

#### **7. Auditors**

M/s. Haribhakti & Co., Chartered Accountants, Mumbai retire as auditors of the company and have given their consent for reappointment. As required under the provisions of Section 224 of the Companies Act, 1956, the Companies has obtained a written certificate from the above auditors proposed to be re-appointment, if made, would be in conformity with the limits specified in the said section.

#### **8. Auditors' Report -**

The observations and qualifications made by auditors in the Auditors' Report are explained as under:

- ◆ With reference to point no. II (d) in the Auditor' Report, the company has not capitalised a sum of Rs. 373.50 lacs as part of fixed assets, which is not in conformity with Accounting Standard – 10 on "Accounting for Fixed Assets".

The company has not made provision on its Non-Convertible debentures for the period up to 15.03.1999, which if provided, would have been capitalised as part of fixed assets. In addition to the explanation given herein above please also refer note No. 3 of Schedule V to the Balance Sheet.

- ◆ With reference to point no. II (f) in the Auditors' Report, Financial Institutions and Bankers of the Company have recalled their credit facilities extended to the company and consequently have adopted realisation action to recover the same. This has adversely affected the functioning of the company.
- ◆ With reference to point no. II (i) in the Auditors' Report, regarding Non-provision of interest on the Non-convertible Debentures issued by the company.

The same has already been dealt in the previous para.

- ◆ With reference to point no. II (i) in the Auditors' Report, confirmation of loans and advances, Sundry Debtors and Sundry Creditors are not available.

The company has sent the balance confirmation requests to all the major parties. However the same were to be received by the company as on the date of the Balance Sheet.

#### **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 wishes to thank the Company's members and esteemed business associates for their valued contributions and support.

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

**Place :** Betegaon

**Date :** 24/08/2004

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

**Registered Office :**

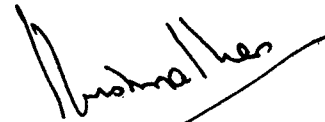
Betegaon Village, Boisar (E),  
Tal. Palghar,  
Dist. Thane - 401 501.



### 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 not undertaken any R & D work.
- c. **Foreign Exchange Earnings and Outgo**: Nil

For and on behalf of the Board,



**K. K. AGARWAL**  
Director

**Place** : Betegaon  
**Date** : 24/08/2004

**Registered Office** :  
Betegaon Village, Boisar (E),  
Tal. Palghar,  
Dist. Thane - 401 501.



## CORPORATE GOVERNANCE

### Company's Philosophy on Corporate Governance

The Company's philosophy on corporate governance is aimed at assisting the top management of the company in efficient conduct of its business, transparency in management and in meeting its obligations towards shareholders.

### I. BOARD OF DIRECTORS

#### **A) Composition :**

The present strength of the Board is 3 (three) Directors. The Board comprises of 3 (three) Non-Executive Directors. The Board's role, functions, responsibility and accountability are clearly defined. The company has appointed Mr. Krishnakumar Agarwal, Director as Chairman of the Board of Directors of the company.

#### **B) Board meeting held during the year:**

The Meeting of the Board of Directors are chaired by Mr. Krishnakumar Agarwal or in his absence Mr. M.S.R. Srinivasa. The Board held 6 Meetings during the financial year 2003-04 on 30<sup>th</sup> April 2003, 31<sup>st</sup> July 2003, 28<sup>th</sup> August 2003, 30<sup>th</sup> October 2003, 8<sup>th</sup> November 2003, 30<sup>th</sup> January 2004.

#### **C) Attendance of Directors at Board Meetings and last AGM:**

The attendance of each Director at the Board Meetings and the last AGM is given below –

Name of the Director	Category of Directorship	Attendance particulars		No. of Directorships of public Ltd. Cos.
		Board Meeting	Last AGM	
Mr. Krishnakumar Agarwal	Director	6	Yes	4
Mr. M.S.R. Srinivasa	Director	1	No	1
Ms. Leena Thakkar	Director	6	Yes	1

#### **D) Directors with materially peculiarly or business relationship with Co.**

There has been no material relevant peculiarly transaction or relationships between the Company and its non-executive director.

