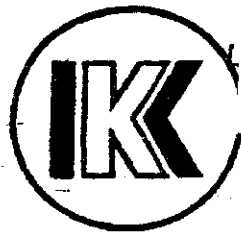


*5th*  
**Annual Report**  
*1998-99*

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**kanсал**  
**FIBRES LIMITED**



## Kansal Fibres Limited

### NOTICE

NOTICE is hereby given that Fifth Annual General Meeting of the Members of Kansal Fibres Limited will be held on Wednesday March 29, 2000 at 9.30 A.M at the Registered Office of the Company at C-30, Phase II, Focal Point, Ludhiana to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as on September 30, 1999 and Profit and Loss Account for the year ended on that date and the Reports of the Auditor's and Director's thereon.
2. To appoint a Director in place of Mrs. Aruna Kansal who retires at this Meeting and being eligible, offers herself for reappointment.
3. To appoint Auditors and to fix their remuneration.

By order of Board  
for KANSAL FIBRES LIMITED

Sd/-

(RAKESH KANSAL)  
MANAGING DIRECTOR

Ludhiana, February 29, 2000

#### NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY INSTEAD OF HIS/HER SELF AND PROXY NEED NOT BE MEMBER OF THE COMPANY, THE PROXY IN ORDER TO BE EFFECTIVE MUST REACH THE COMPANY AT LEAST FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The members are required to notify the change in their address/mandate if any, to the company immediately.
3. Members are requested to bring their copies of the Annual Report at the meeting.
4. Members desiring any information on the Accounts are requested to write to the company atleast 10 days prior to date of meeting enabling the management to keep the information ready.
5. *Register of Members and Share Transfer Books of the Company will remain closed from Thursday March 23, 2000 to Wednesday March 29, 2000 (both inclusive).*
6. **Member who have not paid the Allotment Money are requested to remit the Allotment Money alongwith interest calculated @ 18% P.A from January 1, 1996 till the date of payment.**
7. Members may please note that "NO GIFT" will be distributed at the Meeting.



## Kansal Fibres Limited

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**BOARD OF DIRECTORS :**

Sh. Rakesh Kansal                      Managing Director  
Sh. Shiv Paul Kansal  
Smt. Aruna Kansal  
Sh. Ashok Goyal  
Sh. Mukesh Jain  
Sh. Bakhtawar Singh Mann  
Sh. C.L. Agarwal

**REGISTERED OFFICE AND WORKS :**

C-30, Phase II, Focal Point,  
Ludhiana-141 010.

**AUDITORS :**

M/S Raj Gupta & Co.  
Chartered Accountants  
Ludhiana.

**BANKERS :**

Bank of Baroda

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## **Kansal Fibres Limited**

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3. To appoint Auditors and to fix their remuneration.

By order of Board  
for **KANSAL FIBRES LIMITED**

Sd/-

(**RAKESH KANSAL**)  
**MANAGING DIRECTOR**

Ludhiana, February 29, 2000

#### **NOTES**

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7. Members may please note that "NO GIFT" will be distributed at the Meeting.



# Kansal Fibres Limited

## DIRECTOR'S REPORT

To  
The Members  
**Kansal Fibres Limited.**

Yours Directors have pleasure in presenting their Fifth Annual Report of the Company, alongwith audited statement of accounts for the year ended on September 30, 1999.

### PERFORMANCE REVIEW

During the Year under review your Company recorded Sales, Services & other Income of Rs.30.60 Lacs as compared to Rs.413.42 Lacs in the Previous Year. Your Company suffered Loss of Rs.110.97 Lacs inclusive of loss of Rs.85.62 Lacs on sale of Fixed assets (Previous Year Rs. 130.02 Lacs) after providing for Depreciation of Rs. 15.45 Lacs (Previous Year Rs. 14.32 Lacs) and Interest Rs. 22.79 Lacs (Previous Year Rs. 27.46 Lacs). Operation of Spinning Unit of the Company were suspended during October 1998.

During the Year under review your Company has disposed off the steel Unit under compelling circumstances.

### DIVIDEND

Your Directors do not recommend payment of dividend.

### DIRECTORS

Mrs. Aruna Kansal retire at the forthcoming Annual General Meeting of the Company and being eligible offer himself for reappointment.

### AUDITORS

M/S Raj Gupta & Co., Chartered Accountants are retiring at the forthcoming Annual General Meeting of the Company and are eligible for reappointment.

### LISTING AND Y2K COMPLIANCE

The Equity Shares of the Company have been listed

with Ludhiana, Delhi, Ahmedabad and Mumbai Stock Exchanges. Pursuant to Clause 38 of the Listing Agreement, the Annual Listing Fee for the Financial Year 1999-2000 has been paid to The Stock Exchange, Mumbai. Listing fee shall be paid to Ludhiana, Delhi & Ahmedabad Stock Exchanges shortly for the year 1999-2000. The Hardware and Software installed by the Company are Y2K compliant.

### PERSONNEL

Information pursuant to Sec 217(2A) is Nil.

### INDUSTRIAL RELATIONS

Industrial Relations remained cordial throughout the year.

### DISCLOSURE OF PARTICULARS UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956

Information as per the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 regarding to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure 'A' forming part of this report.

### ACKNOWLEDGMENT

The Directors take this opportunity to express their sincere thanks and appreciation to staff members and workers for their co-operation, hardwork, dedication and devotion.

The Directors also express their sincere thanks to the Bankers, Shareholders and other business constituents for their continued support and co-operation.

for and on behalf of the Board  
**KANSAL FIBRES LIMITED**

Sd/-

**RAKESH KANSAL**  
**MANAGING DIRECTOR**

Ludhiana, February 29, 2000



# Kansal Fibres Limited

## ANNEXURE - A

Information as per Section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1998 and forming part of the directors' Report for the year ended 30th September, 1999.

### 1. CONSERVATION OF ENERGY

- The management & conservation of energy remain one of the important areas of plant performance and is being continuously monitored.
- Efficient energy conservation process has been exercised to get energy saving and to get maximum power factor.
- New areas are being continuously identified and suitable investments shall be made wherever necessary.

Total energy consumption and consumption per unit of production as per Form A of the Annexure to the Rules in respect of industries specified in the Schedule thereof.

### A. POWER & FUEL CONSUMPTION

	CURRENT YEAR	PREVIOUS YEAR
<b>1. ELECTRICITY</b>		
a) <b>Purchase</b>		
Unit (KWH)	34586	3095438
Total Amount Rs.	90962	9224407
Rate/Unit Rs.	2.63	2.98
b) <b>Own Generation</b>		
Through Diesel Generator		
Units (KWH)	-	-
Total Amount Rs.	-	-
Cost per Unit Rs.	-	-
<b>2. STEAMCOAL</b>		
Quantity	-	-
Total Cost Rs.	-	-
Av. Rate/Tonne Rs.	-	-
<b>3. RICEHUSK</b>		
Quantity	-	-
Total Cost Rs.	-	-
Av. Rate/Tonne Rs.	-	-
<b>4. Furnance Oil</b>	-	-
<b>5. Other/Internal Generation</b>	-	-

### II. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form 'B' of the Annexure to the Rules.

- Specific Areas in which R & D carried out by the Company.  
-Benefits derived as result to the above R & D.  
-Development of new products and improvements in certain Production process are planned.  
-Expenditure on R & D.

	CURRENT YEAR	PREVIOUS YEAR
i) Capital	-	-
ii) Recurring	-	-
iii) Total	-	-
iv) Total R&D Expenditure as percentage of total turnover	-	-
<b>2. Technology absorption, adoption and innovation:</b>		
a) Efforts in brief, made towards technology absorption adaption and innovation-None		
b) Benefits derived as result of the above efforts e.g. Product improvement, Cost reduction, Product development, Import Substitution etc.- None		
<b>3. Imported Technology (imported during the last 5 years) None</b>		

### III. FOREIGN EXCHANGE EARNINGS AND OUTGO

- Activities relating to exports, initiatives taken to increase exports, development of new export makers, for products and services and export plans. Efforts are being made by the company to develop export markets for export of its products.

Total Foreign Exchange Earned & Used :

	CURRENT YEAR	PREVIOUS YEAR
Earned	-	-
Used	-	-



# Kansal Fibres Limited

## AUDITORS' REPORT

To  
The Members of  
**KANSAL FIBRES LIMITED**

We have audited the attached Balance Sheet of **KANSAL FIBRES LIMITED** as at 30th September, 1999 and also Profit and Loss Account of the Company for the year ended on that date annexed thereto. We report that:

1. As required by 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, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order to the extent to which it is applicable to the Company.
2. Further to our comments in Annexure referred to in paragraph (1) above, we state that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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 such books.
  - c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account;
  - d) In our opinion, the Profit & Loss Account and Balance Sheet of the Company comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
    - i) In the case of Balance Sheet, of the state of affairs of the Company as at 30th September, 1999 and
    - ii) In the case of Profit and Loss account, of the LOSS of the Company for the year ended on that date.

for **RAJ GUPTA & CO.**  
**CHARTERED ACCOUNTANTS.**

Sd/-

Place : Ludhiana.  
Dated : 29.02.2000

(**R.K. GUPTA**)  
**PARTNER.**

## ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (1) of our report of even date.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except Furniture & Fixtures. As explained to us, most of the fixed assets have been physically verified during the year by the management and no material discrepancies were noticed on such verification. There is a regular program of verification which in our opinion is reasonable having regard to the size of the company and the nature of its assets.
2. None of the fixed assets of the Company have been revalued during the year.
3. The Stocks of finished goods, stores and spares and raw materials have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. As explained to us, the discrepancies noticed on physical verification of stocks as compared to book records were not material. However, the discrepancies noticed have been properly dealt with in the books of account.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles except that, as per past practice excise duty on stocks of finished goods lying in the factory has not been considered as part of cost, however, the same has no impact on the profits for the year. The valuation of stocks is on the same basis as in the previous year.
7. According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from Companies, firm or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and/or the companies under the same management as defined under sub section (1B) of Section 370 (since deleted) of the Companies Act, 1956 where the rate of interest (wherever charged) and other terms & conditions are, in our opinion, prima facie prejudicial to the interest of the Company.
8. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, firms or other parties listed in the Register maintained



## Kansal Fibres Limited

- under Section 301 of the Companies Act, 1956 and/or the Companies under the same management as defined under sub section (1B) of Section 370 (since deleted) of the Companies Act, 1956 where the rate of interest (wherever charged) and other terms & conditions are, in our opinion, prima facie prejudicial to the interest of the Company.
9. In respect of loans, or advances in the nature of loans, given by the company, where stipulations have been made, the parties are generally repaying the principal amounts as stipulated and have also been regular in the payment of interest where applicable. In case of certain advances to suppliers which, according to the information and explanations given to us, are to be adjusted against future supplies.
  10. In our opinion and according to the information and explanations given to us, there is adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchases of stores, raw materials, including components, plant and machinery, equipments and other assets and with regard to the sale of goods.
  11. In our opinion and according to the information and explanations given to us, no goods and materials, aggregating during the year to Rs.50000/- (Rupees Fifty Thousand only) or more in respect of each party, were purchased and no goods, materials and services, aggregating during the year to Rs.50000/- or more in respect of each party, were sold, in pursuance of contracts or arrangements, entered in the Register maintained under Section 301 of the Companies Act, 1956 where the market price of such goods are unreasonable having regard to the prevailing market price for such goods, materials and services.
  12. As explained to us, the company has a regular procedure for the determination of unserviceable or damaged stores, raw materials or finished goods. Adequate provision has been made in accounts for the loss arising on the items so determined.
  13. The company has not accepted any deposit from the public.
  14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable by-product and scrap.
  15. In our opinion, the company does not have an internal audit system commensurate with the size and nature of its business.
  16. The Central Government has prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of certain products manufactured by the company. We have broadly reviewed the accounts and the records of the company in this connection and are of the opinion, that, prima facie the prescribed records have been made and maintained. We have not, however, carried out detailed examination of these records with a view to determine whether they are complete or accurate.
  17. According to the records of the company, Employees' State Insurance dues have generally been regularly deposited with the appropriate authorities. As per information and explanations given to us, the Provident Fund Act is not applicable to the Company.
  18. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Custom Duty and Excise Duty were outstanding as at 30/09/99, for a period of more than six months from the date they became payable.
  19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practices.
  20. The company is not a Sick Industrial Company within the meaning of clause (O) of sub section (1) of Section 3 of Sick Industrial Companies (special Provisions) Act, 1985.
  21. In relation to trading activities of the company, we are informed that there are no stocks of damaged goods.
  22. In respect of service activities namely processing of materials:
    - i) The company has reasonable system of recording receipts, issues and consumption of materials and stores, commensurate with its size and nature of its business and the charges are made on the basis of predetermined rates which do not require the allocation of man-hours consumed to the relative jobs.
    - ii) The Company has a reasonable system of authorisation at proper levels with necessary control on the issue of stores, but the allocation of stores and labour to jobs does not arise due to reasons stated above.
    - iii) The Company has a system of internal control commensurate with its size and nature of its business.

for RAJ GUPTA & CO.  
CHARTERED ACCOUNTANTS.

Sd/-

(R.K. GUPTA)  
PARTNER.

Place : Ludhiana.  
Dated : 29.02.2000





# Kansal Fibres Limited

## BALANCE SHEET AS AT 30TH SEPTEMBER, 1999

PARTICULARS	SCHEDULE	AS AT 30.09.99	AS AT 30.09.98
<b>SOURCES OF FUNDS</b>			
<b>Share Holders' Funds</b>			
Share Capital	1	57867000.00	57867000.00
<b>Loan Funds</b>			
Secured Loans	2	7119774.37	11947120.37
Unsecured Loans	3	18037950.75	20250593.75
		<u>83024725.12</u>	<u>90064714.12</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	4	21424150.33	37890022.50
Less : Depreciation		1667773.49	2219305.49
Net Block		<u>19756376.84</u>	<u>35670717.01</u>
<b>Investments</b>			
	5	1000000.00	1000000.00
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	6	6987283.25	6897314.90
Sundry debtors	7	2888966.58	3752506.54
Cash & Bank Balances	8	2093718.62	2463154.74
Loans & Advances	9	16953806.49	19280852.09
		<u>28923774.94</u>	<u>32393828.27</u>
Less : Current Liabilities & Prov.	10	6626842.85	8528604.42
Net Current Assets		<u>22296932.09</u>	<u>23865223.85</u>
Miscellaneous Expenditure (To the extent not written off or adjusted)	11	5556342.44	6210648.44
Profit & Loss Account		<u>34415073.75</u>	<u>23318124.82</u>
		<u>83024725.12</u>	<u>90064714.12</u>

### NOTES ON ACCOUNTS

18

SUBJECT TO OUR SEPARATE REPORT OF EVEN DATE

### ON BEHALF OF THE BOARD

FOR RAJ GUPTA & CO.  
CHARTERED ACCOUNTANTS

Sd/-  
(RAKESH KANSAL)  
MANAGING DIRECTOR

Sd/-  
(SHIV PAUL KANSAL)  
DIRECTOR

Sd/-  
(R.K. GUPTA)  
PARTNER

Place : Ludhiana.  
Dated : 29.02.2000



# Kansal Fibres Limited

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 30.09.1999

PARTICULARS	SCHEDULE	CURRENT YEAR	PREVIOUS YEAR
<b>INCOME</b>			
Sales & Services		2869228.00	40684824.94
Other Income	12	190561.90	657665.33
		<u>3059789.90</u>	<u>41342490.27</u>
<b>EXPENDITURE</b>			
Cost of Material	13	168628.00	27524018.21
Manufacturing Expenses	14	134406.65	11121359.14
Personnel Expenses	15	138454.35	474222.55
Administration & other Expenses	16	9211284.83	8003447.17
Financial Expenses	17	2278942.00	2746304.32
Excise Duty Consumed		25439.00	2715414.79
Depreciation		1545278.00	1431788.00
Preliminary/Public Issue Expenses Written Off		654306.00	327902.00
		<u>14156738.83</u>	<u>54344456.18</u>
Loss for the Year		11096948.93	13001965.91
Loss B/F		23318124.82	10316158.91
Net Loss Carried over to Balance Sheet		<u>34415073.75</u>	<u>23318124.82</u>

### NOTES ON ACCOUNTS

18

SUBJECT TO OUR SEPARATE REPORT OF EVEN DATE

ON BEHALF OF THE BOARD

FOR RAJ GUPTA & CO.  
CHARTERED ACCOUNTANTS

Sd/-  
(RAKESH KANSAL)  
MANAGING DIRECTOR

Sd/-  
(SHIV PAUL KANSAL)  
DIRECTOR

Sd/-  
(R.K. GUPTA)  
PARTNER

Place : Ludhiana.  
Dated : 29.02.2000



# Kansal Fibres Limited

## PARTICULARS

AS AT 30.09.99

AS AT 30.09.98

## SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER, 1999

### SCHEDULE - 1 : SHARE CAPITAL

#### Authorised

70,00,000 Equity Shares of Rs.10/- each

70000000.00

70000000.00

#### Issued, Subscribed & Paidup

59,00,700 (Previous Year Same)

Equity Shares of Rs.10/- each fully paid-up

59007000.00

59007000.00

Less : Money in Arrears

1140000.00

1140000.00

57867000.00

57867000.00

### SCHEDULE - 2 : SECURED LOANS

#### FROM BANKS

Working Capital Loan

7119774.37

11947120.37

7119774.37

11947120.37

#### NOTE :-

- i) Working Capital Loan secured by hypothecation of stock of Raw Materials, Work in Process, Stores & Spares and Finished Goods (existing as well as future).

### SCHEDULE - 3 : UNSECURED LOANS

From Directors

18037950.75

20250593.75

### SCHEDULE - 4 : FIXED ASSETS

#### PARTICULARS

#### GROSS BLOCK

#### DEPRECIATION

#### NET BLOCK

	AS AT 01.10.98 (Rs.)	ADDITION DURING THE YEAR (Rs.)	SOLD DURING THE YEAR (Rs.)	AS AT 30.09.99 (Rs.)	UP TO 30.09.98 (Rs.)	PROVIDED FOR THE YEAR (Rs.)	WRITTEN BACK/ ADJ. DURING THE YEAR (Rs.)	UP TO 30.09.99 (Rs.)	AS AT 30.09.99 (Rs.)	AS ON 30.09.98 (Rs.)
Land	1542750.00	—	1542750.00	—	—	—	—	—	—	1542750.00
Building	6638704.00	—	3113160.00	3525544.00	204920.00	165148.00	283869.00	86199.00	3439345.00	6433784.00
Plant & Machinery	28267881.41	—	10884317.17	17383564.24	1647814.00	1282510.00	1576599.00	1353725.00	16029839.24	26620067.41
Furniture & Fixture	104219.09	—	—	104219.09	16473.49	6596.00	—	23069.49	81149.60	87745.60
Office Equipments	84150.00	—	—	84150.00	27299.00	11222.00	—	38521.00	45629.00	56851.00
Vehicles	901514.00	—	574841.00	326673.00	275595.00	62774.00	172110.00	166259.00	160414.00	625919.00
Car	350804.00	—	350804.00	—	47204.00	17028.00	64232.00	—	—	303600.00
Total	37890022.50	—	16465872.17	21424150.33	2219305.49	1545278.00	2096810.00	1667773.49	19756376.84	35670717.01



# Kansal Fibres Limited

PARTICULARS	AS AT 30.09.99	AS AT 30.09.98
-------------	----------------	----------------

## SCHEDULE - 5 : INVESTMENTS

### Long Term Investments

In Units

1,00,000 Units of Rs.10/- each of

BOB Mutual Fund.

1000000.00

1000000.00

Book Value

1000000.00

1000000.00

## SCHEDULE - 6 : INVENTORIES

(As taken, Certified & Valued by the Management)

1) Stores & Spares

1289650.00

1300417.65

2) Raw Material

5374341.00

5486691.00

3) Finished Goods

317307.25

91789.25

4) Waste

5985.00

18417.00

6987283.25

6897314.90

## SCHEDULE - 7 : SUNDRY DEBTORS

(Unsecured considered good)

Over six months old

2888966.58

1664503.54

Others

—

2088003.00

2888966.58

3752506.54

## SCHEDULE - 8 : CASH & BANK BALANCES

Cash-in-hand

2031495.04

2261926.14

Balance with Scheduled Banks

In Current Account

62223.58

201228.60

2093718.62

2463154.74



# Kansal Fibres Limited

PARTICULARS	AS AT 30.09.99	AS AT 30.09.98
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## SCHEDULE - 9 : LOANS AND ADVANCES

(Unsecured Considered Good)

Advances recoverable in Cash or kind or for value to be received	9219264.14	8666514.74
Sundry Receivable	7243920.50	10114566.50
Securities & Deposits	487750.00	487750.00
Advance Income Tax (Tax Deducted at Source)	—	5831.00
Balance with Excise Authorities	2871.85	6189.85
	<u>16953806.49</u>	<u>19280852.09</u>

## SCHEDULE - 10: CURRENT LIABILITIES & PROVISIONS

### Current Liabilities

Sundry Creditors	260164.00	615384.00
Other Creditors	3185718.04	4460245.00
Advance from Customers	1646727.00	2492406.00
Other Liabilities	1407233.81	821260.42
Statutory Liabilities	27000.00	39309.00
Share Application Money Refundable	100000.00	100000.00
	<u>6626842.85</u>	<u>8528604.42</u>

## SCHEDULE - 11 : MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

Preliminary Expenses	7500.00	9000.00
Public Issue Expenses	5548842.44	6201648.44
	<u>5556342.44</u>	<u>6210648.44</u>

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
-------------	--------------	---------------

## SCHEDULE - 12 : OTHER INCOME

Interest Received	812.00	3160.00
Miscellaneous Income	39749.90	6555.33
Lease Rent	150000.00	400000.00
Profit on Sale of Assets	—	247950.00
	<u>190561.90</u>	<u>657665.33</u>



# Kansal Fibres Limited

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
-------------	--------------	---------------

## SCHEDULE - 13 : COST OF MATERIAL

Opening Stock				
Raw Material	5486691.00		9274643.68	
Finished Goods	91789.25		1461555.25	
Waste	18417.00	5596897.25	5985.00	10742183.93
Add: Purchases		269364.00		22378731.53
		5866261.25		33120915.46
Less: Closing Stock				
Raw Material	5374341.00		5486691.00	
Finished Goods	317307.25		91789.25	
Waste	5985.00	5697633.25	18417.00	5596897.25
		168628.00		27524018.21

## SCHEDULE - 14 : MANUFACTURING EXPENSES

Electricity Charges	90962.00	9224407.00
Stores & Spares Consumed	10767.65	1578219.14
Contractor Charges	—	287768.00
Repairs & Maintenance	32677.00	30965.00
	134406.65	11121359.14

## SCHEDULE - 15 : PERSONNAL EXPENSES

Salary & Wages	131625.00	433623.60
Contribution to E.S.I.	1152.35	10568.95
Labour & Staff Welfare Expenses	5677.00	30030.00
	138454.35	474222.55



## Kansal Fibres Limited

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
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### SCHEDULE - 16 : ADMINISTRATIVE & OTHER EXPENSES

Rent	118800.00	118800.00
Fees & Taxes	175594.20	220323.90
Postage, Courier & Communication Expenses	76050.46	214211.74
Printing & Stationery	18322.00	35865.00
Insurance	58514.00	157699.00
Auditors' Remuneration		
i) Audit Fee	26250.00	25000.00
ii) Tax Audit Fee	10000.00	35000.00
	<u>36250.00</u>	<u>10000.00</u>
Legal & Professional Charges	105000.00	127500.00
Advertisement & Publicity	41572.00	31844.00
Hire Purchase Charges	—	34909.00
Loss on Sale of Fixed Assets	8562262.17	6963289.65
Miscellaneous Expenses	18920.00	64004.88
	<u>9211284.83</u>	<u>8003447.17</u>

### SCHEDULE - 17 : FINANCIAL EXPENSES

Bank Interest		
On Working Capital	2136603.95	2266993.00
On Term Loan	—	339310.00
Interest to others	129600.00	126000.00
Bank Charges	12738.05	14001.32
	<u>2278942.00</u>	<u>2746304.32</u>



# Kansal Fibres Limited

## SCHEDULE 18

### NOTES ON ACCOUNTS

#### 1) SIGNIFICANT ACCOUNTING POLICIES

##### i) ACCOUNTING CONVENTIONS:-

The Accounts are prepared on the historical cost basis and in accordance with the applicable accounting standards and relevant provisions of the Companies Act, 1956.

##### ii) REVENUE RECOGNITION:-

The Company follows mercantile system of accounting and recognises income and expenditure on accrual basis.

##### iii) FIXED ASSETS:-

Fixed Assets are stated at cost less depreciation. Interest on borrowings for acquisition of Fixed Assets and revenue expenses incurred in respect of the project prior to commencement of commercial production are capitalised as part of asset cost.

##### iv) DEPRECIATION:-

Depreciation has been charged on Straight Line Method on Fixed Assets put to use at rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 as amended by Notification No. GSR 756 (E) dated 16th December, 1993 issued by the Ministry of Law, Justice & Company Affairs.

##### v) INVESTMENTS:-

Long Term Investments have been carried at cost less provision if any for permanent diminution in the value. Investment have been capitalised at cost plus expenses.

##### vi) INVENTORIES:-

- i) Stores & Spares - at cost
- ii) Raw Materials - at cost
- iii) Finished Goods - at lower of cost or market price
- iv) Waste at - at net realisable value

##### vii) CUSTOM DUTY :-

The Custom Duty payable on Raw Materials, Stores, Spares and components is accounted on clearance thereof from the Ports/Bonded Warehouses.

##### viii) FOREIGN EXCHANGE TRANSACTIONS:-

Transactions in Foreign Currency are recorded at the original rates of exchange prevalent at the time of transactions.

##### ix) EXPENDITURE DURING CONSTRUCTION PERIOD ON NEW PROJECTS:-

In case on New Projects, all preoperative expenditure including interest on all the borrowings for the purpose upto the date of installation are capitalised to the cost of fixed assets, till that time the expenditure is carried as capital work in progress.





## Kansal Fibres Limited

x) GRATUITY :-

No provision for gratuity has been made since no employee has completed the qualifying period of five years.

2. No provisions for Income Tax has been made in the absence of Taxable profits.
3. The Debit & Credit balances of parties are subject to their confirmation.
4. The borrowing for working capital from bank is personally guaranted by some of directors of the company.
5. The interest paid to others include payment to Directors Rs.126000/- (Previous Year Rs.126000.00).
6. The Central Excise Authorities has issued Show Cause Notices to the Company proposing :
  - i) To disallow modvat credit amounting to Rs.2.19 Lacs (Previous year Rs.2.19 Lacs).
  - ii) To raise a claim under section 11A amounting to Rs.0.08 Lac (Previous year Rs.0.08 Lac).

The Company has filed suitable replies against the abovesaid Notices & have not made any provision for the liability in the books of accounts.

7. Sundry creditors due to small scale and ancillary undertaking could not be ascertained due to lack of information.
8. Contingent liabilities not provided for
  - a) Estimated amount of contracts remaining to be executed on capital account. NIL
  - b) Bank Guarantees NIL
  - c) L/C outstanding in favour of capital goods. NIL

9. Additional information pursuant to part II of Schedule VI to the Companies Act, 1956 is as follows :-

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	Quantity	Value (Rs. Lacs)	Quantity	Value (Rs. Lacs)
<b>A) SALES &amp; SERVICES</b>				
Wool Top (Kgs.)	—	—	5507	6.61
Cotton (Kgs.)	—	—	9400*	3.86
Yarn (Kgs.)	5041	1.34	67490	31.06
Waste (Kgs.)	7091	0.82	6835	0.64
Steel Ingots (M.T.)	—	—	2617	300.80
Steel Casting (M.T.)	—	—	25	5.23
Steel Runner & Risers (M.T.)	—	—	6	0.55
Steel Scrap (M.T.)	—	—	264	18.51
Other Services		25.77		36.26
Fabrication Charges		0.76		3.33
		<u>28.69</u>		<u>406.85</u>

\* Includes shortages/excess



# Kansal Fibres Limited

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	Quantity	Value (Rs. Lacs)	Quantity	Value (Rs. Lacs)
<b>B) RAW MATERIAL CONSUMED</b>				
Fibre/Top/Waste (Kgs.)	7490	1.69	95850	37.91
Steel Scrap (M.T.)	—	—	2561	237.33
		<u>1.69</u>		<u>275.24</u>
<b>C) TRADING GOODS PURCHASED</b>				
Yarn (Kgs.)	2092	2.69	—	—
<b>D) OPENING &amp; CLOSING STOCK OF GOODS PRODUCED &amp; TRADED IN</b>				
<b>a) OPENING STOCK</b>				
Yarn (Kgs.)	2143	0.75	150	0.31
Wool Top (Kgs.)	154	0.17	5661	11.35
Waste (Kgs.)	3149	0.18	399	0.06
Steel Ingots (M.T.)	—	—	25	2.95
		<u>1.10</u>		<u>14.67</u>
<b>b) CLOSING STOCK</b>				
Yarn (Kgs.)	2242	3.00	2143	0.75
Wool Top (Kgs.)	154	0.17	154	0.17
Waste (Kgs.)	399	0.06	3149	0.18
		<u>3.23</u>		<u>1.10</u>
<b>E) CAPACITY &amp; PRODUCTION</b>				
<b>a) Licenced Capacity</b>				
Yarn	500 MT		500 MT	
Steel Ingots	N.A.		N.A.	
<b>b) Installed Capacity *</b>				
Yarn	800 Rotors		800 Rotors	
Steel Ingots	—		7200 MT	
* Installed Capacity is as certified by the Management but not verified by the Auditors being a technical matter.				
<b>c) Actual Production</b>				
Yarn	3.048 MT		69.483 MT	
Steel Ingots	—		2591.580 MT	



## Kansal Fibres Limited

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	Quantity	Value (Rs. Lacs)	Quantity	Value (Rs. Lacs)
<b>F) CIF VALUE OF IMPORTS</b>				
Raw Material		—		—
Capital Goods		—		—
Stores & Spares		—		—
<b>G) VALUE OF IMPORTED AND INDIGENOUS RAW MATERIAL AND STORES &amp; SPARES CONSUMED AND PERCENTAGE THEREOF</b>				

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	VALUE (RS.)	%AGE	VALUE (RS.)	%AGE
<b>i) RAW MATERIAL</b>				
Imported	—	—	—	—
Indigenous	168628	100	27524018	100
<b>ii) STORES &amp; SPARES</b>				
Imported	—	—	—	—
Indigenous	10767	100	1578219	100



# Kansal Fibres Limited

## 10. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I.	<b>REGISTRATION DETAILS</b>												
	Registration No.				1	4	4	5	7	State Code		1	6
	Balance Sheet Date		3	0		0	9		9	9			
			Date		Month		Year						

II.	<b>CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)</b>												
	Public Issue				Right Issue				Bonus Issue				Private Placement

III.	<b>POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)</b>													
	Total Liabilities						Total Assets							
	<b>Sources of Funds</b>													
	Paid Up Capital				Reserve & Surplus				Secured Loans				Unsecured Loans	
	<b>Application of Funds</b>													
	Net Fixed Assets				Investments				Net Current Assets				Misc. Expenditure	
	<b>Accumulated Losses</b>													

IV.	<b>PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)</b>													
	Turnover				Total Expenditure				Profit/(-)Loss before Tax				Profit/(-)Loss After Tax	
<b>Earning Per Share</b>								<b>Dividend Rate</b>						

V.	<b>GENERIC NAMES OF THE TWO PRINCIPAL PRODUCTS OF THE COMPANY</b>														
	a.	Item code No: (ITC CODE)				5	2	.	0	5					
		Product Description				C	O	T	T	O	N	Y	A	R	N
	b.	Item code No: (ITC CODE)				5	1	.	0	5					
	Product Description				W	O	O	L	T	O	P				

11. Schedule 1 to 18 forms an integral part of the Balance Sheet and Profit & Loss Account and have been duly authenticated.



# Kansal Fibres Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER, 1999.

	1998-99	1997-98
<b>A) Cash Flow from Operating Activities</b>		
Net Profit before tax & Extraordinary items	(11096949)	(13001966)
Adjustments For		
Depreciation and Non Cash Expenses	2199584	1759690
(Profit)/Loss on Sale of Fixed Assets(Net)	8562262	6715339
Profit on Sale of Investments	-	-
Dividend	-	-
Interest Paid(Net)	2265392	2729143
Operating Profit before Working Capital Changes	1930289	(1797794)
Adjustments for		
Trade & Other Receivable	863540	(2350083)
Inventories	(89969)	6069970
Trade Payables	(1901762)	(2735377)
Cash Generated from Operations	802098	(813284)
Taxes paid (Net)	5831	27172
Interest paid	(2266203)	(2732303)
Cash Flow Before Extraordinary items	(1458274)	(3518415)
Prior period adjustments	-	-
Net Cash From Operating Activities	(1458274)	(3518415)
<b>B) Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	-	(3160371)
Sale/Adjustment of Fixed Assets	5806800	6150000
Change in Loans & Advances	2321215	(3684606)
Purchase of Investment	-	-
Sale of Investments	-	-
Interest Received	812	3160
Dividend Received	-	-
Net Cash from Investing Activities	8128827	(691817)
<b>C) Cash Flow from Financing Activities</b>		
Proceeds from issue of Capital	-	500
Proceeds from Long Term Borrowings	(2212643)	2356539
Working Capital Borrowing	(4827346)	1665717
Public Issue Expenses	-	2124
Dividend Paid	-	-
Net Cash used in Financing Activities	(7039989)	4024880
Net Change in Cash and Cash Equivalents (A+B+C)	(369436)	(185352)
Cash and Cash Equivalents At Begining	2463154	2648506
Cash and Cash Equivalents At Closing	2093718	2463154

### NOTES :

1. Figures in brackets represent cash out flows

On behalf of the Board  
Sd/-

Place : Ludhiana  
Dated : 29.02.2000

(Rakesh Kansal)  
Managing Director

### AUDITORS' CERTIFICATE

We have examined the attached Cash Flow Statement of KANSAL FIBRES LIMITED for the year ended 30th September, 1999. The statement has been prepared by the company in accordance with the requirements of Clause 32 of listing agreement with the Stock Exchanges and is based on and in agreement with the corresponding profit & loss account and balance sheet of the company covered by our report of 29th February, 2000 to the members of the company.

for RAJ GUPTA & CO.  
Chartered Accountants  
Sd/-

Place : Ludhiana  
Dated : 29.02.2000

(R.K. GUPTA)  
Partner