

**KANSAL FIBRES LIMITED**

**ANNUAL REPORT OF**

**KANSAL FIBRES LIMITED**

**FOR THE YEAR**

**2010-2011**

# KANSAL FIBRES LIMITED

## BOARD OF DIRECTORS

Rakesh Kumar Kansal  
Aruna Kansal  
Ashok Goyal

Managing Director  
Executive Director  
Non-Executive Director

## AUDITORS

Raj Gupta & Co.,  
549/10, Satluj Tower  
Fountain Chowk, Civil Lines,  
Ludhiana- 141001

## REGISTERED OFFICE

281 Industrial Area-A,  
Ludhiana, 141003  
Punjab  
Email: [kansalfibersltd@gmail.com](mailto:kansalfibersltd@gmail.com)  
Website: [www.kansalfibres.com](http://www.kansalfibres.com)

Contents	Page Nos.
Notice	1-2
Directors' Report	3-5
Corporate Governance Report	6-15
Management Discussion Analysis	16-17
Auditors' Report	18-23
Balance Sheet	24-24
Profit & Loss Account	25-25
Schedules	26-27
Notes on Accounts	28-29
Balance Sheet Abstract	30-31
Cash Flow Statement	32-32
Auditors' Certificate	33-33
Attendance Slip/Proxy Form	34-34

# KANSAL FIBRES LIMITED

## NOTICE

Notice is hereby given that the Annual General Meeting of the members of KANSAL FIBRES LIMITED will be held on 30<sup>th</sup> September, 2011 at 10.30 A.M. at the Registered Office of the Company i.e. 281 Industrial Area-A , Ludhiana , Punjab 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, 2011, balance sheet as on that date, Director's Report and the Auditor's report thereon.
2. To appoint Director in place of Mrs. Aruna Kansal who retires by rotation and being eligible offers himself for reappointment.
3. To appoint the Auditors of the Company from the Conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board of Directors

Place : Ludhiana  
Date : 10/05/2011

Sd/-	Sd/-
(Rakesh Kansal)	(Aruna Kansal)
Managing Director	Director

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Proxies, in order to be effective, must be lodged at the registered office of the Company not later than 48 hours before the meeting.

2. Pursuant to section 154 of the Companies Act, 1956, Register of Members and Shares Transfer Books of the Company will remain closed from 18<sup>th</sup> September, 2011 to 30<sup>th</sup> September, 2011 (both days inclusive).
3. The Company proposed to appoint its Registrars and Share Transfer Agents for rendering the entire range of services to the Shareholders of the Company. Accordingly, all documents, transfers, Demat request, change of address intimation and other communication in relation thereto with respect to shares in electronic and physical form should be addressed to the Registrars directly quoting Folio No., full name and Address to Registrars and Share Transfer Agents, Unit: Kansal Fibres Limited.

# KANSAL FIBRES LIMITED

4. Members/proxies should bring the attendance slip duly filled in for attending the Meeting.
5. Members are requested to bring their copies of the Annual Report to the Meeting.
6. Members are requested to update their Email ID with their respective depository participant and with the Company's Registrar and Transfer Agents (RTA) to enable dispatch the communications in electronic form from time to time as your Company have taken a "Green Initiative" as per the directions of Ministry of Corporate Affairs, New Delhi allowing paperless compliances for Companies.
7. Members holding shares in physical form are requested to notify to the Company and the company's proposed Registrar and share Transfer Agent, quoting their folio, any change in their registered address with pin code and in case their shares are held in dematerialized form, this information should be passed on to their respective Depository Participant.
8. Corporate Members intending to send their authorized representatives under Section 187 of the Companies Act, 1956, are requested to send a duly certified copy of the board Resolution authorizing their representatives to attend and vote at the Meeting.
9. In case of joint holding, the joint holder whose name stands first, as per the Company's records, shall alone be entitled to vote.

**By Order of the Board of Directors**

**Place : Ludhiana  
Date : 10/05/2011**

<b>Sd/-</b>	<b>Sd/-</b>
<b>(Rakesh Kansal)</b>	<b>(Aruna Kansal)</b>
<b>Managing Director</b>	<b>Director</b>

# KANSAL FIBRES LIMITED

## DIRECTORS' REPORT

To  
The Members  
**KANSAL FIBRES LIMITED**

The Board of Directors of your Company has the pleasure of presenting Annual Report of **KANSAL FIBRES LIMITED** together with the Audited Statements of Accounts for the year ended the March 31, 2011.

### FINANCIAL PERFORMANCE OF THE COMPANY:

The Company has again started to operate in the finance market and received income of Rs. 36,000 during the financial year 2010-11. However, the Company incurred loss of Rs. 60,235,935 during the current financial year and hope for better in coming years, even in the downward stream scenario of global financial and capital market. Directors have started to explore various other opportunities to further improve the working results during the current year.

### DIVIDEND:

In view of losses, your Directors do not recommend any dividend during the year.

### DIRECTORS:

Mr. Aruna Kansal, Director of the Company are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

### DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i) that in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments 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 the financial year and of the profit or loss of the Company for the year under review;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

# KANSAL FIBRES LIMITED

iv) that the Directors have prepared the annual accounts for the year ended on March 31, 2011 on a 'going concern basis'.

## **AUDITORS:**

M/S. Raj Gupta & Co., Chartered Accountants, Ludhiana, the retiring auditors being eligible offer themselves for re-appointment. Members are requested to appoint them as auditors of the company for the next year till the conclusion of next Annual General Meeting of the Company.

## **MANAGEMENT DISCUSSION AND ANALYSIS:**

Management discussion and analysis Report, pursuant to Clause 49 of the Stock Exchange Listing agreement, forms part of this Report and the same is annexed hereto.

## **CORPORATE GOVERNANCE:**

A comprehensive report on corporate governance as stipulated under Clause 49 of the Listing Agreement is attached to this Report.

The Company has obtained a certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and the same is annexed at the end of Corporate Governance Report.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

As the Company's operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1998, regarding conservation of energy and technology absorption, are not applicable. The particulars regarding expenditure and earnings in foreign exchange are Nil.

## **PARTICULARS OF EMPLOYEES:**

No employee of the Company was in receipt of remuneration above the limit specified under Section 217(2A) of the Companies Act, 1956.

## **SEGMENT:**

Your Company is engaged in a single segment only.

# KANSAL FIBRES LIMITED

## ACKNOWLEDGEMENT:

The management is grateful to the government authorities, Bankers, Vendors for their continued assistance and co-operation. The directors also wish to place on record the confidence of members in the company.

By Order of the Board of Directors

Place : Ludhiana

Date : 10/05/2011

Sd/-	Sd/-
(Rakesh Kansal)	(Aruna Kansal)
Managing Director	Director

# KANSAL FIBRES LIMITED

## REPORT ON CORPORATE GOVERNANCE (Pursuant to Clause 49 of the Listing Agreement)

### **1. COMPANY'S PHILOSOPHY:**

Corporate Governance is an integral part of value, ethics and best business practices followed by the Company. The core values of the Company are commitment to excellence and customer satisfaction, maximizing long-term value for stakeholders, socially valued enterprise and caring for people and environment.

**KANSAL FIBRES LIMITED** is committed to good Corporate Governance in order to all stakeholders - Customers, suppliers, lenders, employees, the shareholders. The detailed report on implementation by the company of the Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement with the Stock Exchanges, is set out below :

### **2. BOARD OF DIRECTORS:**

#### **2.1 COMPOSITION OF THE BOARD:**

The Board of Directors as at 31<sup>st</sup> March, 2011 comprises of four directors comprises of a, two are Executive and one non-executive director. Mr. Ashok Active Director of the Company and he conducts the day to day management of the Company, subject to the supervision and control of the Board of Directors. The independent directors on the Board are senior, competent and highly respected persons from their receptive fields.

#### **2.2 RESPONSIBILITIES OF THE BOARD**

The responsibility such as policy formulation, performance review and analysis and control, direction and management of the affairs of the company is vested in the Board of Directors presided over by the Chairman and Managing Director. The Board has delegated some of its powers to the executives of the company. The Board reviews from time to time such delegated powers and their utilization for effective functioning of the Company.

#### **2.3 MEETING AND ATTENDANCE RECORD OF DIRECTORS**

The meetings of the Board of Directors are held at periodical intervals and are generally at the registered office of the Company. The meeting dates are decided well in advance and the agenda and notes on agenda are circulated in advance to the directors. All material information is incorporated in the notes on agenda for facilitating meaningful and focused discussion at the meeting. Where it is not perusable to attach supporting or relevant documents to the agendas, the same is tabled before the meeting. In case of business exigencies or urgency of matters, resolutions are passed by circulation. Senior Management persons are often invited to attend the Board Meetings and provide clarifications as and when required.



# KANSAL FIBRES LIMITED

During the year 2010-2011, the Board met 7(Seven) times on the following dates: 26/04/2010, 21/06/2010, 12/07/2010, 02/08/2010, 25/10/2010, 17/01/2011, 31/01/2011

The composition, attendance and other memberships of the Board of Directors of the company is as follows:

Attendance of Directors at Meetings of Board of Directors and last AGM:

Name of the Director	Designation	Category	No. of Board meetings attended	Attendance at last AGM	Total No. of Directorships in public Companies	Total No. of Committee membership	Total no. of Board Chairmanship
Rakesh Kansal	Director	Executive	7	Yes	0	0	0
Aruna Kansal	Director	Executive	7	Yes	0	0	0
Ashok Goyal	Director	Non Executive	7	Yes	0	0	0

## 2.4 DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING

As per the provisions of the Companies Act, 1956, two third of the directors of a company should be retiring directors, of which one third of such directors are required to retire every year and if eligible, they qualify for re-appointment.

Mrs. Aruna Kansal, retire by rotation at the ensuing Annual General Meeting and offer him for re-appointment.

### Profile of Mr. Aruna Kansal, Director being appointed u/s 256 of the Companies Act, 1956

Name	Mrs. Aruna Kansal
Date of Birth	13/03/1953
Date of Appointment	Since incorporation
No. of shares held in the company	3,71,100 Shares
Directorship in other company	Nil

## 2.5 DETAILS OF DIRECTORS WHO ARE AS CHAIRMAN AND DIRECTORS IN OTHER PUBLIC COMPANIES

# KANSAL FIBRES LIMITED

None of the Directors on the Board is a member or Chairman of any Committees (as specified in Clause 49 (C) (ii) across all the Companies in which he is a director. The necessary disclosure regarding Directorship and Committee position have been made by the Directors who are on the Board of the Company as on 31<sup>st</sup> March, 2011 and the same is reproduced herein below:

Sr. No.	Name of Director	No of Directorship in other Public Companies	No. of Committees positions held as Chairman on other public Companies	No. of Committees positions held as member in other public Company
1.	Rakesh Kumar Kansal	--	--	--
2.	Aruna Kansal	--	--	--
3.	Ashok Goyal	--	--	--
4.	Mukesh Jain	--	--	--

### **3. COMMITTEE OF BOARD:**

The Company had four Board Committees. These are

1. Audit Committee
2. Remuneration Committee
3. Share Transfer & Shareholders/Investor Grievance Committee

Moving with various committees formed and reported in the previous Annual Report and in line with the requirements of SEBI and Stock Exchanges, the Board has formally constituted the following committees of Directors.

#### **3.1 AUDIT COMMITTEE:**

The Audit committee constituted by the Board of directors as per the provisions of Clause 49 of the listing Agreements as well as in Section 292A of the Companies Act, 1956, comprises of two members viz. Mrs. Aruna Kansal Member Director (Executive) Mr. Ashok Goyal, Member (Non- Executive) who are aware with finance, accounts, management and corporate affairs. Two members constitute the quorum of the said Audit Committee Meeting.

The Audit Committee of the Board of Directors of the Company, Inter-aila, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures.

# KANSAL FIBRES LIMITED

## BRIEF DESCRIPTION OF TERMS OF REFERENCE:

A. Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

B. Recommending the appointment and removal of external auditor, fixation of audit fees and also approval for payment of any other Consultancy services provided by the statutory auditor.

C. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:

- Review the financial reporting process and disclosure of its financial information
- Review with the management, Annual financial statements before submission to the Board
- Review with the management, statutory Auditors and Internal Auditors and adequacy of internal control systems
- Review the company's accounting and risk management policies
- Review the company's accounting and management reporting systems and updates the same from time to time recommend the appointment and removal of statutory and Internal Auditors and fixation of fees for the same.
- Review quarterly financial statement.
- Review internal investigations made statutory/ Internal Auditors.
- Scope of Statutory/ Internal Audit
- Review fixed deposits/repayment systems etc.
- Any other applicable functions as described in Corporate Governance.
- Review related party transactions.

Executive summary of the Audit Committee Meetings are placed before the immediate next Board Meetings held after the Audit Committee for deliberations and the full minutes of the same are placed before the following Board Meeting for recode. The Board of Directors, regularly appraised on the recommendations for the Audit Committee, further, at the beginning of the financial year, the Committee discuss the plan for the internal audit and statutory audit.

Dates of the Audit Committee Meetings are fixed in advance and agenda is circulated to the Directors at least seven days before the meeting.

As required under Clause 49(III)(E) of the Listing Agreement, the Audit Committee had reviewed the following information:

- Management Discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions submitted by management
- Management letters/letters of internal controls, weaknesses issued by the Statutory Auditors.
- Internal Auditors Reports relating to internal control weaknesses.

# KANSAL FIBRES LIMITED

- Appointment, removal and terms of remuneration of the internal auditors.

During the year under review, the 4 Audit Committees were held during Financial Year 2009-10. The dates on which the said meetings were held as follows: 26/04/2010, 12/07/2010, 25/10/2010, 31/01/2011

## **3.2 REMUNERATION COMMITTEE:**

### **(a) EXECUTIVE DIRECTORS:**

The Company has not set up a Remuneration Committee. The remuneration of Executive Director were fixed by the Board and approved by the Share Holders at the Annual General Meeting. During the year Company has not paid any remuneration to the Directors of the Company during the financial year 2010-2011 because of the no business of the Company.

### **(b) NON-EXECUTIVE DIRECTORS:**

Non-Executive Directors have not been paid any remuneration, they had paid only Sitting Fees, being a Non Executive director had not paid any Sitting Fees for the financial year.

No meeting of Remuneration Committee was held during the year.

## **3.3 Share Transfer & Shareholders'/Investor Grievance Committee:**

The Share Transfer & Shareholders'/Investor Grievance committee comprises as under:

- 1 Mr. Rakesh Kansal
- 2 Mrs. Aruna KAnsals
- 3 Mr. Ashok Goyal

The committee is responsible for approving and monitoring transfers, transmission, splitting and consolidation of shares issued by the Company. In addition to that, the committee also monitors redressal of complaints from shareholders relating to transfer of shares, non-receipt of balance sheet etc., No sitting fees is paid to the committee members. The Committee reviewed redressal of investors Grievances pertaining to share transfer, dematerialization of shares, replacement of lost, mutilated and old share certificates, change of address etc. The committee has also taken steps to strengthening investors relations.

The status of shareholders' complaints received so far/number not solved to the satisfaction of shareholders/number of pending share transfer transactions (as on 31<sup>st</sup> March, 2011 is given below:-

Complaints Status: 01.04.2010 to 31.03.2011

# KANSAL FIBRES LIMITED

- Number of complaints received so far : 3
- Number of complaints solved : 0
- Number of pending complaints : 3

## **4. GENERAL BODY MEETING:**

a. Location and time where last three AGMs were held:

Meeting	Year	Venue of AGM	Date	Time	Whether Special resolution passed
Annual General Meeting	2008	281, Industrial Area-A, Ludhiana-141003, Punjab	30 <sup>th</sup> September, 2008	10.30 A.M.	No.
Annual General Meeting	2009	281, Industrial Area-A, Ludhiana-141003, Punjab	30 <sup>th</sup> September, 2009	11.30 A.M.	No.
Annual General Meeting	2010	281, Industrial Area-A, Ludhiana-141003, Punjab	30 <sup>th</sup> September, 2010	11.30 A.M.	No.

(b) All the resolutions including special resolutions set out in the respective notices were passed by the shareholders. The following special resolutions were passed in previous Three Annual General Meeting for the year:

No Special Resolution was passed during the year under review.

Details for Special Resolution had passed in last AGM:

**2008: NIL**

**2009: NIL**

**2010: NIL**

## **5. DISCLOSURES:**

a. Materially significant related party transactions:

There were no significant or material related party transactions that have taken place during the year which have any potential conflict with the interest of the company at large. The detailed related party information and transactions have not been provided in of Schedule 12 of Notes to Accounts.

# KANSAL FIBRES LIMITED

b. During the last three Years, there were no penalties, strictures imposed by either SEBI or stock Exchange or any statutory authority for non- Compliance of any matter related to the capital market.

## **6. CEO/CFO CERTIFICATION:**

(Under Clause 49(V) of Listing Agreement)

We Certify that --

a. We have reviewed the financial statements and the cash flow statement for the year 2010-11 and that to the best of our knowledge and belief:

- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2010-11 which are fraudulent, illegal or violative of the Company's code of conduct;

c. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of the internal control, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the Auditors and the Audit Committee -

- Significant changes in internal control over the financial reporting during the year 2010-11;
- Significant changes in accounting policies during the year 2010-11 and that the same have been disclosed in the notes to the financial statements; and
- Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over the financial reporting.

## **7. MEANS OF COMMUNICATIONS:**

The Quarterly Unaudited Financial Results and other presentation as to the Company's Performance etc., are made available to the institutional investors/Financial Analysts as and when felt expedient.

# KANSAL FIBRES LIMITED

The Management discussion and analysis forms part of the Annual Report.

## **8. GENERAL SHAREHOLDER INFORMATION:**

- a. Annual General Meeting: Date, Time and venue: 30<sup>th</sup> September, 2011, at 10.30 a.m. at the Registered Office of the Company.
- b. Financial Year: 1<sup>st</sup> April 2010 to 31<sup>st</sup> March, 2011.
- c. Financial Calendar:
  - i. 1<sup>st</sup> quarterly results – last week of April, 2010.
  - ii. 2<sup>nd</sup> quarterly results – last week of July, 2010.
  - iii. 3<sup>rd</sup> quarter results – last week of October, 2010.
  - iv. 4<sup>th</sup> quarter results – last week of January, 2011.
- d. Date of Book Closure: 18<sup>th</sup> September, 2011 to 30<sup>th</sup> September, 2011
- e. Dividend Payment Date: N.A.
- f. Listing of Equity Shares on Stock Exchanges: The Company has paid Annual Listing Fees to the Stock Exchanges where the Company's shares are listed for the financial Year upto 31-03-2011
- g. Stock Code: BSE-531205,  
ASE- 29101,  
DSE- 8365  
LSE- Kansal
- h. Demat ISIN number: **Not Obtained**
- I. High / Low of Monthly Market Price of the Companies Equity Shares traded on Bombay Stock Exchange during the financial year 2008-09 are furnished below:  
  
The trading of equity shares of the Company was suspended during the year and hence no Market Price Data is available during the year under review.
- j. Performance of the Company's shares in comparison with broad-based indices as BSE's Sensex: The Company has nothing to report on the matter.
- k. Registered and Transfer Agent: The Company has an in-house share transfer department and has not appointed any Registrar and Transfer Agent.
- l. Share Transfer System: Valid Share transfer in physical form and complete in all respects were approved and registered within the stipulated period.
- m. Distribution of Shareholding as on Dated 31.03.2011

# KANSAL FIBRES LIMITED

Share Holding of Nominal Value		Share Holders		Share Amount	
Rs.	Rs.	No.	% to total	In Rs.	% to total
Up to	5,000	2998	78.73	3050400	51.70
5,001 to	10,000	258	6.78	302200	5.12
10,001 to	20,000	146	3.83	99800	1.69
20,001 to	30,000	159	4.18	46515	0.79
30,001 to	40,000	149	3.91	33987	0.58
40,001 to	50,000	79	2.07	17956	0.30
50,001 to	1,00,000	9	0.24	642	0.01
1,00,001 &	above	10	0.26	2349200	39.81
<b>Total</b>		<b>3808</b>	<b>100.00</b>	<b>5900700</b>	<b>100.00</b>

n. Shareholding pattern as on 31.03.2011

Category	No of Shares held	% of Shareholding
a. Promoters and persons who may be deemed to be acting in concert including promoter/directors group		
Companies	1820200	30.85
b. Mutual Fund/Trust	0	0.00
c. Financial Institution/Banks	200000	3.39
d. Bodies Corporate	131600	2.23
e. Indian public	3748900	63.53
<b>TOTAL</b>	<b>5900700</b>	<b>100</b>

Dematerialization of shares: As on 31-03-2011 Demat shares accounted for Nil (Equity Shares) of total equity.

Outstanding GDR / ADR / Warrants: Not Applicable

O. Address for communication: **KANSAL FIBRES LIMITED**  
281 Industrial Area-A,  
Ludhiana - 141003, Punjab



# KANSAL FIBRES LIMITED

## Declaration of compliance with the code of conduct

All the Directors and senior management personal have, respectively, affirmed compliance with the code of conduct as approved and adopted by the Board of Directors.

By Order of the Board of Directors

Place : Ludhiana  
Date : 10/05/2011

Sd/- (Rakesh Kansal) Managing Director	Sd/- (Aruna Kansal) Director
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# KANSAL FIBRES LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### a. INDUSTRY STRUCTURE AND DEVELOPMENTS:

The scenario of the Fibre industry is changing from time to time as change in the Indian Economy level. However, at present small scale cotton growers are not often able to protect themselves against the fluctuations in the market prices. In addition, with a lower degree of investment in cotton growing infrastructure in these countries, growers face lower switching costs. Thus, your Company is in the process of changing its activities to give boost to its cotton ginning & export activity. However, due to lack of fund, resources and negative networth of the Company, could get succeed.

### b. OPPORTUNITIES AND THREATS:

#### Opportunities

- Large, Potential Domestic and International Market
- Market is gradually shifting towards Branded Readymade Garments.
- Greater Investment and Foreign Direct Investment opportunities are available.
- Increased Disposable Income and Purchasing Power of Indian Customer opens New Market Development.
- Emerging Retail Industry and Malls provide huge opportunities for the Apparel, Handicraft, iron machineries and other segments of the industry.

#### Threats

- Competition from other developing countries, especially China.
- Continuous Quality Improvement is need of the hour as there are different demand patterns all over the world.
- Elimination of Quota system will lead to fluctuations in Export Demand.
- Threat for Traditional Market for Power loom and hosiery Products and forcing them for product diversification.
- Geographical Disadvantages.
- International labor and Environmental Laws.

### c. SEGMENT WISE PERFORMANCE:

The Company has identified its activities as single segment. Hence, the Company's performance is to be viewed as a single segment company operating in textile industry.

### d. RECENT TREND AND FUTURE OUTLOOK:

With the increasing trend in the cotton ginning, textile, hosiery and export of variety cotton and with the implementation of expansion project in cotton ginning business, it will provide new dimension to the working.

# KANSAL FIBRES LIMITED

## e. RISKS AND CONCERNS:

Like any other industry, the textile industry is also exposed to risk of competition, government policies, natural factor etc. As the Company is proposed to export raw materials/ finished product, the Company has risk on account of Exchange Rate fluctuations. The Company has taken necessary measures to safeguard its assets/interests etc.

## f. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has proper and adequate system of Internal Controls to ensure that all the assets are safeguarded, protected as against loss from unauthorised use or disposition and that transactions are authorised , recorded and reported correctly. The Company conducted the audit of various departments through an independent internal auditor. The views of the statutory auditors are also consider to ascertain the adequacy of the internal control system.

## g. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

The financial performance of the Company for the year 2007-08 is described in the Directors' Report under the head 'Financial Performance of the Company'.

## h. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS FRONT:

Your Company has undertaken certain employees' development initiatives which have very positive impact on the morale and team spirit of the employees. The Company has continued to give special attention to Human Resources/Industrial Relations development. Industrial relations remained cordial throughout the year and there was no incidence of strike, lock-out etc.

## i. CAUTIONARY STATEMENT:

Statement in this Management Discussion and Analysis Report, describing the Company's objectives, estimates and expectations may constitute 'Forward Looking Statements' within the meaning of applicable laws or regulations. Actual results might differ materially from those either expressed or implied.

By Order of the Board of Directors

Place : Ludhiana  
Date : 10/05/2011

Sd/-	Sd/-
(Rakesh Kansal)	(Aruna Kansal)
Managing Director	Director

# 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 **31<sup>st</sup> March, 2011**, the Profit and Loss Account of the company and the Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) (Amendment) Order, 2003 ("the order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. Further to our comments in the annexure referred to 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 purposes of our audit,

b. In our opinion, proper books of account as required by the law have been kept by the Company so far as appears from our examination of those books,

c. The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account,

d. In our opinion, the balance sheet, the Profit and Loss Account and the cash flow statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 ;

e. The annual accounts and annual returns of the company not having been filed for continuous three financial years, both the directors of the company stand disqualified in terms of Section 274 (1) (g) of the Companies Act.

# KANSAL FIBRES LIMITED

f. We draw attention to note 1 in the financial statements. The company incurred a net loss of Rs. 2,26,838/- during the year ended 31<sup>st</sup> March, 2011, and on that date. The accumulated losses of the company exceed its paid-up capital. These factors along with other matters as set forth in Note 1 raise substantial doubt about the ability of the company to continue as a going concern in future.

g. Except as stated in (f) above, in our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the significant accounting policies and other accounts give the information required by the Companies Act, 1956 in the manner required and give a true and fair view in conformity with the accounting principles generally accepted in India. ;

- i) In case of Balance Sheet, of the state of Company's affairs as at 31<sup>st</sup> March, 2011 and
- ii) In case of Profit and Loss Account, of the loss of the company for the year ended on that date.
- iii) In the case of the cash flow statement, of the case flow for the year ended on that date.

**FOR RAJ GUPTA & CO.,  
CHARTERED ACCOUNTANTS**

**Place: Ludhiana  
Dated: 10/05/2011**

**Sd/-  
(CA R.K.Gupta)  
PARTNER**

# KANSAL FIBRES LIMITED

## ANNEXURE TO AUDITORS' REPORT

### RE: KANSAL FIBRES LIMITED

#### (REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE)

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As explained to us, most of the fixed assets have been physically verified by the management during the year in a phased manner, which in our opinion is reasonable having regard to the size of the company. No material discrepancies were noticed on such verification.

(c) The company has not disposed off a substantial part of its fixed assets during the year.

(ii) According to information and explanations given to us, the company held no inventories during the year. As such clause (ii)-a, b and c are not applicable.

(iii) (a) According to the information and explanations given to us. The company has not granted any loans, secured or unsecured, to any companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence clause (b), (c) and (d) are not applicable to the said company.

(b) The company has taken an unsecured loan from a party listed in the register maintained u/s 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs.976899/-. Based on the information and explanations given to us, there are no stipulations regarding repayment of the principal amount and the payment of interest on loan. Other terms and conditions of the loan, in our opinion, are not prima facie prejudicial to the interest of the company.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with its size and the nature of its business, with regard to rendering of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system. There were no transactions relating to purchase of inventory, fixed assets and the sale of goods during the year.

(v) (a) Based on the information and explanations given to us, we are of the opinion that the particulars of contract or arrangements referred to in section 301 of the companies act, 1956 have been entered into the register maintained under that section.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been

# KANSAL FIBRES LIMITED

made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

- (vi) The company has not accepted any deposits from the public.
- (vii) In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business.
- (viii) The requirements relating to the maintenance of the cost records in terms of under section 209 (I) (d) of the Companies Act, 1956 is not applicable to the company.
- (ix) Based on our examination of the records of the company and information and explanations given to us, there were no arrears of undisputed statutory dues outstanding as on 31<sup>st</sup> March, 2011 for more than 6 months from the date they become payable.
- (x) The Company have accumulated losses at the end of financial year amounting to Rs. 60235935/-. The accumulate losses are more than 50% of the company's net worth. The company has incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to a financial institution or banks or debentures holders.
- (xii) As explained to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause (xii) of the order are not applicable to the company.
- (xiii) The company is not a Chit Fund or a Nidhi, mutual benefit fund/society. Therefore, the provisions of Clause 4 (xiii) of the order are not applicable of the company.
- (xiv) Based on the information and explanation given to us and the records of the company examined by us. The company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause (xiv) of the order are not applicable to the company.
- (xv) Based on our examination of records of the company and information and explanation given to us, the company has not given a guarantee in respect of loans taken by others from banks and financial institutions.
- (xvi) In the absence of any term loans availed by the company, the provision of clause 4 (xvi) of the order are not applicable.
- (xvii) In the absence of short-terms funds raised by the company, the provisions of clause 4(xvii) of the order are not applicable.

# KANSAL FIBRES LIMITED

(xviii) According to the information and explanation given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the companies act, 1956.

(xix) According to the information and explanations given to us, the company has not issued debentures during the year. Accordingly, the provisions of clause 4(xix) of the order are not applicable to the company.

(xx) According to the information and explanations given to us, the company has not raised any money by way of public issue during the year. Accordingly the provision of clause 4(xx) of the order are not applicable the company.

(xxi) According to the information and explanations given to us, and to the best of our knowledge and belief, no fraud on or by the company. Has been noticed or reported by the company during the year.

**FOR RAJ GUPTA & CO.,  
CHARTERED ACCOUNTANTS  
FRN. 000203N**

**Place: Ludhiana  
Dated: 22.07.2011**

**Sd/-  
(CA R.K.Gupta)  
PARTNER**



# KANSAL FIBRES LIMITED

## Auditors' Compliance Certificate

To,  
The Members,  
**KANSAL FIBRES LIMITED**  
281 Industrial Area-A,  
Ludhiana, 141003  
Punjab

We have examined the compliance of Corporate Governance by KANSAL FIBRES LIMITED for the year ended on **31<sup>st</sup> March, 2011**, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate Governance. It is neither an audit nor an expression of to opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Date: 27/07/2011**  
**Place: Ludhiana**

**For Raj Gupta & Co.,**  
**Chartered Accountants**

**Sd/-**  
**CA Rajkumar Gupta**  
**(Proprietor)**  
**M. No. 017039**

# KANSAL FIBRES LIMITED

**BALANCE SHEET AS AT 31/03/2011**

**(Amount in Rs)**

PARTICULARS	SCHEDULE	AS AT 31/03/2011	AS AT 31/03/2010
<b>I SOURCES OF FUNDS.</b>			
<b>1 Shareholders Funds</b>			
a) Share Capital	1	57868000	57868000
b) Reserves & Surplus		0	0
		57868000	57868000
<b>2 Loan Funds</b>	2		
Unsecured Loans		976899	810000
<b>Total</b>		<b>58844899</b>	<b>58678000</b>
<b>II APPLICATION OF FUNDS</b>			
<b>1 Fixed Assets</b>	3		
a) Gross Block		515042	515042
b) Less: Depreciation		502920	495322
Net Block		12122	19720
<b>2 Investments</b>		0	0
<b>3 Current Assets and Loans and Advances</b>			
Sundry Debtors	4	509384	509384
Cash and Bank Balances	5	87914	89691
Loans & Advances	6	431276	431276
		1028574	1030351
<b>Less:- Current Liabilities     and provisions</b>	7		
Current Liabilities		2431732	2373573
<b>Net Current Assets</b>		-1403158	-1343222
Profit & Loss A/C.		60235935	60001502
<b>Total</b>		<b>58844899</b>	<b>58678000</b>
Significant Accounting Policies and Notes on Accounts	12		

Significant Accounting Policies and Notes on  
Accounts

12

**As per our Auditor's report of even date attached herewith.**

**For Raj Gupta & Co.**

**For, KANSAL FIBRES LTD.**

**Chartered Accountants.**

**Sd/**

**CA R. K Gupta**

**(Partner)**

**M.No.017039**

**Date : 10/05/2011**

**Place: Ludhiana**

**Sd/-**

**Rakesh Kansal**

**Mg. Director**

**Date : 10/05/2011**

**Place: Ludhiana**

**Sd/-**

**Aruna Kansal**

**Director**

# KANSAL FIBRES LIMITED

PARTICULARS	SCHEDULE	31/03/2011 AMOUNT Rs.	(Amount in Rs) 31/03/2010 AMOUNT Rs.
<b>INCOME</b>			
Other Income	8	36000	36000
<b>Total Income</b>		<b>36000</b>	<b>36000</b>
<b>EXPENDITURE</b>			
Personal Expenses	9	120000	120000
Administration & Other Expenses	10	142789	156060
Financial Expenses	11	46	50
Deprecation		7598	7598
<b>Total Expenses</b>		<b>270433</b>	<b>283708</b>
Profit / (Loss) Before Taxation		-234433	-247708
Provision for Fringe Benefit Tax		0	0
Provision for Income Tax		0	0
Provision for Deferred Tax Liability		0	0
Profit / (Loss) After Taxation		<b>-234433</b>	<b>-247708</b>
Balance Brought Forward from Last Year		-60001502	(59753794)
Net Loss Carried Over to Balance Sheet		<b>(60235935)</b>	<b>(60001502)</b>
Basic/Diluted Earning Per Share (Rs.)		-0.04	-0.04

As per our Auditor's report of even date attached herewith.

For Raj Gupta & Co.  
Chartered Accountants.

For, KANSAL FIBRES LTD.

Sd/-  
CA R. K Gupta  
(Partner)  
M.No.017039  
Date : 10/05/2011  
Place: Ludhiana

Sd/-	Sd/-
Rakesh Kansal	Aruna Kansal
Mg. Director	Director
Date : 10/05/2011	Date : 10/05/2011
Place: Ludhiana	Place: Ludhiana

# KANSAL FIBRES LIMITED

Schedules attached to and forming part of the Balance Sheet as on 31/03/2011	(Amount in Rs.)	
PARTICULARS	31/03/2011 RS.	31/03/2010 Rs.
<b>SCHEDULE "1" :- SHARE CAPITAL</b>		
Authorised :-		
- -----		
70,00,000(70,00,000) Equity Shares of Rs.10/- each	70000000	70000000
<b>Total</b>	<b>70000000</b>	<b>70000000</b>
<b>Issued, Subscribed and Paid up Capital :-</b>		
-----		
59,00,700 (59,00,700) Equity Shares of Rs. 10/- each fully paid up	59007000	59007000
Less: Calls in Arrears	1139000	1139000
<b>Total</b>	<b>57868000</b>	<b>57868000</b>
 <b>SCHEDULE "2" :- Unsecured Loans</b>		
From Directors	0	0
Sh. Rakesh Kansal	976899	810000
<b>Total</b>	<b>976899</b>	<b>810000</b>
 <b>SCHEDULE "4" :- Sundry Debtors</b>		
(Un-Secured considered Goods)		
Over Six Months Old	509384	509384
Others	0	0
<b>Total</b>	<b>509384</b>	<b>509384</b>
 <b>SCHEDULE "5" :- Cash &amp; Bank Balance</b>		
Cash	50187	43962
Balance with Scheduled Bank in Current A/C	37727	45729
<b>Total</b>	<b>87914</b>	<b>89691</b>
 <b>SCHEDULE "6" :- Loans &amp; Advances</b>		
(Unsecured Considered Good Recoverable in cash or kind or for Value to Be Received )		
Prepaid Expenses	1273	1273
TDS Recoverable	753	753
Securities & Deposits	429250	429250
<b>Total</b>	<b>431276</b>	<b>431276</b>
 <b>SCHEDULE "7" :- Current Liabilities &amp; Provision</b>		
Sundry Creditors	2063213	2063213
Other Liabilities	368519	310360
<b>Total</b>	<b>2431732</b>	<b>2373573</b>

# KANSAL FIBRES LIMITED

## Schedules attached to and forming part of the Balance Sheet and Profit and Loss Account

PARTICULARS	31/03/2011 RS.	31/03/2010 Rs.
<b>SCHEDULE "8" :- Other Income</b>		
Misc. Income	36000	36000
	<b>36000</b>	<b>36000</b>
<b>SCHEDULE "9" :- Personal Expenses</b>		
Salaries & Wages	120000	120000
	<b>120000</b>	<b>120000</b>
<b>SCHEDULE "10" :- Administrative &amp; Other Expenses</b>		
Listing Fee	69489	63000
Rate, Taxes Fee & Subscription	120	11442
Postage, Couriers & Communication Expenses	21050	21050
Stationery & Printing	12500	12600
Insurance	6113	6378
Audit Fee	11030	11030
Advertisement & Publicity	19639	28220
Annual General Meeting Expenses	2848	2340
	<b>142789</b>	<b>156060</b>
Bank Charge	46	50
	<b>46</b>	<b>50</b>

Schedule - 3 Fixed Assets

Sr. No.	Particulars	Gross Block			Depreciation			Net Block			
		As at		As at							
		01/04/2010	Additional During The Year	Sold During the Year	31/03/2011	As at 01/04/2010	For the year	Written Back/Adj During the Year	As at 31/03/2011	As at 31/03/2011	As at 31/03/2010
1	Furniture & Fixtures	104219	0	0	104219	92327	6596	0	98923	5296	11892
2	Office Equipments	21100	0	0	21100	13272	1002	0	14274	6826	7828
3	Vehicle	326673	0	0	326673	326673	0	0	326673	0	0
4	Computer	63050	0	0	63050	63050	0	0	63050	0	0
	<b>Current Year</b>	515042	0	0	515042	495322	7598	0	502920	12122	19720
	<b>Previous Year</b>	515042	0	0	515042	487724	7598	0	495322	19720	27318

# KANSAL FIBRES LIMITED

## SCHEDULE - 12 - SIGNIFICANT ACCOUNTING POLICIES NOTES ON ACCOUNTS

### SIGNIFICANT ACCOUNTING POLICIES

I) Basis of accounting;

The financial statements, other than the cash flow statement, are prepared on accrual basis under the historical cost convention.

II) Fixed assets and depreciation:

Fixed assets are stated at cost less depreciation. Depreciation is provided on Straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

#### Notes to Accounts.

1) During the year, the company has engaged in no business activity other than renting out its vehicle. The rental income is not sufficient to meet out the expenditure of the company. As a result, the company has incurred a cash loss of Rs 226835/- during the year as at 31<sup>st</sup> march 2011, the company has accumulated losses of Rs 6,02,35,935/- which amount exceeds its paid up share capital in view of this, there is a substantial doubt about the ability of the company to continue its operations in the foreseeable future.

2) The balances of Sundry debtors, Loans and Advances and Sundry Creditors are subject to their confirmation.

3) In the opinion of the Board of Directors, the current assets, Loans & Advances have a value on realization at least equal to the value at which they are stated in the foregoing balance sheet.

4) Amounts due to creditors covered under Micro, Small and Medium Undertakings Act, 2006 could not be determined owing to lack of information available with the company.

5) Contingent Liabilities not provided for :

Claims lodged against the company not acknowledged as debt  
Rs. 70,00,000. Previous Year (Rs. 70,00,000)

6) Related Party Disclosures in terms of Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

Name of Party	Nature of Relationship	Nature of Transaction	(Rs.)
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# KANSAL FIBRES LIMITED

S.V.Exports	Associate concern	Hiring of Tempo	36,000/-
Rakesh Kansal	Key Management Personnel	Loan taken	1, 66,899/-

Balance outstanding  
As at 31<sup>st</sup> March 2011 9,76,899/-

7) In the absence of there being virtual certainty that there would be sufficient taxable income in future to set of unabsorbed business losses and depreciation, no deferred tax asset has been created, in accordance with the provision of Accounting standard 22 "Accounting for taxes on Income" issued by the Institute of chartered Accountants of India.

8) Earning Per Share (E.P.S)

	Current Year Amount (Rs.)	Previous Period Amount (Rs.)
Net Profit / Loss After Tax	(2,34,433)	(2,47,700)
Weighted Average No. of Equity Shares (Face Value Rs. 10/- each)	5786800	5786800
Basic and Diluted E.P.S.	0.04	0.04

9) Previous year figures have been recast and rearranged wherever thought necessary in order to them look comparable with the current year's figures.

10) Schedule 1 to 12 form an integral part of the balance sheet and the profit and loss account.

**Subject to our report of even date**

**For & on behalf of Board**

**For Raj Gupta & Co.  
Chartered Accountants  
FRN 000203N**

**(Raj Kumar Gupta)  
Partner  
M NO 017039  
Date: 27/07/2011  
Place: Ludhiana**

**RAKESH KANSAL  
Mg. Director**

**ARUNA KANSAL  
Director**

# KANSAL FIBRES LIMITED

## ADDITIONAL INFORMATION PURSUANT TO PART II of SCHEDULE VI TO THE COMPANIES ACT, 1956

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

#### I. REGISTRATION DETAILS

REGISTRATION NUMBER	1 4 4 5 7
STATE CODE	16

BALANCE SHEET DATE                      31.03.2011

#### II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSAND)

PUBLIC ISSUE	RIGHT ISSUE	BONUS ISSUE	PRIVATE PLACEMENT
NIL	NIL	NIL	NIL

#### III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

TOTAL LIABILITIES	TOTAL ASSETS
61,277	61,277

##### SOURCES OF FUNDS

PAID UP CAPITAL	RESERVE & SURPLUS	SECURED LOANS	UNSECURED LOANS
57,868	NIL	NIL	977

##### APPLICATIN OF FUNDS

NET FIXED ASSETS	INVESTMENTSNET	CURRENT ASSETS	MISC. EXP.
12	0	(1403)	0

ACCUMULATED LOSSES 60,236

#### IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

INCOME	TOTAL EXP.	PROFIT (-) LOSS BEFORE TAX	PROFIT (-) LOSS AFTER TAX
36	270	(270)	(270)

<u>EARNING PER SHARE</u>	<u>DILUTED EARNING PER SHARE</u>	<u>DIVIDEND RATE%</u>
Rs (0.04)	Rs (0.04)	0



# KANSAL FIBRES LIMITED

V. GENERIC NAMES OF THE THREE PRINCIPAL PRODUCTS OF THE COMPANY

a.	ITEM CODE NO : (ITC CODE) PRODUCT DESCRIPTION	52.05 COTTON YARN
b.	ITEM CODE NO : (ITC CODE) PRODUCT DESCRIPTION	51.05 WOOL YARN

**Subject to our report of even date**

**For & on behalf of Board**

**For Raj Gupta & Co.  
Chartered Accountants  
FRN 000203N**

**(CA Raj Kumar Gupta)  
Partner  
M NO 017039**

**RAKESH KANSAL  
Mg. Director**

**ARUNA KANSAL  
Director**

**Date: 27/07/2011  
Place: Ludhiana**

# KANSAL FIBRES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-2011 RS.	2009-2010 RS.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS ADJUSTMENT FOR	(2,34,433)	(247,708.00)
DEPRECIATION NON CASH ITEMS	7,598.00 0.00	7,598.00 0.00
OPERATING PROFIT BEFORE WORKING CAPITAL CHARGES	(2,26,835)	(240,110.00)
ADJUSTMENT FOR		
TRADE AND OTHER RECEIVABLES	0.00	0.00
TRADE PAYABLES	58,159.00	52,770.00
CASH GENERATED FROM OPERATIONS	(1,68,676.00)	(187,340.00)
NET CASH FROM OPERATING ACITIVITIES	(1,68, 676.00)	(187,340.00)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
CHANGE IN LOANS AND ADVANCES	0	(265.00)
DIVIDEND RECEIVED	0.00	0.00
NET CASH FROM INVESTING ACTIVITIES	0.00	(265.00)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
PROCEEDS FROM LONG TERM BORROWINGS	166899	215,000.00
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	(1,777.00)	27,395.00
CASH AND CASH EQUIVALENTS AT THE BEGINING	89,691.00	61,766.00
CASH AND CASH EQUIVALENTS AT THE CLOSING	87914.00	89,691.00

**NOTES :**

1. FIGURES IN BRACKETS REPRESENT CASH OUTFLOWS

Place : Ludhiana  
Date : 27/07/2011

**By Order of the Board of Directors**

Sd/- (Rakesh Kansal) Managing Director	Sd/- (Aruna Kansal) Director
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# KANSAL FIBRES LIMITED

## AUDITORS' CERTIFICATE

To  
The Board of Directors  
Kansal Fibres Limited  
Ludhiana.

We have examined the attached cash flow statement of Kansal Fibres Limited for the Year ended 31<sup>st</sup> March, 2011. The Statement has been prepared by the company in accordance with the requirement 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 July 27th, 2011 to the members of the company.

**FOR RAJ GUPTA & CO.,  
CHARTERED ACCOUNTANTS.**

**Place : Ludhiana  
Dated : 27/07/2011**

**Sd/-  
(CA R.K.Gupta)  
PARTNER**

# KANSAL FIBRES LIMITED

## PROXY FORM

Registered Folio No:

No of Shares held:

I/We \_\_\_\_\_ of \_\_\_\_\_ being Member / Members of KANSAL FIBRES LIMITED hereby appoint Shri / Smt. \_\_\_\_\_ of \_\_\_\_\_ or failing him Shri / Smt. \_\_\_\_\_ of \_\_\_\_\_ as my/ our proxy to vote for me/ us and on my/ us behalf at the Annual General Meeting of the Company to be held on Friday 30<sup>th</sup> Day of September, 2011 at 10.30 a.m.

Signed by the said \_\_\_\_\_ day of \_\_\_\_\_ 2011

Signature: \_\_\_\_\_

**Affix Rs. 1  
Revenue  
Stamp**

Applicable to the members holding shares in electronic form.

### NOTE:

The proxy to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

=====

### ATTENDANCE SLIP

Please complete this Attendance slip and hand it over at the entrance of the Meeting Hall. It helps us to make proper arrangements. Failures to bring this Attendance Slip create unnecessary inconvenience to you. Please write below

Reg.Folio No:

I hereby record my presence at the Annual General Meeting of the Company held at 281 Industrial Area-A, Ludhiana- 141003 on Thursday, 30<sup>th</sup> September, 2011 at 10.30 a.m.

Full Name of the Members/Proxy \_\_\_\_\_

(In Block Letters, to be filled in if the proxy attends instead of the Member)

\_\_\_\_\_  
Members/ Proxy Signature

Application to the members holding shares in electronic form.

### NOTES:

1. Members/ Proxy holders are requested to bring their copy of the Notice with them at the Meeting.
2. Please carry with you this Attendance Slip and hand over the same duly completed, stamped signed at the space provided, at the entrance of the Meeting Hall.
3. Shareholders / Proxy holders should bring their copy of the Annual Report for the meeting.