

**KAPIL COTEX LTD**  
**BALANCE SHEET & STATEMENT OF ACCOUNT**  
**FOR THE YEAR ENDEND ON 31<sup>ST</sup> MARCH 2002**

## KAPIL COTEX LIMITED

Notice is hereby given that the Eighteenth Annual General Meeting of the members of Kapil Cotex Limited will be held at 354, Kalbadevi Road, II Floor, Kalyan Bhavan, Mumbai – 400 002 on Monday, September 30, 2002 at 11.00 a.m. to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2002 and the Profit and Loss Account for the year ended on that date and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri Daulal Mohta who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Smt. Indumati Mohta who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and to fix their remuneration.

### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, September 27, 2002 to Monday, September 30, 2002 (both days inclusive).

By order of the Board



Director

CERTIFIED TRUE COPY

*For Kapil Cotex Limited.*



Director

**Registered Office:**  
354, Kalbadevi Road,  
Kaiyan Bhavan, II floor,  
Mumbai 400 002

August 31, 2002

## KAPIL COTEX LIMITED

Regd. Office: 354, Kalbadivi Road, II floor, Kalyan Bhavan, , Mumbai 400 002

### DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting the Eighteenth Annual Report together with the Statement of Accounts for the year ended March 31, 2002

#### Financial Results :

|  | Year<br>2001- 2002<br>(Rs. in lakhs) | Year<br>2000- 2001<br>(Rs. in lakhs) |
|--|--------------------------------------|--------------------------------------|
| Sales & Other Income                       | 39.96                                | 24.54                                |
| Profit before Depreciation                 | 1.64                                 | 2.58                                 |
| Provision for Depreciation                 | 0.15                                 | 0.24                                 |
| Profit before Tax                          | 1.49                                 | 2.34                                 |
| Provision for taxation                     | 0.55                                 | 0.95                                 |
| Profit after taxation                      | 0.94                                 | 1.39                                 |
| Balance brought forward from previous year | 8.59                                 | 7.29                                 |
|  | -----                                | -----                                |
|  | 9.53                                 | 8.68                                 |
| Income tax adjustment for earlier year     | (0.07)                               | (0.09)                               |
| Balance carried to Balance Sheet           | 9.46                                 | 8.59                                 |
|  | =====                                | =====                                |

#### Dividend :

In order to conserve resources, the directors do not recommend any dividend for the year under report.

#### Listing:

The Equity Shares of the Company are listed on Mumbai Stock Exchange and the company has paid the Annual Listing Fees to them for the year 2002-2003.

#### Directors :

Shri Daulal Mohta and Smt. Indumati Mohta, Directors of the company would retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

#### Directors' Responsibility Statement:

As specifically required under the Companies Act, 1956, your Directors state :

- i that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii that such accounting policies have been selected which have been applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company in the Balance Sheet as at the end of the financial year and of the Profit and Loss Account for that period.
- iii that 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 have been taken;

**Particulars of Employees:**

The Company does not have any employee whose particulars are required to be given pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

**Particulars under Section 217 (1) (e) of the Companies Act, 1956:**

During the year, the Company had strict control on wasteful electrical consumption. Lights and power were switched off whenever not necessary.

The company does not use any technology for its existing business.

Foreign Exchange Earnings : Rs. NIL  
Foreign Exchange Outgo : Rs. NIL

**Compliance Certificate**

A Compliance Certificate from a secretary in whole-time practice under section 383A of the Companies Act, 1956 in respect of the financial year ended on March 31, 2002 is attached hereto.

**Auditors:**

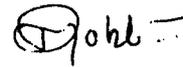
M/s. M.S. Vyas & Associates, Chartered Accountants, the Auditors of the company would retire at the ensuing Annual General Meeting and are eligible for reappointment.

You are requested to appoint Auditors and to fix their remuneration.

**FOR AND ON BEHALF OF THE BOARD**



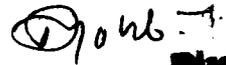
**Director**



**Director**

Mumbai.  
August 31, 2002

**CERTIFIED TRUE COPY**



**Director**

**JITIN PAREKH & ASSOCIATES**  
**COMPANY SECRETARIES**

**Office :**  
A-60/1220, Azad Nagar,  
Veera Desai Road, Andheri (West),  
Mumbai - 400 053.  
Tel. : 635 8597 Telefax : 635 8598  
E-mail : jitin\_cs@yahoo.com

Registration No : 11- 31114

Authorised Capital : 25,00,000/-

**Compliance Certificate**

To,  
The Members  
**KAPIL COTEX LIMITED**  
354, Kalbadevi Road, Kalyan Bhavan,  
IInd Floor, Mumbai 400 002

We have examined the registers, records, books and papers of Kapil Cotex Limited as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on March 31, 2002. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company being a public limited company has minimum prescribed paid-up capital and further comments relating to Private Limited Company about maximum number of members, invitation to public to subscribe for shares and acceptance of deposits from persons other than its members, directors or their relatives, are not required.
4. The Board of Directors duly met 5 (Five) times on 30.04.2001, 30.07.2001, 01.09.2001, 30.10.2001 and on 30.01.2002 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. (No circular resolution was passed.)

**CERTIFIED TRUE COPY**

**For Kapil Cotex Limited.**

*(Signature)*

**Director**



5. The Company closed its Register of Members from 26.09.2001 to 29.09.2001 and necessary compliance of Section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on March 31, 2001 was held on 29.09.2001 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary general meeting was held during the financial year.
8. The Company has not advanced any loan to its Directors and/or persons or firms or companies referred to in the Section 295 of the Act during the financial year.
9. The Company has duly complied with the provisions of Section 297 of the Act in respect of contracts specified in that Section.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the company has not obtained any approvals from the Board of Directors, members or the previous approval of the Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13.
  - i) There was no allotment/transfer/transmission of securities during the financial year.
  - ii) The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - iii) The Company was not required to post warrants to any member of the Company as no dividend was declared during the financial year. There were no unpaid dividends in the Company.
  - iv) There are no unpaid dividends, application money due for refund, matured deposits, matured debentures or the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years.
  - v) The Company has duly complied with the requirements of section 217 of the Act.

**CERTIFIED TRUE COPY**  
**For Kapil Colex Limited.**

*(Signature)*

**Director**



14. The Board of Directors of the Company is duly constituted. There was no appointment of Directors, Additional Directors, Alternate Directors and Directors to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director /Whole-time Director/ Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such other authorities prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year ended 31<sup>st</sup> March, 2002.
25. The Company has not made any loans and investments, or given guarantees or provided securities to other bodies corporate during the financial year and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.

The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.



**CERTIFIED TRUE COPY**  
**For Kapil Cotex Limited.**

*G. J. Gohbani*

**Director**

28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company was not required to deduct any contribution towards Provident Fund during the financial year.



For Jitin Parekh & Associates

Place: Mumbai

Signature :

Date : August 31, 2002

Name of Company Secretary : Jitin Parekh

C. P. No. :

3469

**CERTIFIED TRUE COPY**

**For Kapil Cotex Limited.**

**Director**

KAPIL COTEX LIMITED

Annexure A

Statutory Registers as maintained by the Company

1. Register of Members u/s 150 of the Act and Index of Members u/s 151 of the Act.
2. Minutes Book of Board Meetings u/s 193 of the Act. (In Loose Leaf)
3. Minutes Book of General Meetings u/s 193 of the Act. (In Loose Leaf)
4. Books of Accounts u/s 209 of the Act are being audited by the Statutory Auditors of the Company.
5. Register of Contracts u/s 301 of the Act.
6. Register of disclosure of interest u/s 301 of the Act.
7. Register of particulars of Directors etc. u/s 303 of the Act.
8. Register of Directors' Shareholding u/s 307 of the Act.
9. Register of Loans, Investments u/s 372A of the Act.

Other Registers :

1. Register of Transfers/Transmission
2. Register of Directors' Attendance
3. Register of Shareholders' Attendance



For Jitin Parekh & Associates

Place: Mumbai

Signature :

A handwritten signature in black ink, appearing to read "Parekh".

Date : August 31, 2002

Name of Company Secretary : Jitin Parekh

C. P. No. :

3469

CERTIFIED TRUE COPY

For Kapil Cotex Limited.

A handwritten signature in black ink, appearing to read "Gohb".

Director

## KAPIL COTEX LIMITED

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ending on 31<sup>st</sup> March, 2002.

| Sr. No. | Form No. /Return                        | Filed under section | For                                       | Date of filing | Whether filed within prescribed time Yes/No | If delay in filing whether requisite additional fee paid. Yes/No |
|---------|---|---------------------|---|----------------|---|--|
| 1.      | Balance Sheet as at 31.03.2001          | 220                 | Annual General Meeting held on 29.09.2001 | 10.10.2001     | Yes   | N. A   |
| 2.      | Compliance Certificate as at 31.03.2001 | 383A                | Annual General Meeting held on 29.09.2001 | 10.10.2001     | Yes   | N. A.  |
| 3.      | Annual Return made upto 29.09.2001      | 159                 | Annual General Meeting held on 29.09.2001 | 26.11.2001     | Yes   | N. A.  |



For Jitin Parekh & Associates

Place: Mumbai

Signature :

Date : August 31, 2002

Name of Company Secretary : Jitin Parekh

C. P. No. :

3469

CERTIFIED TRUE COPY

For Kapil Cotex Limited.

*Gyohb.*

Director

# M. S. VYAS & ASSOCIATES

CHARTERED ACCOUNTANTS

M. S. VYAS  
B.Com., F.C.A.

D. D. BOHRA  
B.Com., F.C.A.

Phone : 265 1408

1/13-B, Rajabhadur Compound,  
27, Tamarind Lane, Off. B. S. Marg,  
Opp. Allahabad Bank,  
MUMBAI - 400 023.

## AUDITORS CERTIFICATE

We have examined the above Cash Flow statement of KAPIL COTEX LIMITED, MUMBAI. The statement prepared by the Company is in accordance with the requirements of the listing agreement Clause 32 with Bombay Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of even date to the members of the company.

Place : Mumbai

FOR M.S.VYAS & ASSOCIATES,  
Chartered Accountants,

Date : 31 AUG 2002

*(Signature)*  
(D.D. BOHRA)  
Partner.



CERTIFIED TRUE COPY  
For Kapil Cotex Limited.

*(Signature)*  
Director

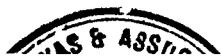
KAPIL COTEX LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH , 2002.

|  | <u>Year ended</u><br><u>31.03.2001</u> | <u>Year ended</u><br><u>31.03.2002</u> |
|--|--|--|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>         |  |  |
| Profit before Tax                                      | 2,34,326                               | 1,48,939                               |
| Adjustment for   |  |  |
| Depreciation Provided                                  | 24,136                                 | 15,464                                 |
| Interest paid  | Nil                                    | Nil                                    |
| Investment Income                                      |  |  |
| Interest   | ( 3,56,926 )                           | ( 2,10,288 )                           |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b> | ( 98,464 )                             | ( 45,885 )                             |
| Adjustment for   |  |  |
| Inventories  | (12,11,565)                            | 6,32,186                               |
| Debtors  | 2,42,273                               | 3,15,797                               |
| Other Current Assets<br>(Excl.cash & Bank Balance)     | -                                      | -                                      |
| Loans & Advances                                       | 11,99,358                              | 3,24,656                               |
| Current Liabilities &                                  |  |  |
| Provisions   | ( 9,32,551 )                           | (5,61,924 )                            |
| <b>Cash Generated from operation.</b>                  | ( 8,00,949 )                           | 6,64,830                               |
| Interest paid  | Nil                                    | Nil                                    |
| Direct Taxes paid (Net)                                | ( 89,091 )                             | ( 45,497 )                             |
| <b>CASH FLOW BEFORE EXTRA ORDINARY ITEMS.</b>          | ( 8,90,040 )                           | 6,19,333                               |
| <b>Extra Ordinary Items:</b>                           |  |  |
| Previous period items                                  | ( 9,318 )                              | ( 7,069 )                              |
| <b>Net Cash flow from operating Activities (A)</b>     | ( 8,99,358 )                           | 6,12,264 )                             |

*For Kapil Cotex Limited.*

*D. B. Mohl*



KAPIL COPEX LIMITED

|  | <u>31.03.2001</u> | <u>31.03.2002</u> |
|--|-------------------|-------------------|
| <b>B. <u>CASH FLOW FROM INVESTING:</u></b>                         |                   |                   |
| <b><u>ACTIVITIES:</u></b>  |                   |                   |
| Purchase of Fixed Assets   | (1500)            | Nil               |
| Sale of Fixed Assets   | -                 | Nil               |
| Fixed Assets under installation                                    | -                 | Nil               |
| Purchase of Investment   | Nil               | Nil               |
| Sale of Investment   | Nil               | Nil               |
| Interest recd.on Investments                                       | 3,56,926          | 2,10,288          |
|  | -----             | -----             |
| Net Cash received from Investing<br>Activities. 'B'                | 3,55,426          | 2,10,288          |
|  | -----             | -----             |
| <b>C. <u>CASH FLOW FROM FINANCING ACTIVITIES:</u></b>              |                   |                   |
| Issue of Share Capital   | Nil               | Nil               |
| Proceeds from Long Term Borrowing.                                 | Nil               | Nil               |
| Proceeds from Short term Borrowing                                 | Nil               | Nil               |
| Repayment of Long Term borrowing                                   | Nil               | Nil               |
| Repayment of Short Term borrowing                                  | 4,75,000          | ( 4.75,000)       |
| Grant for R & D Project  | Nil               | Nil               |
|  | -----             | -----             |
| Net Cash used in Financing<br>activities. 'C'                      | 4,75,000          | ( 4,75,000)       |
|  | -----             | -----             |
| Net Decrease in Cash or cash<br>Equivalents A + B + C              | 68,932            | 3,47,552          |
| Cash & Cash Equivalents as at<br>1st April,2001 (Op.Balance)       | 2,04,519          | 1,35,587          |
| Cash & Cash Equivalents as at<br>31st March,2002 (Closing Balance) | 1,35,587          | 4,83,139          |

FOR AND ON BEHALF OF BOARD OF  
DIRECTORS,

Place : Mumbai

*D. D. Mohl*

Dated : **31 AUG 2002**

Directors.



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M. S. VYAS  
B.Com., F.C.A.  
D. D. BOHRA  
B.Com., F.C.A.

1/13-B, Rajabhadur Compound,  
27, Tamarind Lane, Off. B. S. Marg,  
Opp. Allahabad Bank,  
MUMBAI - 400 023.

AUDIT REPORT TO THE MEMBERS OF KAPIL COTEX LIMITED

We have audited the attached Balance Sheet of KAPIL COTEX LTD., MUMBAI as at 31st March, 2002 and also the Profit & Loss Account for the year ended on that date 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 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the manufacturing and other Companies (Auditor's Report) Order 1988 issued by the Central Govt. of India in terms of Section 227(4A) 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.

Further to our comments in the Annexure referred to above, we report that :

i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary

# M. S. VYAS & ASSOCIATES

CHARTERED ACCOUNTANTS

M. S. VYAS  
B.Com., F.C.A.

D. D. BOHRA  
B.Com., F.C.A.

Phone : 265 1408

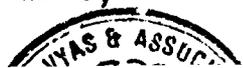
1/13-B, Rajabhadur Compound,  
27, Tamarind Lane, Off. B. S. Marg,  
Opp. Allahabad Bank,  
MUMBAI - 400 023.

: 2 :

- ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of these books.
- iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
- iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in section 211(3C) of the Companies Act, 1956 subject to Note No.2 of Schedule -K of Notes on account regarding depreciation not provided as per the Companies Act.
- v) On the basis of written representations received from the directors as on 31st March, 2002 and taken on record by the Board of Directors we report that none of the directors is disqualified as on 31st March, 2002 from being appointed as director in terms of clause(g) of section 274(1) of the Companies Act, 1956.
- vi) 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 in conformity with the accounting principles generally accepted in India, subject to Note No.2 of Schedule -K regarding depreciation and other Notes of Schedule -K.
- i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2002, and
- ii) in the case of the Profit & Loss account, of the Profit for the year ended on that date.

Place : Mumbai

For M.S.VYAS & ASSOCIATES,  
Chartered Accountants,

Z. 

M. S. VYAS  
B.Com., F.C.A.

D. D. BOHRA  
B.Com., F.C.A.

1/13-B, Rajabhadur Compound,  
27, Tamarind Lane, Off. B. S. Marg,  
Opp. Allahabad Bank,  
MUMBAI - 400 023.

**KAPIL COTEX LIMITED****ANNEXURE TO THE AUDITORS REPORT**

Annexure referred to in Paragraph 1 of the Report of even date the Auditors to the Shareholders of KAPIL COTEX LIMITED, on the Accounts for the year ended on 31st March, 2002.

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the assets have been physically verified by the management and no serious discrepancies have been noticed on verification.
2. None of the Fixed Assets have been re-valued during the year.
3. Physical verification has been conducted by the Management at the end of the year in respect of ~~stock~~ finished goods and raw materials.
4. The procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
5. The discrepancies noticed on verification between physical stock and book records were not material.
6. On the basis of our examination of records, we are of the opinion that valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken any loans during the year.
8. The company has not given loans to any Companies, firms or other parties listed in the registers maintained under section 301 370(1-C) of the Companies Act, 1956.

CERTIFIED TRUE COPY  
For Kapil Cotex Limited.

*D. D. Bohra*

Director



# M. S. VYAS & ASSOCIATES

CHARTERED ACCOUNTANTS

M. S. VYAS  
B.Com., F.C.A.

D. D. BOHRA  
B.Com., F.C.A.

Phone : 265 1408

1/13-B, Rajabhadur Compound,  
27, Tamarind Lane, Off. B. S. Marg,  
Opp. Allahabad Bank.  
MUMBAI - 400 023.

: 2 :

9. In respect of loans and advances in nature of loans given by the company, the parties have repaid the principal amounts where stipulated and have also been regular in the payment of interest, where applicable.
10. In our opinion and according to information and explanations given to us there are adequate internal control procedure commensurate with the size of the company and the nature of its business for purchases of raw material, goods, equipments, other assets and for the sale of goods.
11. The transaction of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials and services or the prices at which transactions for similar goods or services have been made with other parties.
12. As informed to us no part of stores and raw materials have been determined as unserviceable or damaged during the year.
13. As informed to us, the company has not taken or accepted any deposit from the Public during the year.
14. As explained to us the company has no by-product and disposable scrap during the year.
15. Since the paid up capital of the company is below Rs.25 Lakhs and an average annual turnover not exceeding Rs.2 Crore for a period of 3 consecutive financial years immediately preceding the financial years concerned therefore no comment is required on the clause relating to Internal Audit System.



CERTIFIED TRUE COPY

The Mail Copy Limited

**M. S. VYAS & ASSOCIATES**

CHARTERED ACCOUNTANTS

M. S. VYAS  
B.Com., F.C.A.

D. D. BOHRA  
B.Com., F.C.A.

Phone : 265 1408

1/13-B, Rajabhadur Compound,  
27, Tamarind Lane, Off. B. S. Marg,  
Opp. Allahabad Bank,  
MUMBAI - 400 023.

: 3 :

16. As informed by the management that the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 ( 1 of 1956).
17. As informed by the management, the Provident Fund Act and E.S.I.C. Provisions are not applicable to the Company.
18. No undisputed accounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise duty were outstanding as at 31st March, 2002 for a period of more than 6 months from the date they became payable.
19. According to the information and explanations given to us no personal expenses have been charged to the revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The provisions of Clause (o) of Sub-section (1) of Section 3 of the Six Industrial Companies (Special Provisions) Act, 1985 are not applicable to the company.

Place : Mumbai

For M.S.VYAS & ASSOCIATES,  
Chartered Accountants,

Date : 31 AUG 2002

*J. B. 2-4-02*  
(D.D. BOHRA)  
Partner

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For Kapil Cotex Limited.

*Kapil*

Director



| <u>SOURCES OF FUNDS :</u>              | <u>SCHEDULES</u> | <u>31.03.2002</u>   |
|--|------------------|---|
| Share Capital                          | A                | 24,00,000.00  |
| Reserve & Surplus                      | B                | 9,46,044.06   |
| Unsecured Loan                         | C                | <div style="border-top: 1px solid black; width: 100px; margin: 0 auto;"></div> 33,46,044.06 |
| <br><u>Application of Funds:</u>       |                  |   |
| Fixed Assets                           | D                |   |
| Gross Block                            |                  | 4,17,567.52   |
| Less: Depreciation                     |                  | 3,69,917.52   |
|  |                  | -----   |
| Net Block                              |                  | 47,650.00   |
| <br><u>Current Assets:</u>             |                  |   |
| Loans & Advances                       | E                | 38,60,809.39  |
| Less: Current Liabilities & Provision. | F                | <div style="border-top: 1px solid black; width: 100px; margin: 0 auto;"></div> 5,62,415.33  |
| Net Current Assets.                    |                  | 32,98,394.06  |
|  |                  | -----   |
|  |                  | 33,46,044.06  |
|  |                  | =====   |

AS PER OUR REPORT OF EVEN D  
FOR M.S.VYAS & ASSOCIATES  
Chartered Accountants,

Place : Mumbai

Date : 31 AUG 2002

*D. D. Bohra*  
(D.D. BOHRA)  
Partner.



ATED, MUMBAI

31ST M A R C H, 2002

31.03.2001

24,00,000.00

8,59,173.72

4,75,000.00

37,34,173.72

4,17,567.52

3,54,453.52

-----

63,114.00

48,35,399.05

11,64,339.33

36,71,059.72

-----

37,34,173.72

FOR AND ON BEHALF OF BOARD OF DIRECTORS,

*Dr. J. D. Mohl*

*Radheshyam Bagri*

CERTIFIED TRUE COPY

**Dr. Mohl** Cotex Limited

*Mohl*

**Directors**

Directors.

INCOMESCHEDULESSales:

Cloth (Dhoti)

Yarn

Other Income:

Interest Received

Commission Received

Quantity Rebate

Miscellaneous Income

Accretion/Decretion of Stock

G

Expenditure.

Cost of Production

H

Office &amp; Administration Expenses

I

Selling &amp; Distribution Expenses

J

Depreciation

Profit before Tax

Provision for Taxation

Profit After Tax

Surplus brought forward.

Profit available for appropriation

Income Tax Adjustment of earlier year's

Balance Carried to Balance Sheet.

AS PER OUR REPORT  
FOR M.S.VYAS &  
Chartered Accountants

Place : Mumbai

Date : 31 AUG 2002

*D.D. BOHRA*  
Partner.



EX LIMITED, MUMBAI

FOR THE YEAR ENDED 31ST MARCH, 2002

As at 31.03.2002

As at 31.03.2001

35,12,136.94

15,68,950.39

29,912.00

62,662.00

2,10,288.00

3,56,926.00

1,09,957.00

1,98,806.00

1,03,874.00

2,41,820.00

29,932.00

24,971.00

1,79,013.85

17,685.55

-----  
41,75,113.19  
=====

-----  
24,71,820.94  
=====

32,57,752.00

13,89,638.45

6,51,896.51

6,99,469.75

1,01,061.94

1,24,250.39

15,464.00

24,136.00

-----  
40,26,174.45

-----  
22,37,494.59

1,48,939.34

2,34,326.35

55,000.00

95,000.00

-----  
93,939.34

-----  
1,39,326.35

8,59,173.72

7,29,165.37

-----  
9,53,113.06

-----  
8,68,491.72

( 7,069.00 )

( 9,318.00 )

-----  
9,46,044.06  
=====

-----  
8,59,173.72  
=====

EVEN DATE  
OCIATES,  
ants,

FOR AND ON BEHALF OF BOARD OF DIRECTORS,

*D. D. Mohl*

*Radheshyam Bagri*

CERTIFIED TRUE COPY

Directors.

*For Majil Cotex Limited*

*D. D. Mohl*

Director

Schedule forming Part of Balance Sheet:

|   | <u>31.03.2002</u>     | <u>31.03.2001</u>     |
|---|-----------------------|-----------------------|
| <b><u>SCHEDULE 'A'</u></b>                    |                       |                       |
| <b><u>Share Capital:</u></b>                  |                       |                       |
| <b><u>Authorised:</u></b>                     |                       |                       |
| 250000 Equity shares of<br>Rs. 10/- each.     | 25,00,000.00<br>===== | 25,00,000.00<br>===== |
| <b><u>Issued, subscribed &amp; Paidup</u></b> |                       |                       |
| 2,40,000 Equity shares of<br>Rs. 10/- each.   | 24,00,000.00<br>===== | 24,00,000.00<br>===== |
| <b><u>SCHEDULE 'B'</u></b>                    |                       |                       |
| <b><u>Reserve &amp; Surplus:</u></b>          |                       |                       |
| Surplus in Profit & Loss<br>Account.          | 9,45,511.06<br>=====  | 8,59,173.72<br>=====  |
| <b><u>SCHEDULE 'C'</u></b>                    |                       |                       |
| <b><u>Unsecured Loan from Directors:</u></b>  |                       |                       |
| Shri. Daulal Mohta                            | -                     | 3,55,000.00           |
| Smt. Indudevi Mohta                           | -                     | 1,20,000.00           |
| From others                                   | -                     | -                     |
|   | -----                 | -----                 |
|   | -                     | 4,75,000.00<br>=====  |

For Kapil Cotex Limited.  
D. J. Mohl

CERTIFIED TRUE COPY  
For Kapil Cotex Limited.

D. J. Mohl  
Director



FIXED ASSETSGross Block

| S.No. | Description          | Rate of Dep. | Balance as on 1.04.2001 | Addition during the year. | Deduction during the year. |
|-------|----------------------|--------------|-------------------------|---------------------------|----------------------------|
| 1.    | Motor Car            | 20%          | 1,08,939.00             | -                         | -                          |
| 2.    | Furniture & Fixtures | 10%          | 37,658.52               | -                         | -                          |
| 3.    | Machineries          | 25%          | 10,070.00               | -                         | -                          |
| 4.    | Generator            | 25%          | 42,250.00               | -                         | -                          |
| 5.    | Computer             | 60%          | 1,46,400.00             | -                         | -                          |
| 6.    | Fax Machine          | 25%          | 31,550.00               | -                         | -                          |
| 7.    | Weigh Machine        | 25%          | 11,200.00               | -                         | -                          |
| 8.    | Mobile Telephone     | 25%          | 28,000.00               | -                         | -                          |
| 9.    | Cycle                | 25%          | 1,500.00                | -                         | -                          |
| Total |                      |              | Rs. 4,17,567.52         | -                         | -                          |

BOMBAY.

31.03.2002

✓  
Schedule 'D'

Depreciation

Net Block

| Balance as on<br>the 31.03.2002 | As on<br>1.4.01 | For the<br>year. | Upto<br>31.3.01 | As on<br>31.3.2002 | As on<br>31.03.2001 |
|---------------------------------|-----------------|------------------|-----------------|--------------------|---------------------|
| 1,08,939.00                     | 1,02,949.00     | 1199.00          | 1,04,148.00     | 4,791.00           | 5,990.00            |
| 37,658.52                       | 23,639.52       | 1401.00          | 25,040.52       | 12,618.00          | 14,019.00           |
| 10,070.00                       | 9,184.00        | 221.00           | 9,405.00        | 665.00             | 886.00              |
| 42,250.00                       | 28,151.00       | 3524.00          | 31,675.00       | 10,575.00          | 14,099.00           |
| 1,46,400.00                     | 1,40,432.00     | 3581.00          | 1,44,013.00     | 2,387.00           | 5,968.00            |
| 31,550.00                       | 20,456.00       | 2774.00          | 23,230.00       | 8,320.00           | 11,094.00           |
| 11,200.00                       | 9,207.00        | 498.00           | 9,705.00        | 1,495.00           | 1,993.00            |
| 28,000.00                       | 20,248.00       | 1938.00          | 22,186.00       | 5,814.00           | 7,752.00            |
| 1,500.00                        | 187.00          | 328.00           | 515.00          | 985.00             | 1,313.00            |
| 4,17,567.52                     | 3,54,453.52     | 15464.00         | 3,69,917.52     | 47,650.00          | 53,114.00           |



For Mayil Coles Limited.

Dr. Jd Mohl  
Radheskyam Bagri  
Director

CERTIFIED TRUE COPY  
For Mayil Coles Limited.

Mohl  
Director

KAPIL COTEX LIMITED

31.03.2002

Current Assets, Loans & Advances:

Schedule 'E'

| <u>A. Current Assets:</u>                                  | <u>31.03.2002</u> | <u>31.03.2001</u> |
|--|-------------------|-------------------|
| Stock in Trade   | 13,77,644.00      | 20,09,829.55      |
| <u>Sundry Debtors 'E-1'</u>                                |                   |                   |
| Debtors outstanding for more than Six Months.              | 2,02,678.00       | 3,43,723.06       |
| Debtors outstanding for less than Six months.              | 7,43,645.00       | 9,18,397.00       |
| <u>Cash &amp; Bank Balance:</u>                            |                   |                   |
| i) Cash in hand  | 10,465.09         | 13,986.78         |
| ii) <u>Balance with Scheduled Bank in Current Account.</u> |                   |                   |
| The Sangli Bank Ltd. K.B.                                  | 325.00            | 325.00            |
| -do- Mandvi Branch   | 4,443.23          | 7,695.23          |
| Ichalkaranji Branch  | 1,463.93          | 3,463.93          |
| Belgaum Branch   | 39,397.35         | 13,507.35         |
| iii) Balance with Bank of India Mahalaxmi Branch.          | 2,267.14          | 2,417.14          |
| iv) The Tamilnad Mercantile Bank Ltd.                      | 4,21,259.34       | 89,306.10         |
| v) Ichalkaranji Branch                                     | 3,517.00          | 4,885.00          |
| <u>B. Loans &amp; Advances:</u>                            |                   |                   |
| Sundry Advance Recoverable E-2                             | 98,765.31         | 2,23,420.91       |
| Loans to Companies 'E-3'                                   | 9,00,000.00       | 11,00,000.00      |
| Advance Income Tax   | 11,642.00         | 29,912.00         |
| Tax Deduction at Source                                    | 43,297.00         | 74,530.00         |

-----  
38,60,809.39  
-----

-----  
48,35,399.05  
-----

For Kapil Cotex Limited.

D. J. Mohl  
Radheshyam Bagri  
Director

CERTIFIED TRUE COPY

For Kapil Cotex Limited.

D. J. Mohl  
Director



NOTES FORMING PART OF ACCOUNTS:A. Significant Accounting Policies:

The Accounts have been prepared on historical basis and conform to the generally accepted accounting policies.

1. Basis of Accounting:

For recognition of Income & expenses, the Company adopts the accrual basis in preparation of accounts except the items, the amounts of which cannot be ascertained with reasonable accuracy.

2. Fixed Assets:

- a) Fixed Assets are shown at historical cost less accumulated depreciation.
- b) Depreciation on the assets is provided on the written down value methods at the rates prescribed in the Income Tax Act, 1961 on written down value basis.

The impact of non compliance with rates specified in Schedule XIV of the Companies Act, 1956 on the profit for the current year has not been ascertained.

3. Valuation of Inventories:

| <u>Item</u>    | <u>Mode of valuation</u>                           |
|----------------|--|
| Yarn           | At cost  |
| Grey Cloth     | At cost  |
| Finished goods | At cost or net realisable value whichever is less. |

4. Retirement benefits:

No provision has been made for retirement benefits like gratuity, Leave encashment, which is charged to revenue as and when the liability arises. The impact of this non-provision on the current year's profit has not been estimated.

B. Other Notes:

1. Research and development expenditure for the
- |             |     |
|-------------|-----|
| 2001 - 2002 | Nil |
| 2000 - 2001 | Nil |



KAPIL COTEX LIMITEDSchedule 'K'

2. Directors have waived their remuneration and sitting fees.

3. Remuneration to Auditors:

(Amount in Rs.)

|                      | <u>Current year</u> | <u>Previous year</u> |
|----------------------|---------------------|----------------------|
| Statutory Audit fees | 7,875.00            | 7,875.00             |
| Tax Audit fees       | 7,875.00            | 7,875.00             |

4. Additional information pursuant to Part-II of Schedule -VI of Companies Act, 1956.

i) Expenditure in Foreign currencies Nil

ii) Opening Stock, Closing Stock, Turnover of finished goods,  
Licenced capacity, installed capacity:

| Class of goods                        | Qty. in<br>Pair | <u>2001-2002</u> |                  | <u>2000 - 2001</u> |  |
|---------------------------------------|-----------------|------------------|------------------|--------------------|--|
|                                       |                 | Value            | Qty. in<br>Pair. | Value              |  |
| A. Licenced capacity                  | N.A.            | -                | N.A.             | -                  |  |
| B. Installed Capacity                 | N.A.            | -                | N.A.             | -                  |  |
| C. Op. Stock (Dhoti)                  | 2234.00         | 245864.00        | 2371.00          | 228178.60          |  |
| D. Production/Purchase<br>for resale. | 35625.50        | -                | 11015.50         | -                  |  |
| E. Turnover (Dhoti)                   | 34584.50        | -                | 11152.50         | -                  |  |
| F. Closing Stock (Dhoti)              | 3275.00         | 424878.00        | 2234.00          | 245864.00          |  |

iii) Rate Material consumed.

|      | <u>Qty. (Kg)</u> | <u>Value (Rs.)</u> |
|------|------------------|--------------------|
| Yarn | 12737            | 17,03,026.00       |

5. Previous year figures have been re-grouped/re-arranged wherever considered to make them comparable with the current year's figures.

6. No contingent liability has been ascertained.

7. CIF Value of Imports:

|                 | <u>2001-2002</u> | <u>2000-2001</u> |
|-----------------|------------------|------------------|
| Raw materials   | Nil              | Nil              |
| Stores & Spares | Nil              | Nil              |
| Capital goods   | Nil              | Nil              |

For Kapil Cotex Limited.

D. S. Mohl



KAPIL COTEX LIMITED

| 8. <u>Foreign Current transactions:</u> | <u>2001-02</u> | <u>2000-2001</u> |
|---|----------------|------------------|
| Expenditure                             | Nil            | Nil              |
| Income/earnings                         | Nil            | Nil              |

9. Loans and advances are subject to confirmation.
10. Additional information pursuant to Part IV of Schedule IV of the Companies Act, 1956.

BALANCE SHEET ABSTRACT & COMPANY'S GENERIC BUSINESS PROFILE.I. Registration details:

Registration No. : 11-031114  
 States code : 11  
 Balance Sheet date : March 31, 2002

II. Capital Raised during the year.

Public Issue : Nil  
 Right Issue : Nil  
 Bonus Issue : Nil  
 Private Placement : Nil

III. Position of Mobilisation and deployment of Funds.

(Rs. in thousand)

Total Liabilities : 3346 Total Assets : 3346

Sources of Funds:

Paidup Capital : 2400  
 Reserve & Surplus : 946  
 Unsecured Loan : -  
 Secured Loans : -

Application of funds:

Net Fixed Assets : 48  
 Investments : Nil  
 Net Current Assets : 3298  
 Misc. Expenditure : Nil  
 Accumulated losses : Nil

CERTIFIED TRUE COPY  
 For Kapil Cotex Limited.

*(Signature)*  
 Director



For Kapil Cotex Limited.

KAPIL COTEX LIMITED

Schedule -K

IV. Performance of Company.

|                                  |   |      |
|----------------------------------|---|------|
| Turnover (Sales & other incomes) | : | 4175 |
| Total Expenditure                | : | 4026 |
| Profit before tax                | : | 149  |
| Profit after tax                 | : | 94   |
| Earning per share (in Rs.)       | : | 0.39 |
| Dividend Rate                    | : | Nil  |

V. Generic name of Three Products/Services of Company.

| <u>Item Code No. (ITC Code)</u> | <u>Product Description</u> |
|---------------------------------|----------------------------|
| Code not available              | Not available.             |

11. Segment Reporting.

The Company's main business activity is manufacturing Dhotis carried on at Ichalkaranji, Maharashtra and sales of the company is being made from Mumbai. There is also a consignment sale activity carried on at Belgaon, revenue from which is less than 10% of total turnover. The whole business of the company is controlled by Central office at Mumbai- The Area of operation is mainly in Maharashtra State only. In view of the above there are no reportable business as well as geographical segments.

12. Related Party Disclosures.

Disclosures as required by the Accounting Standard 18 "Related Party Disclosure" are given below.

a) List of Related Parties.Other related parties:

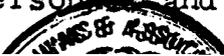
- i) Shree Mohta Textiles
  - ii) Shri Kapil Yarn Agency
  - iii) Mohta Fabrics P.Ltd.
  - iv) Jainarayan Kapilkumar Mohta
  - v) Shri Rajtilak Textiles.
- Key Management Personnel and relatives.

CERTIFIED TRUE COPY

For Kapil Cotex Limited.



Director



Kapil Cotex Limited

Key Management Personnel.

- i) Mr. Daulal Mohta - Director  
ii) Mrs. Indudevi Mohta - Director

b) Transactions with related Parties:

| Nature of transactions                              | Other related Parties | Key Management Personnel. |
|---|-----------------------|---------------------------|
| -----   | -----                 | -----                     |
| 1. Sales and other Income                           | 5,94,119.00           | -                         |
| 2. Purchases of raw materials                       | 26,494.00             | -                         |
| 3. Outstanding balances as on<br>31.03.2002 (Debit) | 1,100.00              | -                         |

As per our report of even date attached

FOR AND ON BEHALF OF  
BOARD OF DIRECTORS,

FOR M.S.VYAS & ASSOCIATES,  
Chartered Accountants,

Sd/- Jd Mohta

*(D.D. BOHRA)*  
(D.D. BOHRA)  
Partner.

*Radheshyam Bagri*

(Director) (Director)

Place : Mumbai

CERTIFIED TRUE COPY  
For Kapil Cotex Limited.

Date : 31 AUG 2002

*(Signature)*

Director.

