




FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

[Clause 31 (a) of the Listing Agreement]

1.	Name of the Company	Kansal Fibres Limited
2.	Annual Financial Statement for the year ended on	31 st March, 2014
3.	Type of Audit observation	Un-Qualified
4.	Frequency of Observation	N.A.
5.	To be signed by <ul style="list-style-type: none"> • CEO and Managing Director 	 Mr. Rakesh Kumar Kansal (Managing Director)
	<ul style="list-style-type: none"> • CFO 	N. A.
	<ul style="list-style-type: none"> • Auditors of the Company 	<p>For Raj Gupta & Co. Chartered Accountants FRN: 000203N <small>31 APR 2014</small></p>  (RAJ KUMAR GUPTA) Partner Membership No. 17039
	<ul style="list-style-type: none"> • Audit Committee Chairman 	 Mr. Mayur Shah Chairman of the Audit committee

Annual Report

Of

Kansal Fibres Limited

For The Year

2013-2014

Kansal Fibres Limited

BOARD OF DIRECTORS

Rakesh Kumar Kansal
Aruna Kansal
Bipin Mangaldas Patel
Ashok Goyal
Mayur Manubhai Shah

Managing Director
Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director

AUDITORS

M/s. 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
Website: www.kansalfibres.com

Kansal Fibres Limited

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Kansal Fibres Limited

NOTICE

Notice is hereby given that the Annual General Meeting of the members of KANSAL FIBRES LIMITED will be held on 30th September, 2014 at 11.30 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 31st March, 2014, balance sheet as on that date, Director's Report and the Auditor's report thereon.
2. To appoint Director in place of Mr. Bipin Patel who retires by rotation and being eligible offers himself for reappointment.
3. To appoint M/s. Vishves A Shah & Co., Chartered Accountants, Ahmedabad, as Statutory Auditors of the Company in place of M/s. Raj Gupta & Co., the retiring Statutory Auditors, to hold office from the conclusion of this Annual General Meeting, until the conclusion of next Annual General Meeting to be held after this meeting, subject to ratification at every Annual General Meeting and to fix their remuneration for the financial year ending 31st March, 2015.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution

APPOINTMENT OF MR. PIYUSHBHAI MAHENDRABHAI DOSHI AS AN EXECUTIVE DIRECTOR OF THE COMPANY

"RESOLVED THAT pursuant to Section 152 and all other provisions, if any, of the Companies Act, 2013, Mr. Piyushbhai Mahendrabhai Doshi be and is hereby appointed as an Executive Director of the company w.e.f. 30/09/2014, whose period of office shall be liable to retire by rotation."

"RESOLVED FURTHER THAT Mr. Bipin Patel, Director of the company be and is hereby authorised to file F DIR 12 and make necessary entries in the Statutory register and do all other acts, deeds and things as may be necessary or desirable to give effect to this resolution."

"RESOLVED FURTHER THAT Mr. Bipin Patel, Director of the Company, be and is hereby authorised take necessary action for the implementation of the aforesaid resolution."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution

Kansal Fibres Limited

APPOINTMENT OF MR. SURYAPARKASH VINOD KUMAR LOHARUKA AS AN EXECUTIVE DIRECTOR OF THE COMPANY

“RESOLVED THAT pursuant to Section 152 and all other provisions, if any, of the Companies Act, 2013, Mr. Suryaparkash Vinod Kumar Loharuka be and is hereby appointed as an Executive Director of the company w.e.f. 30/09/2014, whose period of office shall be liable to retire by rotation.”

“RESOLVED FURTHER THAT Mr. Bipin Patel, Director of the company be and is hereby authorised to file F DIR 12 and make necessary entries in the Statutory register and do all other acts, deeds and things as may be necessary or desirable to give effect to this resolution.”

“RESOLVED FURTHER THAT Mr. Bipin Patel, Director of the Company, be and is hereby authorised take necessary action for the implementation of the aforesaid resolution.

6. To consider and if thought fit to pass with or without modifications the following resolutions as Special resolution:

APPOINTMENT OF MR. SURYAPARKASH VINOD KUMAR LOHARUKA AS A MANAGING DIRECTOR OF THE COMPANY:

“RESOLVED THAT in accordance with the provisions of Sections 196, 197, 198 and 203 read together with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), and subject to the approval of the members of the Company, Mr. Suryaparkash Vinod Kumar Loharuka, Director of the company be and hereby appointed as Managing Director of the Company for a period of 3 years effective from 30th September, 2014 on the terms and conditions as setout and placed before the meeting which is permissible under part II of Schedule V of the companies Act, 2013 as may be decided by the board of directors of the company from time to time.

“RESOLVED FURTHER THAT in the event of inadequacy of profits of the company remuneration & perquisites as mentioned in the terms and conditions prescribed in the Explanatory statement of the notice of the general meeting be given as minimum remuneration to Mr. Suryaparkash Vinod Kumar Loharuka, Managing Director of the Company”

By Order of the Board of Directors

Date : 30/05/2014

Place : Ludhiana

Sd/-
(Rakesh Kansal)
Managing Director
(DIN: 01735388)

Sd/-
(Bipin Patel)
Director
(DIN: 03190744)

Sd/-
(Mayur Shah)
Director
(DIN: 03313341)

Kansal Fibres Limited

NOTES

An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted at the Annual General Meeting (AGM) is annexed hereto.

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September, 2014 to 30th September, 2014 (both days inclusive). The book closure dates have been fixed in consultation with the Stock Exchanges.
3. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made there under, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members holding shares in demate form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.
4. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM
5. Voting through Electronic means:

Kansal Fibres Limited

Pursuant to Section 108 of the Companies Act, 2013, read with the Rule 20 and Rule 21 of Companies (Management and Administration) Rules, 2014 in pursuance with the directions issued by SEBI vide Circular No. CIR/CFD/DIL/6/2012 dated 13th July, 2014, the Company is pleased to provide the facility to Members to exercise their right at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Limited (CDSL).

PROCEDURE FOR E-VOTING

In case of members receiving AGM Notice by e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.
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	In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none">• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for "KANSAL FIBRES LIMITED"

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

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(xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.

(xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.

- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.

- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.

- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com. and on approval of the accounts they would be able to cast their vote.

- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

(A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

(B) The voting period begins on 25th September, 2014 (11:00 A.M.) and ends on 27th September, 2014 (6:00 P.M.). During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (i.e. the record date), being 22nd September, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com

The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 22/09/2014, i.e. the date prior to the commencement of book closure date are

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entitled to vote on the Resolutions set forth in this Notice. Members who have acquired shares after the dispatch of the Annual Report and before the book closure may approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means. The e-voting period will commence at 25th September, 2014 (11:00 A.M.) and ends on 27th September, 2014 (6:00 P.M.).

The Company has appointed Rupal Pranav Patel, Practising Company Secretary, to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

6. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013, will be available for inspection at the AGM.
7. Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participant(s), with whom they maintain their demat accounts, will be used by the Company for payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in demat form for any change in bank particulars. Members holding shares in demat form are requested to intimate any change in their address and / or bank mandate to their Depository Participants immediately.
8. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to M/s. Purva Sharegistry (India) Private Limited, Registrar and Share Transfer agent of the Company immediately.
9. Members are requested to note that as per Section 205A of the Companies Act, 1956, dividends not encashed / claimed within seven years from the date of declaration will be transferred to the Investor Education and Protection Fund (IEPF). After transfer of the said amount to IEPF, no claims in this respect shall lie against IEPF or the Company.
10. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to M/s. Purva Sharegistry (India) Private Limited, Registrar and Share Transfer agent of the Company.

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11. For convenience of the Members and proper conduct of the meeting, entry to the meeting venue will be regulated by Attendance Slip. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the registration counter.
12. Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.

By Order of the Board of Directors

Date : 30/05/2014

Place : Ludhiana

**Sd/-
(Rakesh Kansal)
Managing Director
(DIN: 01735388)**

**Sd/-
(Bipin Patel)
Director
(DIN: 03190744)**

**Sd/-
(Mayur Shah)
Director
(DIN: 03313341)**

Kansal Fibres Limited

Annexure to Notice

Notes on directors seeking appointment/re-appointment as required under Clause 49 of the Listing Agreement entered into with Stock Exchanges:

ITEM NO. 2

Name	:	Mr. Bipin Patel
Date of birth	:	14/06/1969
Qualification	:	HSC
Expertise	:	15 years experience in textile industry
Director of the Company since	:	28/09/2012
Directorship in other public limited companies	:	3
Membership of Committees of other public limited companies	:	1
No. of Shares held in the Company	:	Nil

ITEM NO. 3

The Company had received Notice of Resignation dated 09th June, 2014 under Section 140(4) read with Section 115 of the Companies Act, 2013 from M/s Raj Gupta & Co., Chartered Accountants, Ludhiana in its capacity as a Statutory Auditors of the Company and the Board have recommended appointment of M/s. Vishves A Shah & Co., Chartered Accountants, Ahmedabad, as Statutory Auditors in place M/s Raj Gupta & Co., Chartered Accountants, Ludhiana, the retiring Statutory Auditors.

The change in the Statutory Auditor is proposed in order to remain at the forefront of good governance and in recognition of regulatory changes under the Companies Act, 2013. The Company has sent a copy of the said Special Notice to the retiring Statutory Auditors.

ITEM NO. 4

Name	:	Piyushbhai Mahendrabhai Doshi
Date of birth	:	09/06/1965
Qualification	:	B.Com.
Expertise	:	Experience in marketing, manufacturing and construction since last 15 years

Kansal Fibres Limited

Directorship in other public limited companies	:	One Company
Membership of Committees of other public limited companies	:	NIL
No. of Shares held in the Company	:	NIL

None of the Directors of the Company are interested in the resolution set out at of the accompanying notice.

ITEM NO. 5

Name	:	Suryaparkash Vinod Kumar Loharuka
Date of birth	:	02/02/1983
Qualification	:	B.com
Expertise	:	Accounts and Marketing since last 7 years
Directorship in other public limited companies	:	NIL
Membership of Committees of other public limited companies	:	NIL
No. of Shares held in the Company	:	NIL

None of the Directors of the Company are interested in the resolution set out at of the accompanying notice.

ITEM NO. 6

Mr. Suryaparkash Vinod Kumar Loharuka, being old and experienced entrepreneur and a successful businessman having experience in various type of industrial supplies and has been spending his precious time and energy for day to day affairs of the company.

Looking at the expertise, knowledge and business connection, the Board recommend to reappoint and increase remuneration of Mr. Suryaparkash Vinod Kumar Loharuka, Managing Director of the Company upto 90,000 /- per annum.

Appointment of Mr. Suryaparkash Vinod Kumar Loharuka as a Managing Director

Name	Mr. Suryaparkash Vinod Kumar Loharuka
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Kansal Fibres Limited

Date of Birth	02/02/1983
Date of Appointment	30/09/2014
No. of shares held in the company	NIL
No. of warrants held in the company	N.A
Directorship in other company	1. V S Infraprop Private Limited 2. Laxmi Edifice Private Limited

Terms and Conditions

1. Remuneration by way of Salary of Rs. 90000/- per annum.
2. Contribution to P.F. Superannuation fund and annuity to the extent these either singly or put together are not taxable under I.T. Act, 1961
3. Gratuity payable at a rate not exceeding half a month salary for each completed year of service.
4. Encashment of leave at the end of the tenure.
5. Medical Re-imbursement for himself and his family for medical treatment subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
6. Free use of Company's Car with Driver for Company's Business and free telephone facility at residence.
7. LTC entitled Air Fare or AC Class Rail Fare for himself and family subject to a ceiling of one month's salary in a year or three months salary in block of three years.
8. The MD shall be entitled to reimbursement of expenses incurred by him in connection with the business of the company.
9. The MD shall not so long as he functions as such become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without the prior approval of the Central Government.
10. Subject to the superintendence direction and control of the Board of Directors of the company the MD shall be entrusted with substantial powers of the management and also such other duties and responsibilities as may be entrusted to him by the Board of Director from time to time. The Headquarters of the MD shall be

Kansal Fibres Limited

at Ludhiana or at such place as the Board of Director may decide form time to time.

11. The MD may be removed from his office for gross negligence breach of trust if a special resolution to that effect is passed by the company in its general meeting. The MD may resign from his office by giving 90 days notice to the company.
12. His appointment shall commence from 30th September, 2014 pursuant to the of members' approval at the general meeting held on 30/09/2014.

Therefore, the consent of the members is sought for appointment of Mr. Suryaparkash Vinod Kumar Loharuka as the Managing Director.

No directors are interested in this resolution

Date : 30/05/2014
Place : Ludhiana

By Order of the Board of Directors

Sd/-
(Rakesh Kansal)
Managing Director
(DIN: 01735388)

Sd/-
(Bipin Patel)
Director
(DIN: 03190744)

Sd/-
(Mayur Shah)
Director
(DIN: 03313341)

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, 2014.

FINANCIAL PERFORMANCE OF THE COMPANY:

The Company has again started to operate in the finance market and received income of Rs. 67,554 during the financial year 2013-14. However, the Company incurred loss of Rs. 2,92,361 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. Your company has entered into compromise deed with Oswal Spinning And Weaving Mills Ltd as on 29th March, 2014 and made payment of Rs. 14,00,000/- vide cheque no. 000002 dated 29.03.2014 drawn on HDFC Bank as full and final settlement against recovery suit and withdraw counter claim.

DIVIDEND:

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

DIRECTORS:

Mr. Bipin Patel, Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

No other appointment or retirement is accepted during the year under preview.

DIRECTORS' RESPONSIBILITY STATEMENT:

Director confirms that:

The applicable accounting standards have been followed along with proper explanation relating to material departures.

Such accounting policies have been selected and applied consistently and reasonable and prudent judgments and estimates made, 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 the profit/loss of the company for that period.

Proper and sufficient care has been taken for the maintenance of the adequate accounting records in accordance with provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

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The annual accounts have been prepared on a going concern basis.

AUDITORS:

The Company had received Notice of Resignation dated 09th June, 2014 under Section 140(4) read with Section 115 of the Companies Act, 2013 from M/s Raj Gupta & Co., Chartered Accountants, Ludhiana in its capacity as a Statutory Auditors of the Company and the Board have recommended appointment of M/s. Vishves A Shah & Co., Chartered Accountants, Ahmedabad as Statutory Auditors in place M/s Raj Gupta & Co., Chartered Accountants, Ludhiana, the retiring Statutory Auditors.

The change in the Statutory Auditor is proposed in order to remain at the forefront of good governance and in recognition of regulatory changes under the Companies Act, 2013. The Company has sent a copy of the said Special Notice to the retiring Statutory Auditors.

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:

Kansal Fibres Limited

Your Company is engaged in a single segment only.

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

Date : 30/05/2014

Place : Ludhiana

Sd/-
(Rakesh Kansal)
Managing Director
(DIN: 01735388)

Sd/-
(Bipin Patel)
Director
(DIN: 03190744)

Sd/-
(Mayur Shah)
Director
(DIN: 03313341)

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 31st March, 2014 comprises of five directors comprises of a, two are Executive and Three non-executive director. Mr. Bipin Patel, 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.

During the year 2013-2014, the Board met 7 (Seven) times on the following dates:

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06/05/2013, 14/05/2013, 21/05/2013, 31/07/2013, 13/11/2013, 15/01/2014, 12/02/2014

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	Managing Director	Executive	7	Yes	0	0	0
Aruna Kansal	Director	Executive	7	Yes	0	0	0
Ashok Goyal	Director	Non Executive	7	Yes	3	0	0
Bipin Patel	Director	Non Executive	7	No	1	1	2
Mayur Shah	Director	Non Executive	7	No	1	0	0

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

As per the provisions of the Companies Act, 2013, 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.

Mr. Bipin M. Patel, retire by rotation at the ensuing Annual General Meeting and offer him for re-appointment.

Profile of Mr. Bipin M. Patel, Director being appointed u/s 152 of the Companies Act, 2013

Name	:	Mr. Bipin M. Patel
Date of birth	:	14/06/1969
Qualification	:	HSC
Expertise	:	15 years experience in Textiles Industry
Director of the Company since	:	28/09/2012
Directorship in other public	:	3

Kansal Fibres Limited

limited companies		
Membership of Committees of other public limited companies	:	1
No. of Shares held in the Company	:	Nil

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

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 31st March, 2014 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	Bipin Patel	1	1	2
5	Mayur Shah	1	--	--

3. COMMITTEE OF BOARD:

The Company had Three 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. Mr. Mayur Shah, Director (Non Executive) Chairman, Mrs. Aruna Kansal, (Executive)

Kansal Fibres Limited

and Mr. Bipin Patel Member who are aware with finance, accounts, management and corporate affairs. Two independent 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.

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.

Kansal Fibres Limited

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

During the year under review, the 5 Audit Committees were held during Financial Year 2013-2014. The dates on which the said meetings were held as follows:

21/05/2013, 31/07/2013, 13/11/2013, 15/01/2014, 12/02/2014

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 2013-2014 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.

Details of Remuneration of Executive / Non-Executive Directors for the financial year ended 31st March, 2014

Name	Executive / Non-Executive	Salary	Bonus	Sitting Fees	Contribution to PF	Perquisites	Total
Rakesh Kansal	Executive	-	-	-	-	-	-
Aruna Kansal	Executive	-	-	-	-	-	-
Ashok Goyal	Non Executive	-	-	-	-	-	-
Bipin Patel	Non Executive	-	-	-	-	-	-
Mayur Shah	Non Executive	-	-	-	-	-	-

Kansal Fibres Limited

3.3 Share Transfer & Shareholders'/Investor Grievance Committee:

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

- 1 Mr. Rakesh Kansal
- 2 Mr. Bipin Patel
- 3 Mr. Mayur Shah

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 31st March, 2014 is given below:-

Complaints Status: 01.04.2013 to 31.03.2014

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

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	2011	281, Industrial Area-A, Ludhiana-141003, Punjab	30 th September, 2011	10.30 A.M.	No
Annual General Meeting	2012	281, Industrial Area-A, Ludhiana-141003, Punjab	28 th September, 2012	10.30 A.M.	Yes
Annual General Meeting	2013	281, Industrial Area-A, Ludhiana-141003, Punjab	27 th September, 2013	10.30 A.M.	No

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(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:

Special Resolution was passed during the year under review.

Details for Special Resolution had passed in last AGM:

2011: NIL

2012:

- 1) Appointment of Mr. Bipin Mangaldas Patel as Director of the Company under section 257 of Companies act, 1956.
- 2) Appointment of Mr. Mayur Manubhai Shah as Director of the Company under section 257 of Companies act, 1956.

2013: 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 been provided in of Note No. 17 (6) of Notes to Accounts.

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 2013-14 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;

Kansal Fibres Limited

- 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 2013-14 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 2013-14;
 - Significant changes in accounting policies during the year 2013-14 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.

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

8. GENERAL SHAREHOLDER INFORMATION:

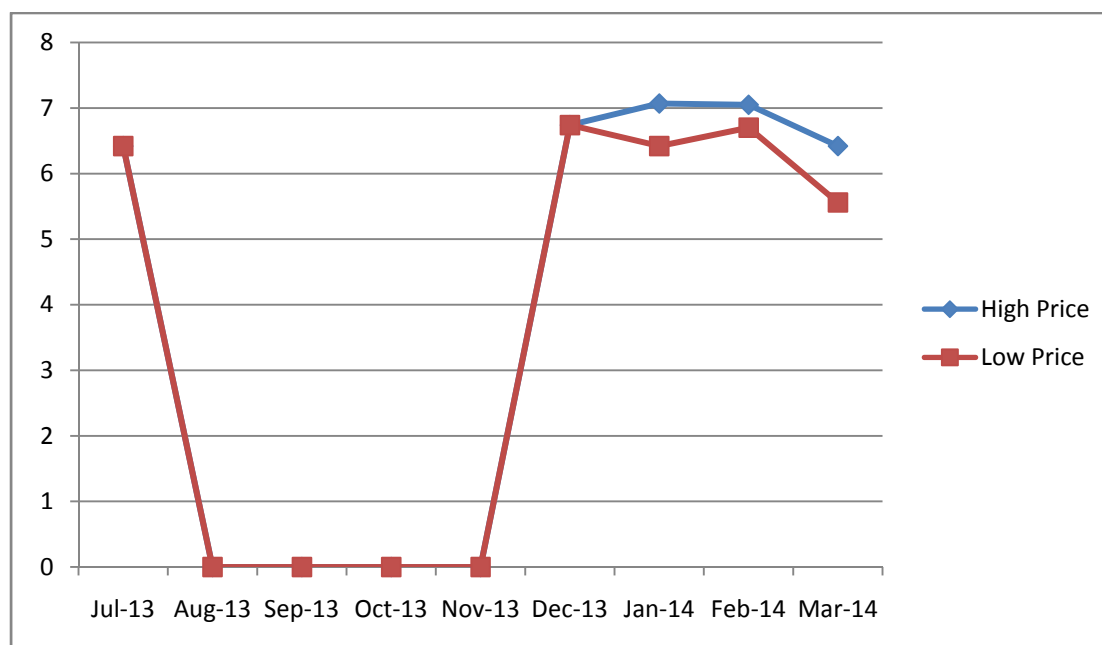
- a. Annual General Meeting: Date, Time and venue: 30th September, 2014, at 11.30 a.m. at the Registered Office of the Company.
- b. Financial Year: 1st April 2013 to 31st March, 2014.
- c. Financial Calendar:
 - i. 1st quarterly results - Last week of May, 2014.
 - ii. 2nd quarterly results - Last week of July, 2014.
 - iii. 3rd quarter results - Second week of November, 2014.
 - iv. 4th quarter results - Second week of February, 2015.
- d. Date of Book Closure: 23rd September, 2014 to 30th September, 2014
- e. Dividend Payment Date: N.A.

Kansal Fibres Limited

- 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 31-03-2014
- g. Stock Code: BSE-531205,
ASE- 29101,
DSE- 8365
LSE- Kansal
- h. Demat ISIN number: **INE179O01015**
- i. High / Low of Monthly Market Price of the Companies Equity Shares traded on Bombay Stock Exchange during the financial year 2013-14 are furnished below:

Month	High Price (Rs.)	Low Price (Rs.)
July 2013	6.42	6.42
August 2013	NA	NA
September 2013	NA	NA
October 2013	NA	NA
November 2013	NA	NA
December 2013	6.74	6.74
January 2014	7.07	6.42
February 2014	7.05	6.70
March 2014	6.42	5.56

- j. Performance of the Company's shares in comparison with broad-based indices as BSE's Sensex:



Kansal Fibres Limited

- k. Registrar & Share Transfer Agent: M/s. Purva Sharegistry (India) Pvt. Ltd.
No-9, Shiv Shakti Industrial Estate, Ground Floor,
J. R. Boricha Marg, Opp. Kasturba Hospital,
Lower Parel, Mumbai - 400 011
- 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 31.03.2014

SHARE HOLDING OF NOMINAL VALUE OF		SHARE HOLDERS		SHARE AMOUNT	
Rs.	Rs.	Number	% to Total	In Rs.	% to Total
(1)	(2)	(2)	(3)	(4)	(5)
Upto	- 5,000	2369	62.67	8051000	13.64
5,001	- 10,000	804	21.27	5808000	9.84
10,001	- 20,000	292	7.72	4282000	7.26
20,001	- 30,000	134	3.54	3400000	5.76
30,001	- 40,000	61	1.61	2160000	3.66
40,001	- 50,000	32	0.85	1498000	2.54
50,001	- 1,00,000	39	1.03	2631000	4.46
1,00,001 and above		49	1.30	31177000	52.84
TOTAL		3780	100.00	59007000	100.00

- n. Shareholding pattern as on 31.03.2014

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	200000	3.39
c. Financial Institution/Banks	0	0.00
d. Bodies Corporate	329900	5.59
e. Indian public	3530200	59.83
f. other (HUF)	20400	0.35
TOTAL	5900700	100.00

Kansal Fibres Limited

Dematerialization of shares: As on 31-03-2014 Demat shares accounted for 40,700 Equity Shares (0.69%) of total equity.

Outstanding GDR / ADR / Warrants: Not Applicable

o. Top 10 Shareholders as on 31st March, 2014 (Other than Promoters)

Sr. No	Name of Shareholders	Shareholding	%
1	Bank Of Baroda A/C Bob Mutual Fund	200000	3.39
2	Money Growth Investment Consultant	65800	1.12
3	SSG Infocom (P) Ltd	65800	1.12
4	V A Mehta	65800	1.12
5	P L Lamba	65800	1.12
6	Sunil Lamba	65800	1.12
7	Shashi Gupta	63400	1.07
8	M/s Hi- Tech Foam Pvt. Ltd.	56000	0.94
9	M/S Yelena Exports Pvt. Ltd.	50000	0.84
10	Suneila Aggarwal	50000	0.84
	Total	748400	12.68

P. Open Offer

M/s. Laxmi Edifice Private Ltd ("Acquirer") have given open offer for the Acquisition of 15,34,182 Equity shares (including 2,27,800 partly paid up Equity Shares) representing 26% of the issued and subscribed capital and 27.04% of the Voting Equity Share Capital of Kansal Fibres Limited, at a price of Re. 1/- (Rupee One Only) per Fully Paid-up Equity Share of Rs. 10/- each and Re. 0.50 paise (Fifty Paise Only) per partly paid up Equity Share of Rs. 5/- each ("offer Price") payable in Cash by Acquirer. Comfort Securities Ltd was appointed as Manager to the Open Offer. Other details for the same are as follows:

Offer Details:

- a. Date of Opening of the Offer : 29th January, 2014
 b. Date of Closing of the Offer : 11th February, 2014

Date of Payment of Consideration : 24th February, 2014

Details of Acquisition:

Sr. No	Particulars	Proposed in the Offer Document	Actual
1	Offer Price	Re.1/- per fully paid up Equity Share of Rs. 10/- each and 0.50 paise per partly paid up share of Rs. 5/-	Re.1/- per fully paid up Equity Share of Rs. 10/- each and 0.50 paise per partly paid up share of

Kansal Fibres Limited

		Per share		Rs. 5/- Per share																	
2	Aggregate number of shares tendered	15,34,182		12,900																	
3	Aggregate number of shares accepted	15,34,182		12,900																	
4	Size of the Offer (No of Shares multiplied by the offer price per share)	15,34,182/-		12,900/-																	
5	Shareholding of the Acquirers & PACs before Agreements/Public Announcement (No. & %)	NIL		NIL																	
6	Shares Acquired by way of Agreements (No. & % of fully diluted Equity Share Capital)	15,30,200 25.93% & 26.97%		15,30,200 25.93% & 26.97%																	
7	Shares Acquired by way of Open Offer (No. & % of fully diluted Equity Share Capital)	15,34,182 26.00% & 27.04%		12,900 0.218% & 0.227%																	
8	Shares acquired after Detailed Public Statement (No., Price & % of fully diluted Equity Share Capital)	NA		NA																	
9	Post Offer Shareholding of Acquirer (No. & % of fully diluted Equity Share Capital)	30,64,0682 51.93% & 54.01%		15,43,100 26.15% & 27.197%																	
10	Pre & Post offer Shareholding of the Public (No. & % of fully diluted Equity Share Capital)	<table border="1"> <thead> <tr> <th colspan="2">Pre-offer</th> <th colspan="2">Post-offer</th> </tr> </thead> <tbody> <tr> <td>4080500</td> <td>69.15% & 71.93%</td> <td>283618</td> <td>48.17% & 49.99%</td> </tr> </tbody> </table>		Pre-offer		Post-offer		4080500	69.15% & 71.93%	283618	48.17% & 49.99%	<table border="1"> <thead> <tr> <th colspan="2">Pre-offer</th> <th colspan="2">Post-offer</th> </tr> </thead> <tbody> <tr> <td>4080500</td> <td>69.15% & 71.93%</td> <td>435760 0</td> <td>73.85% & 76.81%</td> </tr> </tbody> </table>		Pre-offer		Post-offer		4080500	69.15% & 71.93%	435760 0	73.85% & 76.81%
Pre-offer		Post-offer																			
4080500	69.15% & 71.93%	283618	48.17% & 49.99%																		
Pre-offer		Post-offer																			
4080500	69.15% & 71.93%	435760 0	73.85% & 76.81%																		

Kansal Fibres Limited

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

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

Date : 30/05/2014

Place : Ludhiana

Sd/-
(Rakesh Kansal)
Managing Director
(DIN: 01735388)

Sd/-
(Bipin Patel)
Director
(DIN: 03190744)

Sd/-
(Mayur Shah)
Director
(DIN: 03313341)

Kansal Fibres Limited

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS:

Textile Industry contributes nearly 14% of the total Industrial Production of the country and also contributes 3% to the GDP of the country. The country earns about 27% of its foreign exchange through textile export. Considering the slow global economic recovery so far, there is a need to improve competitiveness of the sector in the global market.

Within textile, 'Home Textile' market is estimated at over 10,000 crores. Of this, the organized sector accounts for under 10%. The Home Textile category is expected to grow at 8% p.a. and the share of organized sector is expected to improve.

The emergence of strong modern trade and rapidly growing large format stores is expected to help upgradation of the market and also aid growth of organized sector players.

OPPORTUNITIES AND THREATS:

Opportunities

- ✳ Abundant availability of Raw Materials.
- ✳ India has significantly lower raw material costs, wastage costs and labour costs when compared to other countries.
- ✳ Greater Investment and Foreign Direct Investment opportunities are available.
- ✳ Increased Disposable Income and Purchasing Power of Indian Customer opens New Market Development.
- ✳ Strong presence of related and supporting industries.
- ✳ Textile machinery Indian textile machinery manufacturers are able to produce at competitive prices sophisticated machines of higher speed and production capability.
- ✳ The textile industry also gets significant support from the well developed IT capabilities of Indian firms.

Threats

- ✳ Fragmented structure with the dominance of the small scale sector
- ✳ High power costs
- ✳ Rising interest rates and transaction costs
- ✳ Unfriendly labour laws
- ✳ Logistical disadvantages in terms of shipping costs and time pose serious threats to its growth
- ✳ Foreign investments are not coming in as the overall factors influencing the industry are not investment friendly.
- ✳ Geographical Disadvantages.
- ✳ International labor and Environmental Laws.
- ✳ Increase in rate of service tax from 10 percent to 12 percent has given the intense competition in the Industry. Increased competition also translates into serious pressures on cost. These added

Kansal Fibres Limited

to soaring commodity prices and volatility of exchange rates pose a serious challenge to cost management.

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.

RECENT TREND AND FUTURE OUTLOOK:

The textile industry is undergoing a major reorientation towards non-clothing applications of textiles, known as technical textiles, which are growing roughly at twice rate of textiles for clothing applications and now account for more than half of total textile production. Technical textiles have many applications including bed sheets; filtration and abrasive materials; furniture and healthcare upholstery; thermal protection and blood-absorbing materials; seatbelts; adhesive tape, and multiple other specialized products and applications.

While the year 2013-14 was not a rewarding period from business perspective, few positives could be derived out of the operation such as efforts toward energy conservation, maintaining a reasonably healthy capacity utilisation compared to the industry average, an improved gross realisation and stable top line compared to previous year. With our sustained efforts in these fronts coupled with anticipated improved demand and higher capacity utilization, we expect the business to improve and become profitable. This will further be aided by your Company's focus on speciality fibres, innovative product mix and long term measures for cost reduction by converting fuel from RLNG to coal.

RISKS AND CONCERNS:

High inflation could adversely impact the domestic demand, especially since the 'Home Category' is considered as 'non-essential' in the family's consumption basket. Aggressive competition by new players, who wish to enter the category pose a risk of the Company losing its market share. The conversion cost could sharply escalate with severe energy price rise as well as increased labour cost due to hike in minimum wages.

The Company will focus on contemporary designs, better value proposition in the product basket through continuous innovation and on cost management to mitigate the risks. We will also strive to widen the customer base in the exports business to address the challenges in the market.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company maintains adequate internal control systems, which provide among other things reasonable assurance of recording the transactions of its operations in all material respects and of providing protection against significant misuse or loss of Company's assets.

Kansal Fibres Limited

The Internal Auditors have introduced several objective tools to assess strengths of our internal controls as also, identify areas where it need to be further strengthened. The scope and authority of the Internal Audit are well defined in the internal audit charter, approved by the Audit Committee. Internal audit plays a key role in providing an assurance to the Board of Directors of adequate internal control system. The audit committee at its meetings reviewed the reports of the internal auditors as well as the Risk Management process of the Company.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

The financial performance of the Company for the year 2013-14 is described in the Directors' Report under the head 'Financial Performance of the Company'.

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. Functional training and employee engagement was given adequate weightage during the year to enhance employee productivity and morale. Re-training on occupational, health, safety and environment were carried out in both the manufacturing facilities to improve awareness.

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

Date : 30/05/2014

Place : Ludhiana

**Sd/-
(Rakesh Kansal)
Managing Director
(DIN: 01735388)**

**Sd/-
(Bipin Patel)
Director
(DIN: 03190744)**

**Sd/-
(Mayur Shah)
Director
(DIN: 03313341)**

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 **31st March, 2014**, 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.

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

Place: Ludhiana
Dated: 30/05/2014

Sd/-
(CA R.K.Gupta)
Partner
M. No. 017039

Kansal Fibres Limited

AUDITORS' REPORT

To
The Members of
KANSAL FIBRES LIMITED

1. We have audited the attached Balance Sheet of KANSAL FIBRES LIMITED as at **31st March, 2014**, the Profit and Loss Account of the company and also 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.

2. 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.

3. 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.

4. 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 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. We draw attention to note 2 in the financial statements. The company incurred a net loss of Rs. 62,288,730/- during the year ended 31st March, 2014, and on that date. The accumulated loss of the company exceeds its paid-up capital. These factors along with other matters as set forth in Notes raise substantial doubt about the ability of the company to continue as a going concern in future.

Kansal Fibres Limited

f. Except as stated in (e) 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 notes thereon 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. ;

- i) In case of Balance Sheet, of the state of Company's affairs as at 31st March, 2014;
- ii) In the case of Profit and Loss Account, of the loss of the company for the year ended on that date; and
- iii) In the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

Place: Ludhiana
Dated: 30/05/2014

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

Sd/-
(CA R.K.Gupta)
Partner
M. No. 017039

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 loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence clause (iii)-(b), (c) and (d) are not applicable.
- (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. 44,29,597/-. 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 the loan. Other terms and conditions of the loan, in our opinion, are not prima facie prejudicial to the interests of the company.
- (iv) In our opinion, based on our observations and the information and explanations given to us, the company has in place 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 contracts 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 made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

Kansal Fibres Limited

- (vi) The company has not accepted any deposits from the public.
- (vii) In our opinion, the company has an 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 Section 209 (I) (d) of the Companies Act, 1956 are 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 31st March, 2014 for more than six months from the date they become payable.
- (x) The Company has accumulated losses of Rs. 62,288,730/- at the end of the financial year. 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 explanations given to us, the company has not defaulted in repayment of dues to a financial institution or banks or debenture holders.
- (xii) As explained to us, the Company has granted 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 to the company.
- (xiv) Based on the information and explanations 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-term funds raised by the company, the provisions of clause 4(xvii) of the order are not applicable.
- (xviii) According to the information and explanations 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.

Kansal Fibres Limited

- (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 provisions of clause 4(xx) of the order are not applicable to 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: 30/05/2014

Sd/-
(CA R.K.Gupta)
Partner
M. No. 017039

KANSAL FIBRES LTD.**Balance Sheet as at 31 MARCH 2014**

Particulars	Note	AMT (Rs)	
		As at 31-Mar-14	As at 31-Mar-13
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	1	57,868,000	57,868,000
(b) Reserves and Surplus	2	(62,288,730)	(61,996,369)
Non-Current Liabilities			
(a) Long-term borrowings	3	4,429,597	2,769,597
		4,429,597	2,769,597
Current Liabilities			
(a) Trade payables	4	202,404	2,063,213
(b) Other current liabilities	5	404,377	303,534
(c) Short-term provisions	6	-	-
		606,781	2,366,747
Total		615,648	1,007,975
ASSETS			
Non-current Assets			
(a) <i>Fixed assets</i>	7		
Tangible assets		3,830	4,832
(b) Long-term loans and advances	8	-	429,250
Current Assets			
(a) Trade receivables	9	509,384	509,384
(b) Cash and cash equivalents	10	99,545	61,569
(c) Short-term loans and advances	11	2,889	2,940
		611,818	573,893
Total		615,648	1,007,975

for and on behalf of
Raj Gupta & Co.
Chartered Accountants
|
Sd/-
R. K Gupta
Partner
Membership No. 017039

Place : Ludhiana
Date : 30/05/2014

For and on behalf of the board,
KANSAL FIBRES LTD.

Sd/-	Sd/-	Sd/-
(Rakesh Kansal)	(Bipin Patel)	(Mayur Shah)
Managing Director	Director	Director
DIN:01735388	DIN:03190744	DIN:03313341

Place : Ludhiana
Date : 30/05/2014

KANSAL FIBRES LTD.
STATEMENT OF PROFIT AND LOSS

		AMT (Rs)	
Particulars	Note	For the year ended 31-Mar-14	For the year ended 31-Mar-13
<u>INCOME</u>			
Revenue from operations		-	-
Other Operating Income	12	67,559	36,000
Total Revenue		67,559	36,000
<u>EXPENDITURE</u>			
Employee benefit expense	13	120,000	120,000
Finance costs	14	948	474
Depreciation and amortization expense	10	1,002	1,002
Other expenses	15	237,970	1,415,062
Total Expenses		359,920	1,536,538
Profit before tax		(292,361)	(1,500,538)
Tax expense:			
Current tax			
Deferred tax			
Profit for the year		(292,361)	(1,500,538)
Earning per equity share:			
Basic and Diluted	16	(0.05)	(0.25)
Significant Accounting Policies			
Notes on Financial Statements	1 to 16		

for and on behalf of
Raj Gupta & Co.
Chartered Accountants
Sd/-
R. K Gupta
Partner
Membership No. 017039

Place : Ludhiana
Date : 30/05/2014

For and on behalf of the board,
KANSAL FIBRES LTD.

Sd/-	Sd/-	Sd/-
(Rakesh Kansal)	(Bipin Patel)	(Mayur Shah)
Managing Director	Director	Director
DIN:01735388	DIN:03190744	DIN:03313341

Place : Ludhiana
Date : 30/05/2014

KANSAL FIBRES LTD
REGD. OFFICE: 281, INDUSTRIAL AREA A, LUDHIANA
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014

A.	<u>CASH FLOW FROM OPERATING ACTIVITIES</u>	<u>2013- 2014</u>	<u>2012- 2013</u>
	Net Profit Before Tax & Extra Ordinary items	-292,361	-1,500,538
	Adjustments for:		
	Depreciation	1,002	1,002
	Operating Profit before working capital changes :	(291,359)	(1,499,536)
	Adjustments for:		
	Loans and advances	51	437
	Trade payables	100,843	69,695
	Cash Generated from Operations .	(190,465)	(184,350)
	Cash Flow before extra ordinary items	(190,465)	(184,350)
	Net cash Used in operating activities	(190,465)	(184,350)
B	<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
	Net Cash used in Investing Activities	0	0
C	<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
	Unsecured Loans	1,660,000	250,000
	Net cash from Financing Activities	1,660,000	250,000
	NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	1,469,535	65,650
	Cash and Cash Equivalents as at beginning of the year	61,569	87,914
	Cash and Cash Equivalents as at close of the year	99,545	153,564

Notes:- Figures in brackets represent cash outflows.

For and on behalf of the Board
KANSAL FIBRES LTD

PLACE: LUDHIANA
DATED:30/05/2014

Sd/-	Sd/-	Sd/-
(Rakesh Kansal)	(Bipin Patel)	(Mayur Shah)
Managing Director	Director	Director
DIN:01735388	DIN:03190744	DIN:03313341

AUDITORS REPORT :

We have verified the attached Cash Flow Statement of M/s Kansal Fibres Limited derived from the audited financial statements and the books and records maintained by the company for the Year Ended 31.03.2013 and found the same in agreement therewith.

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

PLACE: LUDHIANA
DATED:30/05/2014

Sd/-
(RAJ KUMAR GUPTA)
Partner
Membership No. 17039

Notes on Financial Statements

Note : 1 Share Capital

	As at 31-Mar-14	As at 31-Mar-13
AUTHORIZED SHARE CAPITAL: 70000,00 Equity Shares of Rs. 10/- each (Previous Year 70,00,000 Equity Shares of Rs. 10/- each)	70,000,000	70,000,000
ISSUED, SUBSCRIBED & PAID UP CAPITAL: 5900700 Equity Shares of Rs. 10/- each fully paid up (Previous Year 5900700 Equity Shares of Rs. 10/- each)	59,007,000	59,007,000
Less Call in arrears	1,139,000	1,139,000
	57,868,000	57,868,000

1.1 The detail of shareholders holding more than 5% shares

Name of the Shareholder	As at 31.03.2014		As at 31.03.2013	
	No of shares	% of Holding	No of shares	% Holding
RAKESH KANSAL	797,000	14%	797,000	14%
ARUNA KANSAL	371,100	6%	371,100	6%
	1,168,100	20%	1,168,100	20%

1.2 The reconciliation of number of shares outstanding is set out below

Particulars	As at 31.03.2014	As at 31.03.2013
	No of shares	No of shares
Shares outstanding at the beginning of the year	5,900,700	5,900,700
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	5,900,700	5,900,700

Note : 2 Reserves & Surplus

Profit and Loss Account		
As at Commencement of the Year	(61,996,369)	(61,736,473)
Add: Profit for the year	(292,361)	(259,896)
	(62,288,730)	(61,996,369)
Profit available for appropriation	(62,288,730)	(61,996,369)

Note : 3 Long-Term Borrowings

Long Term Loans - Others		
Unsecured Loans		
From shareholders, directors & their relatives		
	4,429,597	2,769,597
Total	4,429,597	2,769,597

Note: 4 Trade Payables

Sundry Creditors	202,404	2,063,213
	202,404	2,063,213

4.1 Based on the information available with the company regarding the coverage of its suppliers under the Micro, Small and Medium Enterprises Development Act 2006, no amount was due to any party covered under the said Act.

4.2 Balances of creditors are subject to confirmation.

Note : 5 Other Current Liabilities

Other Current Liabilities	404,377	303,534
	404,377	303,534

Note : 6 Short-term Provisions
PROVISION FOR CURRENT TAX

	-	-
--	---	---

Note : 7 Non-Current Assets

<i>Fixed assets</i>		
Tangible assets	515,042	515,042
Accumulated Depreciation Provision on tangible assets	511,212	510,210
	3,830	4,832

Note : 8 Long-Term Loans & Advances

Security Deposits	-	429,250
	-	429,250

Note : 9 Trade Receivables

Debtors outstanding for a period exceeding six months		
Considered Good	509,384	509,384
Other Debtors		
	509,384	509,384

9.1 Balances of debtors are subject to confirmation

Note : 10 Cash & Cash Equivalents

Cash in Hand	66,678	24,340
Balance with Banks:		
Current Accounts	32,867	37,229
	99,545	61,569

Note : 11 Short-term Loans & Advances
(Unsecured & Considered Good)

Advance to Suppliers & Others recoverable in cash or in kind or for value to be received	-	-
Prepaid Expenses	2,889	2,940
	2,889	2,940

KANSAL FIBRES LTD.

Notes on Financial Statements

	Year ending	Year ending
	31-Mar-14	31-Mar-13

Note : 12 Other Operating Income

MISCELLANEOUS INCOME	36,000	36,000
REBATE AND DISCOUNT	31,559	-
	67,559	36,000

Note : 13 Employees Remuneration & benefits

Salary, Wages, Allowances & other Benefits	120,000	120,000
	120,000	120,000

KANSAL FIBRES LTD.

NOTES 7: FIXED ASSETS

Sr. No.	PARTICULARS	G R O S S B L O C K				D E P R E C I A T O N				N E T B L O C K	
		As on	Addition	Sold	As at	Upto	Provided	Written	Upto	As at	As at
			During	During			For	Back/Adj			
			The	The			The	During			
		01.04.2013	Year	Year	31.03.2014	31.03.2014	period	The Year	31.03.2014	31.03.2014	31.03.2013
1	Furniture & Fixtures	104219	0	0	104219	104209	0	0	104209	10	10
2	Office Equipments	21100	0	0	21100	16278	1002	0	17280	3820	4822
3	Vehicle	326673	0	0	326673	326673	0	0	326673	0	0
4	Computer	63050	0	0	63050	63050	0	0	63050	0	0
	Current year	515042	0	0	515042	510210	1002	0	511212	3830	4832

Previous Year: 515042 0 0 515042 502920 1002 0 510210 4832 4832

DEPRICIATION UNDER INCOME TAX ACT

PARTICULRS	W.D.V. AS ON 01.04.2012	ADDITIONS BEFORE 30-09-12	ADDITIONS AFTER 30-09-12	SALE/ TRANSFER	BALANCE AS ON 31-03-13	DEPRICIATION FOR THE YEAR	W.D.V. AS ON 31-03-13
COMPUTER 60%	4	0	0	0	4	2	2
BULIDING 10%	0	0	0	0	0	0	0
VEHICLE 15%	22095	0	0	0	22095	3314	18781
FURNITURE 10% & FIXTURE	15567	0	0	0	15567	1557	14010
	37666				37666	4873	32793

Note : 14 Finance Costs

Bank Charges and commission	948	474
	948	474

Note : 15 Other Expenses**A) Selling & Distribution Expenses**

Rebate and Discount	-	-
Advertisement	58,665	57,764
Total (A)	58,665	57,764

B) Operating, Administrative & Other Expenses

Rent, Rates, Fees and Taxes	117,600	1,296,396
Insurance	11,609	11,286
Payment to Auditors:		
: Audit fees	11,236	11,236
Postage, Telegram and Telephone	18,650	18,500
Printing & Stationery	15,320	15,320
General expenses	4,890	4,560

Total (B)	179,305	1,357,298
Total (A) + (B)	237,970	1,415,062

Note: 16 Earning Per Share

	FY 2013-14	FY 2012-13
	RS	RS
Profit after Tax (Rs)	(292,361)	(1,500,538)
Weighted average no.of ordinary shares	5,900,700	5,900,700
Weighted average no.of diluted shares	5,900,700	5,900,700
Nominal Value of ordinary share (Rs)	10	10
Basic Earning Per Share (Rs)	(0.05)	(0.25)

KANSAL FIBRES LTD.**LIST OF CREDITORS**

PARTICULARS	AMOUNT	AMOUNT
	31.03.2014	31.03.2013
Utility Forms Pvt. Ltd.	33187.00	33187.00
The Electric House	12677.00	12677.00
Jai Ganesh International	156540.00	156540.00
Oswal Alloys (Unit-II)	0.00	360809.00
Oswal Spinning & Weaving Mills Ltd.	0.00	1500000.00
TOTAL:	202404.00	2063213.00

LIST OF OTHER LIABILITIES

PARTICULARS	AMOUNT	AMOUNT
	31.03.2014	31.03.2013
Raj Gupta & Co.	11236.00	11236.00
The Delhi Stock Exchange Assn. Ltd	104532.00	93296.00
The Ludhiana Stock Exchange Assn Ltd	20225.00	0.00
The Bombay Stock Exchange	0.00	16854.00
The Stock Exchange Ahmedabad	11236.00	0.00
R.P.Advisor Pvt. Ltd.	68928.00	68928.00
Rupal Patel	38220.00	38220.00
Super Domestic Machine Pvt. Ltd.	150000.00	75000.00
TOTAL:	404377.00	303534.00

Balances With Secheduled Banks

PARTICULARS	AS AT	AS AT
	31.03.2014	31.03.2013
HDFC BANK A/C NO.13102020007722	26625.27	26861.27
Allahabad bank (Ahemdabad)	6242.00	10368.00
TOTAL:	32867.27	37229.27

LIST OF DEBTORS

PARTICULARS	AS AT	AS AT
	31.03.2014	31.03.2013
B.R.Woolen Mills	264000.00	264000.00
Krishan Lal & Sons	67494.00	67494.00
Ludhiana Steel Ltd.	177890.00	177890.00
TOTAL:	509384.00	509384.00

LIST OF SECURITIES & DEPOSITS

PSEB SECURITY	0.00	429250.00
	0.00	429250.00
PREPAID INSURANCE EXPENSES	2889.00	2940.00
TOTAL:	2889.00	2940.00

NOTE NO. 17 - 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 accumulated depreciation. Depreciation is provided on Straight line basis at the rates prescribed under 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. 2,92,361/- during the year as at 31st March 2014, the company has accumulated losses of Rs. 62,288,730/- 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 debtors, Creditors and Security Deposits are subject to their confirmation.

3) In the opinion of the 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: NIL

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	Amount (Rs)
S V Export	Associate Concern	Hiring of Tempo	36,000/-
Rakesh kansal	Key Management Personnel	Loan Taken	31,82,699/-
Balance Outstanding as at 31 st March,2014			31,82,699/-

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 provisions of Accounting standard 22 "Accounting for taxes on Income" issued by the Institute of chartered Accountants of India.

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

10) Note Nos. 1 to 17 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**

**Sd/-
(Raj Kumar Gupta)
Partner
M No. 017039**

**Sd/-
Rakesh Kansal
Mg. Director
DIN: 01735388**

**Sd/-
Bipin Patel
Director
DIN: 03190744**

**Sd/-
Mayur Shah
Director
DIN: 03313341**

**Date: 30/05/2014
Place: Ludhiana**

Kansal Fibres Limited

Reg. Add: 281 Industrial Area-A, Ludhiana- 141003

ATTENDANCE SLIP
ANNUAL GENERAL MEETING - 30th September, 2014 AT 11.30 A.M.

DP Id.		Client Id. / Ben. A/c.	
Folio No.		No. of Shares	

I certify that I am a registered shareholder/Proxy for the registered shareholder of the Company.

I/We hereby record my/our presence at the **ANNUAL GENERAL MEETING** of the Company being held on 30th September, 2014 at 11.30 A.M at 281 Industrial Area-A, Ludhiana- 141003

Full Name of the Shareholder / Proxy (In Block Letter)

Signature

Kansal Fibres Limited

Form No. MGT-11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L17116PB1994PLC014457

Name of the company: KANSAL FIBRES LIMITED

Registered office: 281 Industrial Area-A, Ludhiana- 141003

Name of the member (s)	
Registered address	
E-mail Id:	
Folio No/ Client Id:	
DP ID:	

I/We, being the member (s) of shares of the above named company, hereby appoint:

1. Name:
Address:
E-mail Id:
Signature:.....,or failing him,

2. Name:
Address:
E-mail Id:
Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the company, to be held on the 30th day of September, 2014 at 11.30 a.m. at 281 Industrial Area-A, Ludhiana- 141003 and at any adjournment thereof in respect of such resolutions as are indicated below:

Res. No.	Description	For	Against
1	Adoption of Annual Accounts and Reports thereon for the financial year ended 31st March, 2014		
2	Re-election of Mr. Ashok Goyal as a Director of the Company		
3	Appointment of M/s. Vishves A Shah, Chartered Accountants, Ahmedabad as a Statutory Auditors of the Company and to fix their remuneration for the financial year ending as on 31 st March, 2015		
4	Appointment of Mr. Piyush Mahendra Doshi as an Executive Director of the Company		
5	Appointment of Mr. Suryaparkash Vinod Kumar Loharuka as an Executive Director of the Company		

Kansal Fibres Limited

6	Appointment of Mr. Piyush Mahendra Doshi as Managing Director of the Company		
---	--	--	--

Signed this..... day of..... 2014

Signature of Shareholder

Signature of Proxy holder(s)

Affix
Rs. 1 /-
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Kansal Fibres Limited

If Undelivered, please return to:-

M/s. Purva Sharegistry (India) Pvt. Ltd.

Unit: Kansal Fibres Limited

No-9, Shiv Shakti Industrial Estate, Ground Floor,

J. R. Boricha Marg, Opp. Kasturba Hospital,

Lower Parel, Mumbai - 400 011