



KUNSTSTOFFE INDUSTRIES LTD.

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14TH ANNUAL REPORT 1999

CERTIFIED TRUE COPY
FOR KUNSTSTOFFE INDUSTRIES LTD


DIRECTOR

KUNSTSTOFFE INDUSTRIES LTD.

BOARD OF DIRECTORS

Mr. PRAVIN V. SHETH (upto 28.04.2000)
Ms. VILINA P. SHETH (upto 28.04.2000)
Mr. BHADRESH H. SHAH
Mr. A. K. AGGARWAL
Mr. Y. J. SHABBIR
Mr. SUDHIR V. SHETH
Mr. S. C. ASNOTKAR

AUDITORS

P. M. TURAKHIA & ASSOCIATES,
Chartered Accountants, Mumbai

SOLICITORS

KANTILAL UNDERKAT & CO. MUMBAI
DIVYAKANT MEHTA & ASSOCIATES, MUMBAI

REGISTERED OFFICE

4A, Rajiv, B. K. Complex,
Mumbai - 400 051.

WORKS

Airport Road,
Kadaiya Village,
Nani Daman,
Daman, (U.T.)

REGISTRAR & TRANSFER AGENTS

Sharex (India) Pvt. Ltd.
Luthra Industrial Premises,
Unit No. 1, Andheri-Kurla Road,
Safed Pool, Andheri (E),
Mumbai-400 072.

KUNSTSTOFFE INDUSTRIES LTD.**NOTICE**

NOTICE is hereby given that the FOURTEENTH ANNUAL GENERAL MEETING of the members of KUNSTSTOFFE INDUSTRIES LIMITED will be held at 11.00 a.m. on Friday 30th June 2000 at Basant Court, Near Sion Railway Station (West), Mumbai - 400 022 to transact the following Ordinary Business :

ORDINARY BUSINESS

- (1) To receive, consider and adopt the Audited Balance Sheet as at 31st December 1999 and Profit & Loss Account for the year ended as on that date and the Report of the Auditors and Directors thereon.
- (2) To appoint a Director in place of Mr. A. K. Aggarwal who retires by rotation and being eligible offers himself for reappointment.
- (3) To appoint a Director in place of Mr. Bhadresh H. Shah who retires by rotation and being eligible offers himself for reappointment.
- (4) To appoint auditors and to fix their remuneration.

SPECIAL BUSINESS

- (5) To consider and if thought fit to pass with or without modification the following resolution as Ordinary Resolution :

"RESOLVED that Mr. Sudhir V. Sheth who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office under Section 260 of the Companies Act 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of the Director, be and is hereby appointed as Director of the Company liable to retire by rotation.

- (6) To consider and if thought fit to pass with or without modification the following resolution as Ordinary Resolution :

"RESOLVED that Mr. S.C. Asnotkar who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a Notice in writing proposing his candidature for the office of the Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

- (7) To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution.

"RESOLVED that pursuant to sub-section (1) of Section 163 of the Companies Act, 1956 the Company hereby approves that the Registrars and Indices of Members, the Registers and Indices of Debenture holders, if any, and copies of all Annual Returns prepared under Section 159 of the Act, together with the copies of Certificates and Documents required to be annexed thereto under Section 161 of the Act be kept at the Office of Sharex (India) Pvt. Ltd., Unit No. 1, Luthra Indl. Premises, Andheri Kurla Road, Safed Pool, Andheri (E), Mumbai - 400 072.

By Order of the Board
BHADRESH H. SHAH
(DIRECTOR)

Registered Office :

4A, Rajiv,
B. K. Complex,
Mumbai - 400 051.

Date : 28th April, 2000.

ANNUAL REPORT 1999**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. Members are requested to intimate immediately any change in their address to the Registrar and transfer Agents of the Company.
3. As a measure of economy, copies of the Annual Report shall not be distributed at the Meeting and therefore, Members are requested to bring their copies of the Annual Report to the Meeting.
4. The Register of Members and the Share Transfer Books of the Company will remained closed from Monday, 26th June 2000 to Friday, 30th June 2000 (both days inclusive).

ANNEXURE TO THE NOTICE :

Explanatory Statement pursuant to Section 173 (2) of the Companies Act 1956 :

Item No. 5 : *

Mr. Sudhir V. Sheth was appointed as an Additional Director by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act 1956, he holds office as a Director only upto the Date of Annual General Meeting. As required by Section 257 of the Act, a notice has been received from a member signifying his intention to propose the appointment of Mr. Sudhir V. Sheth as a Director, along with a deposit of Rs. 500/-.

The Board feels that his continuance on the Board would be in the best interest of the Company.

Except Mr. Sudhir V. Sheth none of the Directors is interested in the above resolution.

Item No. 6 :

Mr. S.C. Asnotkar was appointed as a Additional Director by the Board of Directors of the Company. According to the provisions of the section 260 of the Companies Act 1956, he holds office as a Director only upto the date of Annual General Meeting. As required by Section 257 of the Act, a notice has been received from a member signifying his intention to propose the appointment of Mr. S.C. Asnotkar as a Director, along with a deposit of Rs. 500/-.

The Board feels that his continuance on the Board would be in the best interest of the Company.

Except Mr. S. C. Asnotkar none of the Directors is interested in the above resolution.

Item No. 7 :

In view of the introduction of the Depository Act 1996 and the Depository System, the shares of the Company will have to held in dematerialised form with the implementation of the new system in the near future. Therefore it has become necessary to appoint a Registrar who has got Depository connectivity with Depository Organisations to hold the securities in Electronic form. It has therefore been decided by the Board of Directors to introduce the work of Registrars and Transfer Agents of the Company to M/s. Sharex (India) Pvt. Ltd., 17/ B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai - 400 001 w.e.f. 1-5-2000 and maintain the records of the Company in their Andheri Office.

Your Directors recommend that the above resolution be passed as a special Resolution.

None of the Directors of the Company are in any way concerned or interested in the above resolution.

By Order of the Board

BHADRESH H. SHAH

DIRECTOR

Date : 28th April, 2000.

KUNSTSTOFFE INDUSTRIES LTD.**DIRECTORS' REPORT**

To

THE MEMBERS,

Your Directors have pleasure in presenting their report together with the Audited Accounts of the Company for the year ended 31st December 1999 :

FINANCIAL RESULTS

	(Rs. in lakhs)	
	1999	1998
Sales & Other Receipts	95.33	92.25
Gross Profit (Loss)		
before depreciation	(24.54)	(54.61)
Less : Depreciation	30.50	30.50
Net Profit/(Loss)	(50.04)	(85.11)
Add : Balance carried		
from earlier year	(376.80)	(8.20)
Profit/(Loss) available		
for approp.	(431.84)	(376.80)
APPROPRIATIONS :		
General Reserve	-	-
Balance carried forward		
to next year	(431.84)	(376.80)

OPERATIONS

During the year the sales turnover of the company was at the same level as previous year, due to carried forward losses, severe liquidity crunch in the market and lack of demand for the products of the Company. Your Directors are trying to penetrate in the different uses and segments to accelerate the sales of your Company's products. The prospects look reasonably promising.

DIVIDEND

In view of continuous loss your directors are unable to recommend payment of any dividend for the year under review.

DIRECTORS

Mr. H. K. Vithalani, Mr. Pravin Sheth, Mrs. Vilina Sheth, Mr. J. B. Patel and Mr. Marcus Hawercamp resigned during the year. Mr. Sudhir Sheth and Mr. S.C. Asnotkar were appointed as Additional Directors. Their reappointment as Directors is recommended.

Mr. A. K. Aggarwal retires by rotation and being eligible is recommended for reappointment.

ADDITIONAL INFORMATION

- INFORMATION OF CONSERVATION :** The particulars of additional requirement brought about by the Companies (Amendment) Act, 1988 and the Companies (disclosure of particulars of the report of Board of Directors) Rules 1988 in respect of the Conservation of Energy do not apply to the products of your Company.
- INFORMATION OF TECHNOLOGY ABSORPTION :** As given in Annexure "A".
- INFORMATION OF FOREIGN EXCHANGE EARNED AND OUTGO :** During the year under review your Company has not spent on foreign travel and on import of raw material.

EMPLOYEES

Your Directors take this opportunity to record thier appreciation of the co-operation and sense of commitment displayed by the employees and workers of the Company.

There is no employees drawing a remuneration above the limits prescribed under Sub-Section 2A of the Section 217 of teh Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975.

AUDITORS

M/s. P. M. Turakhia & Associates, Chartered Accountants. Mumbai retire at the conclusion of this ensuing Annual General Meeting. They have given their consent to act as Auditors of the Company, if re-appointed. You are requested to consider their re-appointment as Auditors of the Company for the Current Year and fix their remuneration.

ACKNOWLEDGEMENT

Your Directors place on record their deep appreciation of the continued support from shareholders bankers and financial institutions.

FOR AND ON BEHALF OF THE BOARD.

Chairman

Place : MUMBAI

Date : 28th April, 2000.

ANNUAL REPORT 1999**AUDITORS' REPORT**

To the Members of
KUNSTSTOFFE INDUSTRIES LIMITED.

We have audited the attached Balance Sheet of KUNSTSTOFFE INDUSTRIES LTD. as on 31st December, 1999 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto, and report that :

1. As required by the Manufacturing and Other Companies (Auditors Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks of books and records of the Company as we considered appropriate and as per the information and explanation given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments, in the Annexure referred to in Paragraph 1 above :
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose 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 the books.
 - (c) The Balance Sheet and Profit & Loss Account dealt with by the Report are in agreement with the books of account and comply with standards provided in sec. 211(3c) of the Companies Act 1956.

(d) In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with the notes thereon the general and note numbered (C) 2, 4, 5, 8 & 9 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view.

- (i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st December, 1999; and
- (ii) In the case of the Profit and Loss Account of the loss of the company for the year ended on that date.

For P. M. TURAKHIA & ASSOCIATES
Chartered Accountants,

Place : MUMBAI

M. D. TURAKHIA

Date : 28th April, 2000.

Proprietor

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF KUNSTSTOFFE INDUSTRIES LTD. ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 1999.

1. The Company has maintained proper records to show full particulars of fixed assets. The fixed assets of the Company have been physically verified by the management during the year. No serious discrepancies were noticed on such verification.

KUNSTSTOFFE INDUSTRIES LTD.

2. None of the fixed assets have been revalued during the year.
3. The stock of finished goods, raw material, stores, spare etc. have been physically verified by the management at reasonable intervals during the year.
4. As explained to us, in our opinion the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. The discrepancies noticed on such physical verification of stocks as compared to book records were not material, and have been properly dealt with in the books of account.
6. On the basis of our examination of stock records, in our opinion the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceeding year.
7. The Company has taken interest free loans, which are unsecured, from parties listed under Section 301 of the Companies Act, 1956.
8. The Company has not granted loans, secured or unsecured to Companies, firms or others parties listed in the register maintained under Section 301 of the Companies Act, 1956.
9. Loans and advances in the nature of loans have been given free of interest only to the employees of the Company, and they are generally repaying the amounts as stipulated and regularly.
10. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchase of stores, chemicals, raw materials, plant and machinery, equipment and other assets and also for the sale of goods.
11. The Company has not entered in to any transaction for purchase of goods and materials and sale of goods, aggregating during the year to Rs. 50,000/- or more in respect of each party which are covered under the provisions of Section 301 of the Companies Act, 1956.
12. As explained to us, the Company has a procedure for determination of unserviceable or damaged stores, raw materials and finished goods the necessary provision for the loss, in respect thereof have been made in the books of accounts of the Company.
13. In our opinion and according to the information given to us, the Company has complied with the provisions of Section 58 A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the Public.
14. In our opinion reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. The Company has no by-products.