



*6th Annual Report*  
**1998-99**

**BOARD OF DIRECTORS**

SHRI A. A. ANDANI	Chairman & Managing Director
SMT. K. A. ANDANI	Director
SHRI R. A. JAMAL	Director
SHRI S. R. SHAH	Whole Time Director
SHRI B. M. PATEL	Whole Time Director

**REGD. OFFICE**

2ND FLOOR, AATMARAM CHAMBER,  
NR. NARANPURA RAILWAY CROSSING,  
NARANPURA,  
AHMEDABAD - 380 013.

**PROJECT SITE**

PLOT NO. 287 & 288  
CHARODI VILLAGE,  
OPP. CHARODI RLY. STATION,  
TALUKA : SANAND,  
DIST : AHMEDABAD.  
GUJARAT (INDIA)

**AUDITORS**

DINESH R. THAKKAR & CO.  
CHARTERED ACCOUNTANTS  
1/A, MAYUR APPT. BASEMENT,  
2, MOTINAGAR, NR. MAHALAXMI CHAR RASTA,  
PALDI, AHMEDABAD-380 007.

**BANKERS**

INDIAN BANK

TO  
THE MEMBERS,  
KENGOLD (INDIA) LIMITED

Your Directors have pleasure in presenting the 6th Annual Report together with the Audited Accounts of your Company for the Year ended 31st March, 1999.

**1. FINANCIAL RESULTS :** (Amt.Rs.in Lacs)

SR.NO.	PARTICULARS	1998-99	1997-98
1.	Sales & Other Incomes	222.98	159.04
2.	Profit (Loss) Before Taxation	(89.20)	(73.04)
3.	Provision for Taxation	NIL	NIL
4.	Profit (Loss) After Taxation	(89.20)	(73.04)
5.	Prior period Adjustments (Net)	Nil	22.96
6.	Loss on investment	Nil	(3.28)
7.	Brought Forward Profit (Loss)	(82.09)	(28.73)
8.	Balance Carried to Balance Sheet	(171.30)	(82.09)

**2. THE PROJECT AND PERFORMANCE:**

Despite of recession in the industrial sector throughout the year, your company has made a sales growth of around 40% during the current year. However due to the poor monsoon and late rains in the Saurashtra Region a prime source of raw materials of quality and heavy interest and finance charges the profitability of the company was adversely affected.

In view of the loss incurred by your Company during the year under review your directors does not recommend dividend for the year 1998-99.

**3. PERSONNEL :**

Since there is no employee in the Company drawing monthly Salary of Rs. 50,000/- or more, the provisions of Section 217 (2-A) of the Companies Act, 1956 are not applicable.

**4. MATTER REQUIRED TO BE REPORTED AS PER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.**

**A. CONSERVATION OF ENERGY**

Continious efforts are put in to consume energy at all levels.

**B. TECHNOLOGY ABSORPTION.**

The Company is carrying R. & D. on its products. The Company is making efforts to improve its technology resulting in to cost reduction and product development. The Company has not imported any technology during the year under review.

**C. FOREIGN EXCHANGE EARNING AND OUTGO :- Nil**

**5. DIRECTORS :**

Mr. R. A. Jamal being longest in the office as director shall retire from office by rotation at the forthcoming Annual General Meeting and he is eligible to offer himself for reappointment.

Mr. S. R. Shah, Mr. A. A. Andani and Mr. B. M. Patel have been appointed as additional directors w.e.f. 17-10-98, 01-01-99 and 01-01-99 respectively and Mr. S. R. Shah and Mr. B. M. Patel have been appointed as whole time director w.e.f. 01-02-99 for a period of five years and Mr. A. A. Andani has been appointed as the Chairman and Managing Director w.e.f. 01-02-99 for a period of five years.

The Managing Director Mr. D. B. Patel has resigned from the board w.e.f. from 27-10-98. Mr. M. H. Alarakhia and Mr. H. D. Dedhia has resigned as director w.e.f. 01-03-99.

**6 AUDITORS :**

M/S. Dinesh R. Thakkar & Co., Chartered Accountants, Ahmedabad, the Auditors of the Company retires at the conclusion of the forthcoming Annual General Meeting and being eligible offers themselves for reappointment.

**7 Y2K COMPLIANCE :**

Your company has made preparations to enable its systems to operate normally.

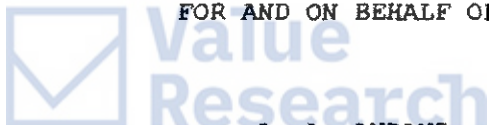
**8 APPRECIATION :**

The directors wish to place on record continued support of IDBI and Banks. The Directors further acknowledge the support received by the Company from its suppliers of goods and services, shareholders and employees and other agencies associated with the company.

PLACE : AHMEDABAD

FOR AND ON BEHALF OF THE BOARD.

DATE : 11-11-1999



A. A. ANDANI  
(CHAIRMAN )

AUDITORS' REPORT

To  
THE MEMBERS OF  
KENGOLD (INDIA) LIMITED

We have audited the attached Balance Sheet of KENGOLD (INDIA) LIMITED as at 31st March, 1999 annexed there to and report that:

- (1) As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board under Section 227 (4-A) of the Companies Act, 1956 and on the basis of such records as we considered appropriate and according to the information and explanation given to us during the course of our audit, We enclose 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 Accounts as required by law have been kept by the Company so far as appears from our examination of such Books of Accounts.
  - (c) The said Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the Books of Accounts.
  - (d) In our opinion, the Profit and Loss Account and the Balance Sheet comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 to the extent applicable except Gratuity, Leave encashment, which are accounted on cash basis.
  - (e) In our opinion and to the best of our information and according to the explanations given to us, the said balance sheet and the Profit & loss Account read together with the notes thereon particularly Note No. 6 regarding Non Receipt of balance confirmation in respect of advances recoverable in cash or kind and of amounts due from/to sundry debtors/sundry creditors and Note No. 2 regarding non provision of doubtful advances amounting Rs. 30.77 lacs gives 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 March, 1999
    - ii) In the case of Profit & Loss Account of the Loss of the Company for the year ended on that date.

PLACE : AHMEDABAD.

FOR DINESH R. THAKKAR & CO.  
Chartered Accountants

DATE : 11-11-1999.

(Dinesh R. Thakkar)  
Proprietor

## ANNEXURE TO THE AUDITORS' REPORT

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. The management has carried out a physical verification of the major items of its assets and as explained to us that no major discrepancies have been noticed on such verification. In our opinion the frequency of verification is reasonable.
2. None of the fixed assets has been revalued during the year.
3. The stock of raw materials and finished goods have been physically verified during the year by the management. In our opinion the frequencies of verification is reasonable.
4. The procedure of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
5. The discrepancies noticed on verification between physical stocks and book records are not material.
6. On the basis of our examinations of stock records, we are of the opinion that the valuation of the stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken any loans secured or unsecured from firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, and from the Companies under the same management as defined under Section 370 (1-B) of the Companies Act, 1956. However the company has taken unsecured loans from the company listed in the register maintained u/s 301 of the Companies Act, 1956. The terms and conditions for the same are not prima facie prejudicial to the interest of the company.
8. The Company has granted unsecured loans to the Company, as listed in the register maintained under Section 301 of the Companies Act, 1956. The terms and condition of such loans in our opinion, are prima facie, prejudicial to the interest of the Company. No secured or unsecured loans have been granted to the firms or other parties as listed in the register maintained under Section 301 of the Companies Act, 1956, and no secured or unsecured loans granted to the Companies under the same management within the meaning of Section 370 (1-B) of the Companies Act, 1956.
9. The parties to whom loans or advances in the nature of loans have been given by the Company are generally repaying the principle amounts and interest as stipulated except for certain cases as informed to us that where such payments are not received, reasonable steps have been taken for recovery of the same.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the Company and the nature of its business with regards to purchase of raw materials, stores and other assets and with regards to the sales of goods.

11. In our opinion and according to the information and explanation given to us, the transactions of purchase and sale of goods and materials made in pursuance of contracts or arrangement entered in the register maintained under Section 301 of the Companies Act, 1956. as aggregating during the year to Rs. 50,000/- or more, in respect of each party have been made at the prices which are reasonable having regard prevailing market prices for such goods, materials or the prices at which transactions for similar goods, materials have been made with other parties.
12. As explained to us, the Company has a system of determining unserviceable or damaged goods. Adequate provisions are being made in the Account for the loss arising on items so determined.
13. No deposits within the meaning of Section 58-A of the Companies Act, 1956 and rules framed there under have been accepted by the Company.
14. In our opinion the reasonable records for the sale and disposal of realisable scraps have been maintained by the Company. The Company has no by-products.
15. The Company has appointed an independent firm of Chartered Accountants for the internal Audits and control systems. In our opinion the internal audit system is adequate and commensurate with the size and nature of activities of the company.
16. The maintenance of cost records U/S.209 (1-d) of the Companies Act, 1956 is not made applicable to the Company.
17. According to the records of the Company Provident Fund and Employees State Insurance dues have been regularly deposited with the appropriate authorities.
18. According to the information and explanation given to us there were no amount outstanding in respect of undisputed Income-Tax Wealth Tax, Sales Tax, Custom Duty and Excise Duty which were due for more then six months from the date they became payable.
19. According to the information and explanation given to us and the records of the Company examined by us no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
20. The Company is not a 'Sick Industrial Company' within the meaning of clause (O) of Section 3(1) of Sick Industrial Company (Special Provision) Act 1985.

PLACE : AHMEDABAD

FOR DINESH R. THAKKAR & CO.  
Chartered Accountants

DATE : 11-11-1999

(Dinesh R. Thakkar)  
Proprietor.

## BALANCE SHEET AS AT 31ST MARCH 1999

	Sch.	Rupees	As At 31-03-1999 Rupees	As At 31-03-1998 Rupees
<b>I. SOURCES OF FUNDS :</b>				
1. Shareholders' Fund				
(a) Capital	1	8,01,55,000		8,01,55,000
(b) Reserves & Surplus		NIL		NIL
			8,01,55,000	8,01,55,000
2. Loan Funds	2			
(a) Secured Loans		1,91,76,705		1,73,03,509
(b) Unsecured Loans		34,52,077		16,31,500
			2,26,28,782	1,89,35,009
<b>T O T A L</b>			<b>10,27,83,782</b>	<b>9,90,90,009</b>
<b>II. APPLICATION OF FUNDS :</b>				
1. Fixed Assets (Gross Block)	3	7,07,68,433		7,03,95,969
Less : Depreciation		84,86,792		56,59,491
Net Block			6,22,81,642	6,47,36,478
2. Investments	4		45,62,630	37,20,962
3. Current Assets, Loans & Advances	5			
(a) Inventories		1,69,700		46,12,068
(b) Sundry Debtors		45,43,244		28,37,870
(c) Cash & Bank Balance		22,63,915		23,64,784
(d) Loans & Advances		1,18,82,842		1,36,50,092
			1,88,59,701	2,34,64,814
Less :-				
Current Liabilities & Provisions	6	50,12,343		66,24,576
NET CURRENT ASSETS			1,38,47,358	1,68,40,238
<b>III. MISCELLANEOUS EXPENDITURE</b>	7		49,62,076	55,82,335
Profit & Loss A/c.			1,71,30,076	82,09,996
<b>T O T A L</b>			<b>10,27,83,782</b>	<b>9,90,90,009</b>
Notes Forming part of Accounts 14				

As per our attached report  
of even date  
For DINESH R. THAKKAR & CO.  
CHARTERED ACCOUNTANTS

(DINESH R. THAKKAR)  
Proprietor

Place : Ahmedabad  
Date : 11-11-99

For & on behalf of the board of  
Directors

MR. A. A. ANDANI - MANAGING DIRECTOR

MR. B. M. PATEL - DIRECTOR

Place : Ahmedabad  
Date : 11-11-99



## PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 1999

	Schedule	1998-99 Rupees	1997-98 Rupees
<b>INCOMES</b>			
Sales:			
Process Goods		1,55,01,030	1,54,04,191
Trading		56,13,327	NIL
		2,11,14,357	1,54,04,191
Other Incomes		11,83,972	4,99,411
Variation in Stock	8	(34,73,698)	32,84,655
		1,88,24,631	1,91,88,257
<b>T O T A L</b>			
<b>EXPENDITURES</b>			
Raw Material Consumption	9	1,03,82,304	1,52,67,248
Purchase of Traded Goods		53,66,020	NIL
Manufacturing Expenses	10	21,21,181	20,64,770
Administrative Expenses	11	27,76,973	26,78,962
Selling & Distribution Expenses	12	7,92,930	8,22,845
Financial Charges	13	34,78,003	28,40,134
Depreciation	3	28,27,300	28,18,370
		2,77,44,711	2,64,92,329
<b>T O T A L</b>			
Profit (Loss) Before Taxation		(89,20,080)	(73,04,072)
Provision for Taxation		NIL	NIL
Profit (Loss) After Taxation		(89,20,080)	(73,04,072)
Prior period adjustment		NIL	22,96,241
Loss on Investment		NIL	(3,28,820)
Brought Forward Profit (Loss)		(82,09,996)	(28,73,345)
Balance carried over to Balance Sheet		(1,71,30,077)	(82,09,996)

As per our attached report  
of even date  
For DINESH R. THAKKAR & CO.  
CHARTERED ACCOUNTANTS

(DINESH R. THAKKAR)  
Proprietor

For & on behalf of the board of  
Directors

MR. A. A. ANDANI - CHAIRMAN & MANAGING  
DIRECTOR

MR. B. M. PATEL - DIRECTOR

Place : Ahmedabad  
Date : 11-11-99

KENGOLD (INDIA) LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET

SCHEDULE 1

SHARE CAPITAL	As at 31-03-99 Rupees	As at 31-3-98 Rupees
ATHOURISED		
1,40,00,000 (1,40,00,000) Equity Shares of Rs.10/- each	14,00,00,000	14,00,00,000
ISSUED, SUBSCRIBED & PAID UP		
1) 80,15,500 (80,15,500) Equity Shares of Rs. 10/- each fully paid up	8,01,55,000	8,01,55,000
T O T A L	8,01,55,000	8,01,55,000

SCHEDULE 2

LOAN FUNDS	As at 31-03-99 Rupees	As at 31-3-98 Rupees
SECURED LOANS		
From :		
Industrial Development Bank of India (Secured against hypothecation of Land, Building and plant & Machinery.)	1,37,80,000	1,37,80,000
Interest accrued and due on above loans	39,87,500	7,05,476
Indian Bank, Naranpura Br. ( OD against FDRs.)	1,77,67,500	1,44,85,476
	14,09,205	28,18,033
UNSECURED LOANS		
Inter Corporate Deposits	7,11,370	16,31,500
Others	27,40,707	Nil
T O T A L	2,26,28,782	1,89,35,009

KENGOLD (INDIA) LIMITED

SCHEDULE 3

FIXED ASSETS										
F I X E D A S S E T S	GROSS BLOCK (AT COST)				DEPRECIATION				N E T B L O C K	
	As on	Addit-	Ded-	Total	Up to	For the	Dedu-	Total	31/03/99	31/03/98
	1/4/98	ion	uct-	as on	31/03/98	Year	ction	as on		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
LAND (Including Site Devpt.)	3284164	NIL	NIL	3284164	NIL	NIL	NIL	NIL	3284164	3284164
PLANT & MACHINERY	36949117	268067	NIL	37217184	3493575	1756918	NIL	5250493	31966691	33455542
FACTORY BLDG	27275498	101667	NIL	27377165	1792464	914123	NIL	2706587	24670578	25483034
OFFICE BLDG	1037471	NIL	NIL	1037471	33821	16912	NIL	50733	986738	1003650
FURNITURE & FIXTURE	791442	2730	NIL	794172	98616	50266	NIL	148882	645290	692826
TUBE WELL	64727	NIL	NIL	64727	3217	1055	NIL	4272	60455	61510
OFFICE EQUIPMENTS	275922	NIL	NIL	275922	30483	13106	NIL	43589	232333	245439
VEHICLES	533637	NIL	NIL	533637	160672	50696	NIL	211368	322269	372965
COMPUTER & SOFTWARE	135126	NIL	NIL	135126	43411	21904	NIL	65315	69811	91715
TOOLS	16228	NIL	NIL	16228	1542	771	NIL	2313	13915	14686
ELECTRIC GOODS	32637	NIL	NIL	32637	1690	1550	NIL	3240	29397	30947
T O T A L	70395969	372464	NIL	70768433	5659491	2827301	NIL	8486792	62281641	64736478
Prev. Year	70301055	94914	NIL	70395969	2841121	2818370	NIL	5659491	64736478	67459934

## SCHEDULE 4 :

## INVESTMENTS (AT COST)

As At 31-03-99 Rupees	As At 31-3-98 Rupees
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## UNQUOTED

## Government Securities

## National Saving Certificates

(Lodged as security with civil supply Dept.)

4,500

4,500

## QUOTED

Sr. No.	Name of the Company	No. of Shares		Face Value	M.V. Value as on 31.03.99	As At 31-03-99 Rupees	As At 31-3-98 Rupees
		As on 31.3.99	As on 31.3.98				
<b>Fully paid-up.</b>							
1.	Essar Oil Ltd.	1500	1500	10	19500	67,500	67,500
2.	Hero Honda Motors Ltd.	25	25	10	9450	5,825	5,825
3.	Jay Bharat Maruti Ltd.	200	200	10	N.A.	21,730	21,730
4.	Smithkline Beecham Phar. (I) Ltd	NIL	50	10	NIL	NIL	13,332
5.	Aptech India Ltd.	10	10	10	8940	6,675	6,675
6.	I C I C I	40	40	10	N.A.	9,300	9,300
7.	Tata Chemicals Ltd.	10	10	10	1730	3,870	3,870
8.	Castrol India Ltd.	30	80	10	20430	27630	27,630
9.	Emerck (India) Ltd.	100	100	10	28500	18,100	18,100
10.	Cromatic Dyestuff Ltd.	50000	50000	10	N.A.	30,00,000	30,00,000
11.	Bobshell Electrodes Ltd.	31900	31900	10	N.A.	3,19,000	3,19,000
12.	Hindustan Credit Capital Ltd.	10900	10900	10	N.A.	1,09,000	1,09,000
13.	Shaw Wallace Gelatines Ltd.	3000	3000	10	96000	1,03,500	1,03,500
14.	Smithkline Beecham Con.Hel.Ltd	70	10	10	44450	BONUS	BONUS
15.	Growmore Solvent Ltd.	450000	NIL	10	-	8,55,000	NIL
<b>Partly paid-up.</b>							
1.	Jindal Vijay Nagar Still Ltd.	2200	2200	10	13200	11,000	11,000
<b>TOTAL</b>						<b>45,62,630</b>	<b>37,20,962</b>

(N.A. denotes Not Available)

## SCHEDULE 5 :

CURRENT ASSETS, LOANS & ADVANCES	As At 31-03-99		As At 31-3-98	
	Rupees	Rupees	Rupees	Rupees
A] INVENTORIES				
As taken Valued & certified by the management)				
Raw Materials	Nil		6,87,733	
Finished Goods	84700		35,58,398	
Packing Materials	85000		3,65,937	
		1,69,700	46,12,068	
B] SUNDRY DEBTORS				
(Unsecured Considered Good)				
(a) Debts outstanding for a period exceeding six months	11,04,100		8,86,251	
(b) Other Debts	34,39,144		19,51,619	
		45,43,244	28,37,870	
C] CASH & BANK BALANCE				
CASH ON HAND	1,73,008		2,61,853	
BALANCE WITH SCHEDULE BANKS :				
In Current Accounts	10,235		22,259	
In Refund A/c. (Public Issue)	3,11,569		3,11,569	
In Fixed Deposit Account	17,69,103		17,69,103	
		22,63,915	23,64,784	
D] LOANS & ADVANCES				
1) Security Deposits	3,66,455		3,58,455	
2) Inter Corporate Deposits	Nil		20,00,000	
3) Advances to be recoverable in cash or kind or Value to be received	1,15,16,387		1,12,91,637	
		1,18,82,842	1,36,50,092	
T O T A L		1,88,59,701	2,34,64,814	

## SCHEDULE 6 :

CURRENT LIABILITIES & PROVISIONS	As At 31-03-99		As At 31-3-98	
	Rupees	Rupees	Rupees	Rupees
Sundry Creditors		42,62,398		58,77,507
Refund Account (Public Issue)		4,15,134		4,15,134
Expenses Payable & Provision		3,34,811		3,31,935
Income Tax Payable		Nil		NIL
T O T A L		50,12,343		66,24,576

SCHEDULE 7 :

MISCELLANEOUS EXPENDITURE (To the extent of not written off or adjusted)	As At 31-03-99 Rupees	As At 31-3-98 Rupees
Preliminary & Public Issue Expenses	49,62,076	55,82,335
T O T A L	49,62,076	55,82,335

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

SCHEDULE 8 :

Variation in Stock	1998-99 Rupees	1997-98 Rupees
Opening Stock	35,58,398	2,73,743
Less: Closing Stock	84,700	35,58,398
T O T A L	(34,73,698)	32,84,655

SCHEDULE 9 :

RAW MATERIAL CONSUMPTION	1998-99 Rupees	1997-98 Rupees
Opening Stock	6,87,733	1,27,588
Purchases	96,94,571	1,58,27,393
	1,03,82,304	1,59,54,981
Less: Closing Stock	Nil	6,87,733
T O T A L	1,03,82,304	1,52,67,248

SCHEDULE 10 :

MANUFACTURING EXPENSES	1998-99 Rupees	1997-98 Rupees
Production Exp.	4,000	28,248
Packing Material Consumed	6,77,209	5,19,747
Freight Inward	96,064	3,47,906
Power & Fuel	7,77,216	7,69,725
Others	5,66,692	3,99,144
T O T A L	21,21,181	20,64,770

## SCHEDULE 11 :

ADMINISTRATIVE EXPENSES	1998-99 Rupees	1997-98 Rupees
Payment & Provision made for Employees	6,80,836	4,66,985
Rent, Rates, Taxes & Electricity	50,351	77,166
Traveling, Conveyance & Vehicle Exp.	2,14,143	2,72,720
Printing, Stationery, Advt. & Postage	2,88,624	1,67,054
Legal & Professional Charges	4,28,726	6,17,066
Repairs & Maintenance		
To Machinery	1,56,866	1,32,063
To Buildings	21,872	Nil
To Others	12,978	16,631
Auditor's Remuneration	1,91,716	1,48,694
As Audit fees	20,000	20,000
Director Remuneration	1,20,000	1,17,000
Insurance	56,954	14,440
General Expenses	1,05,364	1,57,578
Public Issue Exp. written off	6,20,259	6,20,259
<b>T O T A L</b>	<b>27,76,973</b>	<b>26,78,962</b>

## SCHEDULE 12 :

SELLING & DISTRIBUTION EXPENSES	1998-99 Rupees	1997-98 Rupees
Adv. & Sales Promotion Exp.	64,397	66,360
Brokerage Exp.	40,325	1,35,357
Export Exp.	98,715	NIL
Freight Octroi Out Ward Exp.	3,31,344	3,55,615
Sales Tax	2,58,149	2,31,976
Bad & Doubt Ful Debt Provision	NIL	33,537
<b>T O T A L</b>	<b>7,92,930</b>	<b>8,22,845</b>

## SCHEDULE 13 :

FINANCIAL CHARGES	1998-99 Rupees	1997-98 Rupees
Intrest and Financial Charges	34,78,003	28,40,134
<b>T O T A L</b>	<b>34,78,003</b>	<b>28,40,134</b>

## SCHEDULE 14 :

## NOTES FORMING PART OF ACCOUNTS

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1999.

## 1. SIGNIFICANT ACCOUNTINGS POLICIES

## (a) General :

i) The Accounts are prepared on accrual basis and are in accordance with the historical cost basis and on the accounting principles of a going concern.

ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

(b) Fixed Assets : Fixed Assets are stated at cost less depreciation. Cost includes cost of acquisition, inward freight, duties, taxes and other expenses related installation and also includes Pre-Operative project expenditure allocated amongst various assets.

(c) Depreciation : The Company provides depreciation on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

(d) Investments : Investments are stated at cost as they are held on long term basis, no provision has been made for fall in the value thereof.

(e) Misc. Expenditure : The Public Issue and Preliminary Expenses are being written off over a period of ten years.

(f) Sales : Sales are inclusive of Sales Tax.

(g) Retirement benefits : The liability for retirement benefits including gratuity in respect of employees is accounted for on cash basis.

(h) Inventories : Raw Materials and Finished Goods are valued as under

Raw Material - At Cost.  
 Finished Goods - At Lower of Cost or Market Value.  
 Others - At Estimated Value

2. In the opinion of the management the current assets, Loans and Advances have a value on realisation in the ordinary course of business, at least equal to amount at which they are stated in the balance sheet except loans and advances of Rs.30.77 (Rs.30.82) Lacs considered doubtful not provided in the books of accounts. The provision for depreciation and other known liabilities is adequate and not in excess what is required.

3. In view of losses no provision have been made for Income Tax.

4. Previous years' figures have been regrouped and rearranged wherever necessary to confirm with current years' classification.



5. Managerial remuneration under Section 198 of the Companies Act, 1956.
- |            | 1998-99      | 1997-98      |
|------------|--------------|--------------|
| Salary     | Rs. 1,20,000 | Rs. 90,000   |
| Allowances | Rs. Nil      | Rs. 27,000   |
|            | Rs. 1,20,000 | Rs. 1,17,000 |
6. The Company has yet to obtain balance confirmation from various debtors, creditors and in respect of loans and advances, adjustment, if any, will be made on receipt of the same.
7. Information regarding Foreign Exchange earning/expenditure.
- Value of imports on CIF Value basis. : NIL
  - Expenditure on Technical Know-how : NIL
  - Consumption of Raw Material Stores and Spares and (%) thereof
- |                                       | Raw Materials                | Components and Spare parts |
|---------------------------------------|------------------------------|----------------------------|
| i. Imported                           | Nil<br>(Nil)                 | Nil<br>(Nil)               |
| Indigenous                            | 1,03,82,304<br>(1,52,67,248) | Nil<br>(Nil)               |
| Total                                 | 1,03,82,304<br>(1,52,67,248) | Nil<br>(Nil)               |
| ii. Percentage of total Consumption   |                              |                            |
| Imported                              | Nil<br>(Nil)                 | Nil<br>(Nil)               |
| Indigenous                            | 100%<br>(Nil)                | Nil<br>(Nil)               |
| Total                                 | 100%<br>(100%)               | Nil<br>(Nil)               |
| d. Export value of goods on FOB basis | Rs. NIL ( Nil )              |                            |
8. The Company does not owe any sum to S.S.I. undertaking.
9. Legal documents are yet to be executed in respect of office building amounting to Rs. 4,50,000/-.
10. Contingent liability not provided
- (a) In respect of unpaid calls on partly paid up shares Rs. 11,000/-.
11. Investment mentioned in Schedule No. 4. includes certain Investment held in the name of the Director on behalf of the Company. Dividend etc. on the same are accounted on the actual recovery from the director.
12. As explained by the Management the Company does not expect any Sales Tax liability than provided in the books.
13. Refund Account for share application money of public issue stands on credit side and balance with State Bank Of Saurashtra for the same is subject to reconciliation.

14. Additional Information :  
Capacity : License is not required and installed capacity is 6500 MT per annum.

(A) Details of Trading Activities.

ITEMS	OPENING STOCK		PURCHASES		SALES		CLOSING STOCK	
	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.
Ground Nut	NIL (NIL)	NIL (NIL)	64530 (NIL)	10.42 (NIL)	64530 (NIL)	11.42 (NIL)	NIL (NIL)	NIL (NIL)
G.N. oil	NIL (NIL)	NIL (NIL)	115953 (NIL)	43.24 (NIL)	115953 (NIL)	44.71 (NIL)	NIL (NIL)	NIL (NIL)
				53.66 (NIL)		56.13 (NIL)		NIL (NIL)

(B) Raw Material Consumption

ITEMS	UNIT	CONSUMPTION	
		Qty. (Kg.)	Value. (Rs.)
Groundnut	Kg.	534392 (1037154)	103.82 (152.67)
			103.82 (152.67)

KENGOLD (INDIA) LIMITED

(C) Details of Finished Goods

ITEMS	OPENING STOCK		PURCHASE		PRODCN	SALES		CONSUMN	CLOSING STOCK	
	Qty. (Kg.)	Value (Rs.)	Qty. (Kg.)	Value (Rs.)	Qty (Kg.)	Qty (Kg.)	Value (Rs.)	Qty. (Kg.)	Qty. (Kg.)	Value (Rs.)
Groundnut	139545	35.58	202231	36.11	293158	631997	155.01	NIL	2937	0.85
	(8,383)	(02.05)	(184809)	(39.40)	(572111)	(596630)	(152.71)	(29128)	(139545)	(35.58)
Groundnut	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(Tukda)	(2,996)	(0.55)	(NIL)	(NIL)	(3765)	(6751)	(01.33)	( 10)	(NIL)	(NIL)
Groundnut	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Oil	(361)	(0.07)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(361)	(NIL)	(NIL)
Sesame	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(Finish)	(224)	(0.06)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(224)	(NIL)	(NIL)
		35.58		36.11			155.01			0.85
		(2.73)		(39.40)			(154.04)			(35.58)

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT,  
1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

## 1. REGISTRATION DETAILS :

Registration No. 1 9 6 3 3 State Code 0 4  
Balance Sheet Date 31/03/99

## 2. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousand)

Public Issue	Right Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

## 3. POSITION OF MOBILISATION AND DEVELOPMENT OF FUND(Amount in Rs. Thousand)

Total Liabilities	Total Assets
1 0 2 7 8 4	1 0 2 7 8 4

## SOURCES OF FUNDS

Paid-Up Equity Share Capital	Reserve & Surplus
8 0 1 5 5	N I L
Paid-Up Pref. Share Capital	Unsecured Loan
N I L	3 4 5 2
Secured Loans	
1 9 1 7 7	

## APPLICATION OF FUNDS

Net Fixed Assets	Investments
6 2 2 8 2	4 5 6 3
Net Current Assets	Misc. Expenditure
1 3 8 4 8	4 9 6 2
Accumulated Losses	
1 7 1 3 0	

## 4. PERFORMANCE OF COMPANY (Amount in Rs. Thousand)

Turnover	Total Expenditure
2 1 1 1 4	2 7 7 4 4
Profit / Loss Before Tax	Profit/Loss After Tax
+ -	+ -
- 8 9 2 0	- 8 9 2 0
Earning per share in Rs.	Dividend Rate %
N.A.	N.A.

## 5. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF COMPANY

(as per monetary terms)

- Item Code No.  
(ITC Code) 0 8 0 1 3 0 0 3

As per our attached report  
of even date

For DINESH R. THAKKAR & CO.  
CHARTERED ACCOUNTANTS

(DINESH R. THAKKAR)

Proprietor

Place : Ahmedabad

Date : 11-11-99

For & on behalf of the board of  
Directors

MR. A. A. ANDANI - CHAIRMAN & MANAGING  
DIRECTOR

MR. B. M. PATEL - DIRECTOR

Place : Ahmedabad

Date : 11-11-99

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-1999

(Rs. in lac)

	31.03.1999	31.03.1998
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit After Tax & Extraordinary Items	:(101.04):	(58.36):
Adjustment for	:	:
Depreciation	: 28.27 :	28.18 :
Foreign Exchange	: - :	- :
Investments	: - :	- :
Interest/dividend/others	: 11.84 :	4.99 :
Operation Profits Before Working Capital Change:	(60.93):	(25.12):
Adjustments for	:	:
Trade and other receivables	: (17.05):	12.52 :
Inventories	: 44.42 :	(41.07):
Trade Payables	: (16.12):	20.55 :
Loans & Advances	: 17.67 :	19.65 :
Misc. Expenditure	: 6.21 :	(30.30):
Cash Generated From Operations	: - :	- :
Interest Paid	: - :	- :
Direct Taxes Paid	: - :	- :
Cash Flow Before Extraordinary Items	: - :	- :
Net Cash From Operating Activities	: (25.80):	(43.84):
<b>B. CASH FLOW FOR INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	: (3.72):	(0.95):
Sale of Investments	: - :	- :
Acquisitions of Companies	: - :	- :
Purchase of Investments	: (8.41):	(1.14):
Sales of Investments	: - :	- :
Interest Received	: - :	- :
Dividend Received	: - :	- :
Net Cash Used In Investing Activities	: (12.13):	(2.09):
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from issue of Share Capital	: - :	- :
Proceeds from long term Borrowings	: 36.93 :	59.35 :
Repayment of Finance Lease Liabilities	: - :	- :
Dividend Paid	: - :	- :
Net Cash Used in Financing Activities	: 36.93 :	59.35 :
	:	:
Net decrease in cash and cash Equivalents	: (1.00):	13.42 :
Cash and Cash Equivalents As at 01-04-98	: 23.65 :	10.23 :
Opening Balance)	:	:
Cash and Cash Equivalents As at 31-03-99	: 22.65 :	23.65 :
(Closing Balance)	:	:

For &amp; on behalf of the board

MR. A. A. ANDANI - MANAGING DIRECTOR

MR. B. M. PATEL - DIRECTOR

## AUDITORS' CERTIFICATE

We have examined the attached Cash Flow Statement of KENGOLD (INDIA) LIMITED for the year ended 31st March, 1999. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of Listing Agreements with various stock exchanges and is based on and in Agreement with the corresponding Balance Sheet of the Company covered by report of 11th November, 1999 to the members of the Company.

For DINESH R. THAKKAR & CO  
CHARTERED ACCOUNTANTSPlace : Ahmedabad  
Date : 11-11-99(DINESH R. THAKKAR)  
Proprietor

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