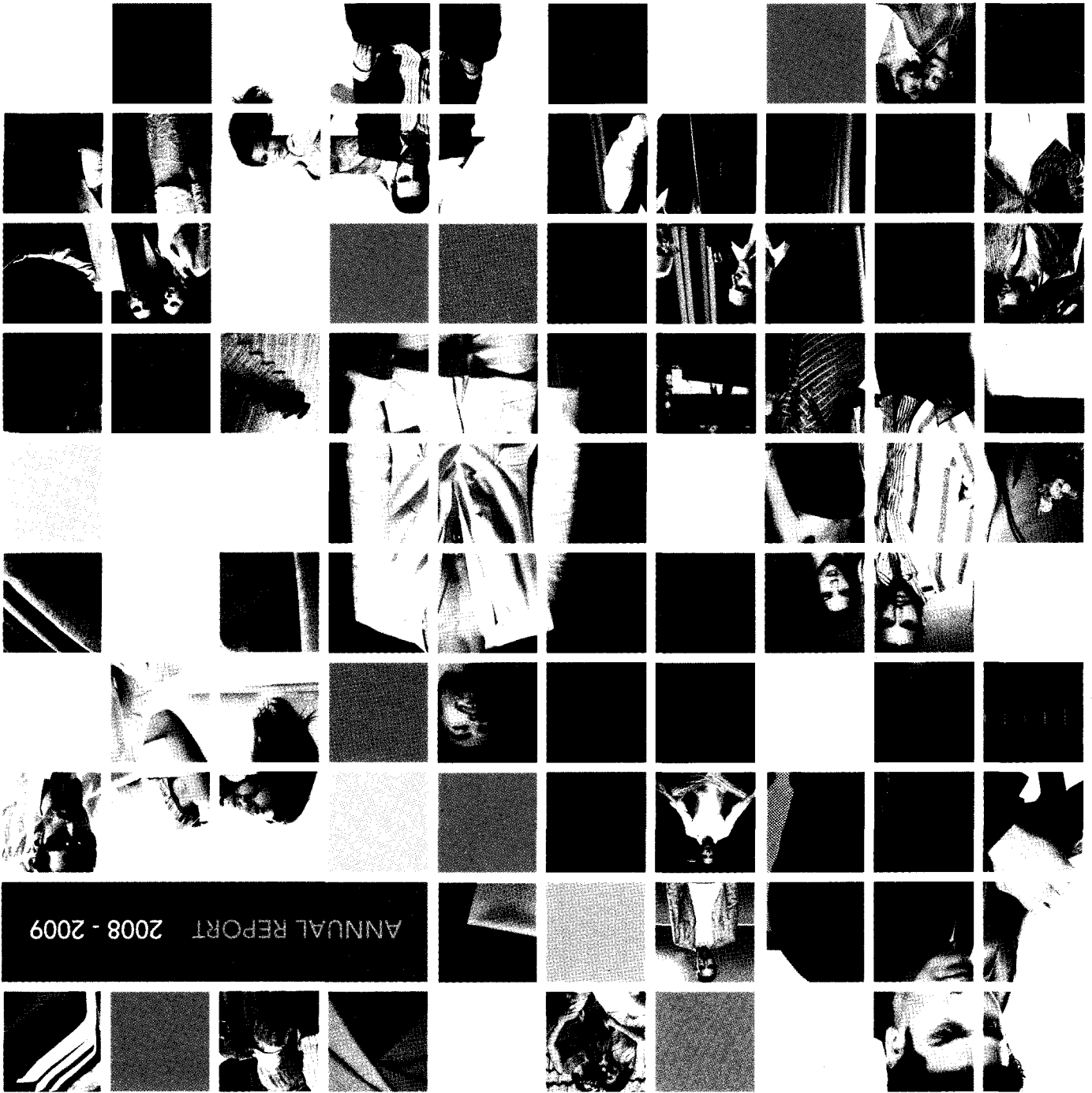


# FABRIC TO FASHION



ANNUAL REPORT 2008 - 2009

Kamadgiri Synthetics Ltd.



**KSL**

**Kamadgiri Synthetics Ltd.**



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Kamadhiri Synthetics Ltd.

BOARD OF DIRECTORS

MR. PRADIP KUMAR GOENKA	: CHAIRMAN & MANAGING DIRECTOR (PROMOTER)
MR. LALIT KUMAR GOENKA	: WHOLE TIME DIRECTOR (PROMOTER)
MR. TILAK PRADIP GOENKA	: DIRECTOR (PROMOTER)
MR. MURARILAL GOENKA	: DIRECTOR (INDEPENDENT NON EXECUTIVE)
MR. SUBASH KUMAR KEDIA	: DIRECTOR (INDEPENDENT NON EXECUTIVE)
MR. MADHUSUDAM SINGRODIA	: DIRECTOR (INDEPENDENT NON EXECUTIVE) (W.E.F.15.7.2008)

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AUDITORS	: R.S. AGRAWAL & ASSOCIATES. CHARTERED ACCOUNTANTS, MUMBAI.
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BANKERS	: STATE BANK OF HYDERABAD BANK OF BARODA BOMBAY MERCANTILE CO-OP BANK LTD.
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REGISTERED OFFICE	: 28, Y.A CHUNAWALA IND. ESTATE KONDIVITA LANE, ANDHERI (EAST) MUMBAI - 400 059. WEBSITE: <a href="http://www.kslindia.in">www.kslindia.in</a>
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FACTORY	: 43/2, GANGA DEVI ROAD, UMBERGAON - 396171 DIST - VALSAD (GUJ.).  C-4/2/2,MIDC,TARAPUR, DIST.: THANE - 401 506.  J-72/1,MIDC,TARAPUR, DIST.:THANE - 401 506.
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REGISTRAR & SHARE TRANSFER AGENT	: SHAREX DYNAMIC (INDIA) PVT. LTD. UNIT NO.1, LUTHRA INDUSTRIAL PREMISES SAFED POOL, ANDHERI KURLA ROAD, ANDHERI EAST, MUMBAI - 400 072. TEL: 022 28515606/ 28515644. FAX: 022 - 28512885. Email: <a href="mailto:sharexindia@vsnl.com">sharexindia@vsnl.com</a>
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VENUE OF ANNUAL GENERAL MEETING	: HOTEL SUNCITY RESIDENCY, SIXTEENTH ROAD, MIDC, OPP. PRASAD BUILDING, ANDHERI (EAST), MUMBAI - 400 093. TEL. NO. 022 - 2830 6131 / 6136
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Kamadgiri Synthetics Ltd.

## Dear Stakeholders

It is with great pleasure that I present you the Annual Report for the Financial Year 2008-09 of Kamadgiri Synthetics Limited. It has been an eventful year for us and your company is now poised to reach a point of inflection in the very near future.

The fashion and apparel industry is estimated to be around \$34 billion in India and is growing at a healthy double-digit rate. Driving this growth has been the emergence of modern retailing, backed by steadily increasing income levels and consumer aspirations in the country. Modern retail itself is growing by around 30% per annum and the fashion retailing is the most organized among all segments in modern retail. Almost 40% of the fashion market is now captured by modern retailers and leading this segment is menswear category that captures close to half of the market.

The long term objective in your company has been to closely align with the modern retailing in India, while continuing to capture existing opportunities in the traditional space. Over the years, we had made significantly large investments in bringing home the best technologies, talent and expertise in weaving and manufacturing value chain of the fashion industry. This has given us a strategic advantage over our competitors in this space.

The process of aligning with the modern retailing had begun with the merger of Stripes Apparel in the previous financial year. Stripes Apparel is one of the leading suppliers of private brands to almost every large modern retail chain in the country. I am happy to share that the acquisition has integrated well with the existing business operations of the company.

In the meantime, we had also prototyped two concepts –

Cloth Centre and Bangkok Fashion – that could help us directly reach out to the customers. Both these concepts have successfully passed the prototype phase and are now being expanded at fast pace across the country.

The most significant development this year has been the strategic partnership we have entered with Future Group. Apart from providing a fast growing market for our manufactured products through Future Group's popular retail chains like Fashion@Big Bazaar, Pantaloons, Central and Brand Factory, the partnership will also help take our organization to the next level. As a strategic partner to Future Group, not only do we now have access to the group's proven customer knowledge and insights but also its extensive business infrastructure that has been built over the years.

Going forward, Future Group will be guiding us in talent acquisition and development as well as scaling up our logistics and supply chain network, building our technology and infrastructure backbone and providing economies of scale and business efficiencies across our business.

While we will continue to invest, innovate and develop our manufacturing capabilities, our partnership with Future Group will help us build a long term, sustainable business model that will create value for every stakeholder.

Two decades ago we had embarked on a journey with a dream to create an entire value chain that extends from the fabric sourcing markets to the homes of Indian customers. Today, as we move closer to realizing this dream we would like to thank all our investors, business partners, employees and every stakeholder for the trust and encouragement that you have provided us and we sincerely hope to earn the same in the days ahead.

Warm regards  
Pradip Kumar Goenka  
Chairman

# FABRIC<sub>TO</sub> FASHION



## WEAVING

Fully Automatic  
European shuttle-less weaving  
machines producing 6 million  
meters of world-class fabrics

**K  
S  
L** **TRUE VALUE**  
VALUE FOR MONEY FABRICS

**TRUE LINEN**  
It's 100%

**HOWARD ROARK**  
Exploit the power within you

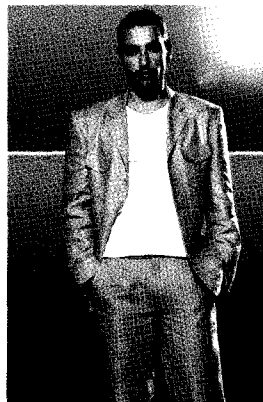
Pan India Network

**DISTRIBUTION**

# KSL

Kamadgiri Synthetics Ltd.





# INDIAN FASHION MARKET

POISED FOR GROWTH

The Indian fashion and apparel market is estimated to touch Rs. 1,715 billion by 2010, growing at over 15% annually for the past five years. A significant factor driving the growth of this industry is the emergence of modern retail. The emergence of modern retail has fuelled the consumer aspirations and higher per capita consumption of textiles.

Apparel is the largest organized retail category, representing 39 per cent of organized retail market. It is growing at the rate of 12-15 percent per annum. The current market size of organized apparel retail is approximately US\$ 12 billion and is expected to grow to US\$ 16 billion by 2011.

The organized apparel market is expected to grow at the rate of 30 per cent after 2010 from current 12-15 per cent. The disposable income of Indian consumers is rising and they are becoming brand conscious especially urban youth. Leading the category is Menswear accounting for 45% of the market.

KSL is designed to align with the modern retail segment in India with strong focus on menswear and westernwear market in India.

## By Numbers

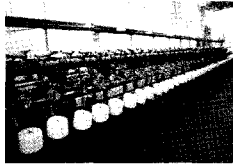
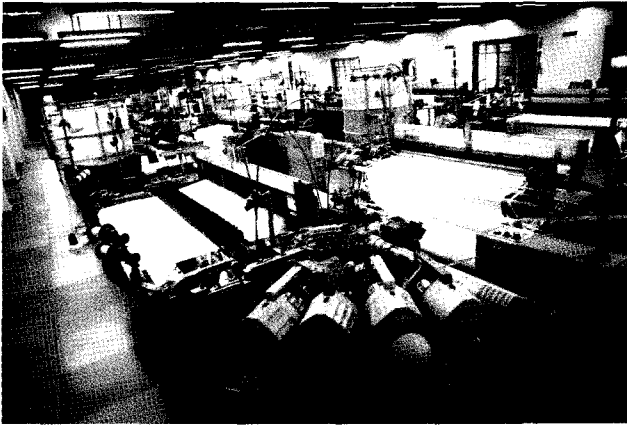
**Fashion Market By 2010:** \$35 billion

**Share of Modern Retail:** 39%

**Expected Growth of Fashion in Modern Retail:** 30%

**Share of Menswear:** 45%





# WEAVING

PIONEERS IN PERFECTION

Pioneers of shuttle-less weaving in India, KSL truly weaves its success story in more ways than one through fabrics in an array of colours and textures from vibrant and contemporary to classic and subdued.

At KSL, we invest in equipment and technology that ensures adherence to the highest quality standards. This is evident in the use of fully automatic shuttle-less weaving machines imported from Italy, Switzerland and Germany that boast of multiple dobbie attachments and electronic name writing jacquards that manufacture multidimensional fabrics in various weaves and blend compositions like 100% cotton, 100% polyesters, wool, linen, polyviscose, polycot, along with specialty fabrics like polumodals, polylycras and so on. As a result, of these state-of-the-art weaving units, KSL produces around 6 million meters of world-class fabrics annually.

### By Numbers

56 Sulzer Weaving M/C

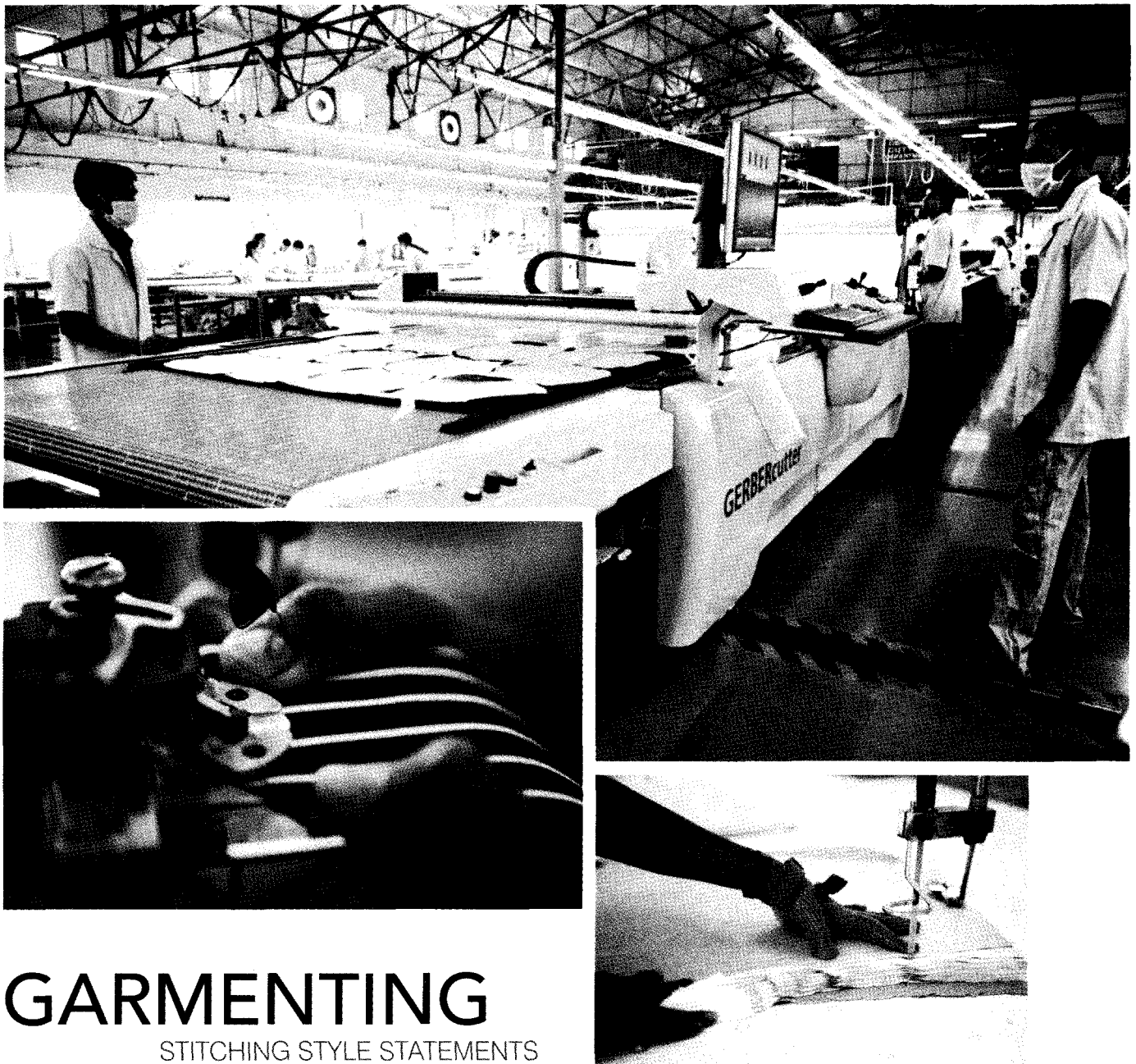
20 Somet Weaving M/CS

24 Dornier Weaving M/CS

Beninger Warpers

Automated Sizing M/C

**Annual Production:** 6 million meters of fabric

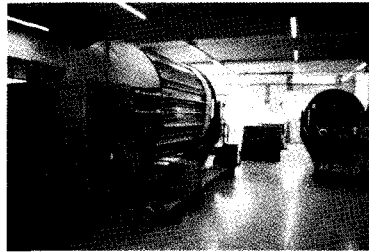


# GARMENTING

STITCHING STYLE STATEMENTS

Our experience in the garment industry coupled with our use of world-class equipment and technology places our garments ahead of competition internationally. Our superior quality fabric and meticulous craftsmanship results in garments that are 'works of art.'

Offering every conceivable styles of clothing including suits, shirts and waistcoats, the vast range of bespoke garments that are created by the service are ideal for customers from all market segments.



## INNOVATION, DESIGN & RESEARCH

STRENGTHENING GROWTH

Since its inception, KSL has been driven and committed to innovation and design. This lead to the establishment of a well-equipped research and development section that keeps track of latest fashion trends along with changing tastes and preferences of buyers across the globe.

Our core team of design professionals constantly experiment and ideate with the help of the CAD facilities in the studio. This team regularly visits and actively participates in international fashion events and trade shows to keep abreast of developments in patterns, textures and new age fabric blends. We work in close coordination with spinning industries to create new years. We also forge associations with teams of experts and consultants to identify possibilities for commercial exploitation.



## TRUE VALUE BRANDS

NATIONAL FOOTPRINT

KSL True Value reigns as the leading brand in the domestic and international suiting markets for its feel, comfort, finish and style that blends class with global trends. Its popularity over the years is a result of the luxurious drape and fall of the fabric, ready availability across the country and value based pricing. This is made possible by the design teams' efforts to innovate and improvise, supported by KSL's upto the date and highly efficient technological capabilities.

Its packaging and folding division at Kalher is ISO-9001 certified facility to ensure high quality standards. It is KSL's persistent commitment towards its customers to deliver the best in terms of quality and comfort that has been the driving factor in its high patronage among its customers.

In addition to the flagship brand, KSL has introduced two premium brands Howard Roark and True Linen that adds to the range and choice for its customers. These brands now have an extensive distribution network across the length and breadth of the country, with the company having established strong relationships with leading wholesalers and distributors of the country.





# STRIPES APPAREL

PRIVATE BRANDS FOR INDIA'S MODERN RETAILERS

Incorporated with the objective of riding on the huge growth in the modern retail sector, Stripes is the preferred manufacturer for India's leading retailers including Future Group, Globus, Wills Lifestyle, John Players, Thomas Scott, Cottons by Century, Spykar, Provogue and leading international labels like Tesco, Debenhams, Red Herring, Next and Perry Ellis.

Spread over 100,000 square feet, the manufacturing facilities located in Boisar-Tarapur industrial zone in Maharashtra employs over 1000 skilled workers and houses some of the most advanced equipments imported from Germany, UK and Japan. The plant has an annual capacity of 2.7 million tops or shirts and is backed by a dedicated garment engineers & designers, ISO quality certification and technical and ethics compliance reports for international supply compliance.

A state-of-the-art laundry fully equipped with automatic machinery and a processing capacity of over 3,000 garments a day has been set up and an embroidery unit is being planned equipped with single head and multi-head embroidery machines producing logos, simple and complex embroideries fulfilling a requirement of more than 3,000 units per day.

#### By Numbers:

**Skilled Manpower:** 1000

**Annual Capacity:** 2.7 million shirts

**Machine Makes:** Beisler, Union Special, Reece & Brother, Kansai, Strobel, Maier, Leggers, Toppers, Bellow, Ramson & Weisi, Pfaff, Brimato, Rimoldi, Nagaishing, Brother & Juki

**Retailer Brands:** John Miller, Scullers, Debenhams, Provogue, Cottons by Century, Next, Bare, DJ&C.



# RETAILING

DIRECT CONNECT TO CUSTOMERS

KSL has been a pioneer in setting up the first pan-India retail network located within leading shopping malls and modern retail outlets for its fabric through two concepts: Bangkok Fashion and Cloth Centre

Building upon its extensive experience in the garment industry, KSL launched a first-of-its-kind concept in India, Bangkok Fashion, which offers customized tailoring service with the garment fitted to perfection within 72 hours. The company provides customers with a professional tailoring service and has its own fitting rooms where consultations can take place. The experienced personnel ensure clients feel a new bout of confidence in their bespoke garment. The service is designed to be time efficient, convenient and personalized for every customer.

Cloth Centre was launched with the objective of catering to customers within modern retail outlets. Customised for the needs and aspirations of customers in modern retail, the stores located within leading chains like Fashion@Big Bazaar across the country. It offers products across a wide price range for suiting, shirting and woolen blends and benefits from the marketing and promotions conducted by modern retailers.

## By Numbers

**Existing Bangkok Fashion Outlets: 16**

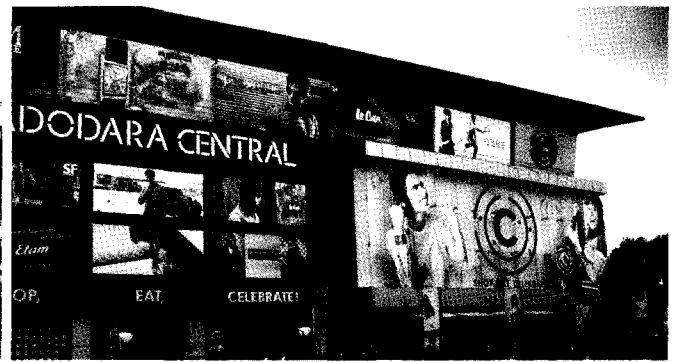
**Expected Bangkok Fashion Outlets by 2010: 45**

**Existing Cloth Centre Outlets: 116**

**Expected Cloth Centre Outlets by 2010: 250**



*future group*  
india tomorrow



## STRATEGIC PARTNERSHIP WITH FUTURE GROUP

BUILDING THE FUTURE

Future Group operates India's largest chain of retail stores across both the lifestyle and value segments in over 73 cities and 65 rural locations. Some of its leading retail chains include Big Bazaar, Central, Pantaloons, Aadhar, Brand Factory, Home Town, Collection I, eZone, among others. Almost one-third of the group's revenues come from its fashion retailing business, making it the largest fashion retailer in the country. The group is also the owner and retailer of some of the leading fashion brands in the country, including John Miller, Scullers, Indigo Nation, Lombard, DJ&C, Bare, Annabelle, RIG, Knighthood, UMM and Agile.

KSL has entered into a strategic partnership with Future Group whereby the company will be the preferred supplier for these above private brands retailed across its network. In addition, the company also leverages the Future Group's extensive retail network to expand its Bangkok Fashion and Cloth Centre chains.

The partnership with Future Group will also provide access and leverage for KSL to Future Group's extensive knowledge and infrastructure in areas like gathering customer insights, manpower training and development, IT and knowledge services, logistics and supply chain management and brand development.

The company believes that the partnership and integration with Future Group will provide KSL with an unmatched advantage among its peers in this space provide for building a long term, sustainable growth model for the company.

### By Numbers

**Future Group Retail Network:** 1000 stores spread over around 15 million sq ft

**National Footprint:** 73 cities and 65 rural locations

**Future Group Fashion Formats:** Fashion@Big Bazaar, Pantaloons, Central, Brand Factory

**Annual Customer Footfalls:** 250 million

**Expected Revenues in 2009:** \$2 billion

**NOTICE**

**NOTICE IS HEREBY GIVEN THAT THE 22ND ANNUAL GENERAL MEETING OF THE MEMBERS OF THE KAMADGIRI SYNTHETICS LIMITED WILL BE HELD ON TUESDAY, 29TH SEPTEMBER, 2009 AT 11:30 AM AT HOTEL SUNCITY RESIDENCY, SIXTEENTH ROAD, MIDC, OPP. PRASAD BUILDING, ANDHERI (EAST), MUMBAI - 400 093 TO TRANSACT THE FOLLOWING BUSINESS:**

\*\*\*\*\*

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited accounts for the year ended 31st March, 2009 along with notes and schedules attached thereto and the reports of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Subhashkumar Kedia, Director of the Company who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Tilak Pradip Goenka, Director of the Company who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion of next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS:**

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary resolution:  
 "RESOLVED THAT Mr. Madhusudan Singrodia, who was appointed as an Additional Director Under Section 260 of the Companies Act, 1956 and who holds office upto the date of the ensuing Annual General Meeting of the Company and in respect of whom notice Under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Madhusudan Singrodia as a candidate for the office of the Company be and is hereby appointed as a Director of the Company, liable to retires by rotation."
7. To consider and, if thought fit, with or without modification, the following Resolution as a Special Resolution:  
 "RESOLVED THAT Pursuant to the Provisions of section 163 of the Companies Act, 1956, the Company hereby approves that the register of members, the index of members and copies of all annual returns prepared under section 159 of the Act together with the copies of the certificates and documents required to be annexed thereto under section 161 of the Act or any one or more of them, be kept at the office of RTA i.e. Sharex Dynamic (India) Private Limited instead of being kept at the Registered office of the Company."

**BY ORDER OF THE BOARD  
FOR KAMADGIRI SYNTHETICS LIMITED**

sd/-

**PRADIP KUMAR GOENKA  
CHAIRMAN & MANAGING DIRECTOR**

PLACE: MUMBAI  
DATE: 11TH AUGUST, 2009



**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The proxies, in order to be effective should be deposited with the company not less than 48 hours before the time fixed for the commencement of the meeting.
3. Explanatory statement under Section 173(2) of the Companies Act, 1956 in respect of the Special Business as set above is annexed
4. The Register of Members and Share Transfer Register shall remain closed from **Thursday, 24th September, 2009 to Tuesday, 29th September, 2009** (both days inclusive).
5. Pursuant to the provision of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 2000 - 2001 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

<b>Financial year ended</b>	<b>Date of declaration of Dividend</b>	<b>Last date for claiming unpaid Dividend</b>	<b>Due date for transfer to Investor Education &amp; Protection Fund.</b>
2001-2002 (Final)	09/09/2002	08/09/2009	08/10/2009
2002-2003 (Final)	27/09/2003	26/09/2010	26/10/2010
2003-2004 (Final)	27/09/2004	26/09/2011	26/10/2011
2004-2005 (Final)	27/09/2005	26/09/2012	26/10/2012
2005-2006 (Final)	27/09/2006	26/09/2013	26/10/2013
2006-2007 (Final)	27/09/2007	26/09/2014	26/10/2014
2007-2008 (Final)	27/09/2008	26/09/2015	26/10/2015

Shareholders who have not so far encashed the dividend warrant(s) for the financial year ended 31st March, 2002 or any subsequent financial year are requested to make their claim to the office of the Registrar and Transfer Agent, M/s. Sharex Dynamic (India) Private Limited. Shareholders are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

6. As a measure of economy, copies of the Annual Reports and Accounts will not be distributed at the Meeting. Members are therefore, requested to bring their copies to the meeting.
7. Members are requested to produce the attendance slip duly signed, sent along with the Annual Report and Accounts, for admission to the meeting hall.
8. Members desirous of having any information regarding accounts are requested to write to the Company at least 7 days in advance of the date of Annual General Meeting so as to enable the management to keep the information ready.
9. Members who are holding shares in identical order or names in more than one folio are requested to write to the Company to enable the Company to consolidate their holdings in one folio.
10. Members are requested to demat their shares in order to facilitate easy and faster trading in equity shares. The ISIN of the Company's equity shares is INE535C01013.
11. The Dividend as may be declared shall be payable to Members of the Company whose names appear:
  - As beneficial owners as at the close of the business hours on 23<sup>rd</sup> September, 2009 as per the details to be furnished by National Securities Depositories Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) in respect of shares held in electronic form; and

- As members in the Register of Members of the Company after giving effect to valid transfer in physical form lodged with the Company on or before 23<sup>rd</sup> September, 2009. Transfer documents received after 23<sup>rd</sup> September, 2009 will not be considered for the aforesaid purposes.
12. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updation of Savings Bank Account details to their respective Depository Participants.
  13. Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividend. This notice includes an ECS Mandate Form for the benefit of members desiring to receive dividend through the ECS mode..
  14. As required under clause 49(IV)(G)(i) of the Listing Agreement with the Stock Exchange, the following information is provided in respect of Directors proposed to be appointed/re-appointed:

Name of the Director	Mr. Subhashkumar Kedia	Mr. Tilak Pradip Goenka	Mr. Madhusudan Singrodia
Age	46	23	50
Qualification	B. Com.	BMS Graduate	B. Com.
Expertise in specific functional areas	Vide experience in Textile Industry. He advises the Company in Production & Factory matters. He is the Chairman of the Remuneration Committee and also Member of the Audit Committee and Shareholders/ Investor Grievance Committee of the Board.	Vide experience in Textile Industry. He is not a Member of committee of Board of any other Company.	Expert in Textile Business. He is the Member of the Remuneration Committee, Audit Committee and Shareholders / Investor Grievance Committee of the Board.
Directorship in other Indian Public Limited Company and other firms as on 31.03.2009	Nil	Nil	Nil
Shareholding	Nil	11.53%	Nil

## EXPLANATORY STATEMENT

### As required by Section 173(2) of the Companies Act, 1956

#### Item No. 6:

Mr. Madhusudan Singrodia was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 read with Article 86 of the Articles of Association of the Company, by the Board of Directors with effect from 15th July, 2008 and accordingly he hold's office upto the date of this Annual General Meeting. The Company has received a notice from a member alongwith a deposit of Rs. 500/- proposing the candidature of Mr. Madhusudan Singrodia to the office of Director pursuant to Section 257 of the Companies Act, 1956. Approval of the shareholders is sought for his appointment as director liable to retires by rotation.

Mr. Madhusudan Singrodia is a Graduate. He has vast exposure in textile and yarn business.

The Board of Directors recommends this resolution for your consideration and approval as an Ordinary Resolution.

None of the Directors except Mr. Madhusudan Singrodia is concerned or interested in the resolution.

#### Item No. 7:

Under Section 163 of the Companies Act, 1956, certain documents which are normally required to be kept at the registered office of the Company may be kept at any other place within the city, town or village in which the registered office is situate if such other place has been approved by a Special resolution passed by the Company in general meeting.

Since Register of members and other related records are maintained by Sharex Dynamic (India) Private Limited, the Share Transfer Agent of the Company, the Board thought it appropriate to keep the records which are required to be maintained pursuant to section 159 and 161 of the Companies Act, 1956 at the office of Sharex Dynamic (India) Private Limited.

None of the Directors are interested in this resolution.

**BY ORDER OF THE BOARD  
FOR KAMADGIRI SYNTHETICS LIMITED**

sd/-

**PRADIP KUMAR GOENKA  
CHAIRMAN & MANAGING DIRECTOR**

PLACE: MUMBAI  
DATE: 11TH AUGUST, 2009

**DIRECTORS' REPORT**

**To  
THE MEMBERS,**

Your Directors have great pleasure in presenting 22nd Annual Report along with the Audited Balance Sheet and Profit and Loss Account, for the year ended 31st March, 2009.

**FINANCIAL HIGHLIGHTS:**

	<b>(Rs. in thousands)</b>	
	<b>2008-09</b>	<b>2007-08</b>
Turnover	<b>8,25,238.25</b>	3,55,993.29
Profit before tax	<b>11,455.54</b>	988.43
Less: Provision for current tax	<b>6,368.00</b>	2,079.00
Add/Less: Net deferred tax assets/liability	<b>(2,971.84)</b>	(3,534.40)
Add/Less: Prior Period adjustment	--	--
Less: Fringe Benefit tax	<b>649.60</b>	124.50
Profit after tax	<b>7,409.78</b>	2,319.33
Less/Add: tax adjustment of earlier year	<b>86.40</b>	116.38
Profit & Loss account balance brought forward	<b>29,574.60</b>	20,718.96
Profit available for appropriation	<b>36,897.98</b>	22,926.40
Appropriation:		
General Reserve	--	--
Proposed dividend	<b>4,739.87</b>	1,500.00
Tax on proposed dividend	<b>805.54</b>	254.93
Balance carried to Balance Sheet	<b>31,352.57</b>	21,171.48

**OPERATIONS:**

During the year under review, performance of your Company was satisfactory. The Company has achieved a turnover of Rs. 82.52 Crores during the year as compared to Rs.35.60 Crores during the previous year. The Profit after tax for the financial year 2008-09 was Rs. 74.10 Lacs as compared to Rs. 23.19 Lacs during the previous year. The rise in the financial figure can partly be attributed to the addition of financial figures of Stripes Apparels Limited, Transferor Company, which got amalgamated with the Company, pursuant to the Scheme of Amalgamation.

**PREFERENTIAL ALLOTMENT OF WARRANTS**

The Company had issued 3,25,000 Convertible Warrants on preferential basis to Private Investor as per SEBI (DIP) Guidelines, after getting approval from members in Extra-ordinary General Meeting held on 9th July, 2009.

**STATUS OF AMALGAMATION OF STRIPES APPARELS LTD. WITH THE COMPANY**

The process of Amalgamation of Stripes Apparels Limited with the Company was successfully completed on receipt of order from the Bombay High Court approving the Scheme of Amalgamation of Stripes Apparels Ltd. with the Company on 12th June, 2009. Accordingly, all the assets, properties, rights, claims, titles, interest, authorities and liabilities of the Stripes Apparels Ltd. has been transferred/vested in the Company as a going concern basis. The Appointed date of the said scheme was 1st April, 2008. The Effective date of the Scheme was 29th June, 2009 being the date of filing of the Hon'able Bombay High Court's Order with the Registrar of Companies, Maharashtra, Mumbai. In terms of the Scheme, the Company will allot the equity shares to the Shareholders of Stripes Apparels Ltd. as per the Share Exchange Ratio approved by the Bombay High Court.

The Amalgamation would strengthen the financial position of the Company and result in increasing leveraging capacity of the Company i.e. its capacity to borrow funds for business purposes and integrate, rationalize and streamline the management structure of the merged business.

Pursuant to the Scheme of Amalgamation approved by Bombay High Court, Authorised Share Capital of the Company now stands increased from Rs.3,60,00,000/- to Rs.9,58,60,000/-. Further the Company is required to issue 17,39,866 equity shares of Rs.10/- each of the Company as fully paid up to the shareholders of Stripes Apparels Limited (Transferor company), as per the approved Scheme of Amalgamation. The said shares would be issued post updation of Authorised Capital in the records of the Registrar of Companies, Ministry of Corporate Affairs.

#### **DIVIDEND:**

Your Directors are pleased to recommend a dividend of Re.1/- per share (i.e. 10%) on the subscribed capital of the Company subject to payment of corporate tax at the applicable rate or rates, which if declared at the forthcoming Annual General Meeting will be paid to the members whose names appear on the Register of Members as on 23<sup>rd</sup> September, 2009.

#### **CORPORATE GOVERNANCE REPORT**

A separate report on Corporate Governance is enclosed as a part of this Annual Report. A Certificate of Auditors' of your Company regarding compliance of conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement with stock exchange is enclosed herewith.

#### **COMPLIANCE CERTIFICATE:**

Compliance Certificate as required under section 383A of the Companies Act, 1956 prepared and issued by HS Associates, Company Secretaries in Practice, is annexed hereto.

#### **PARTICULARS OF EMPLOYEES**

No details as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are given, as there are no employees drawing remuneration in excess of the prescribed limits.

#### **PUBLIC DEPOSIT:**

The Company has not accepted any deposit from the public during the financial year under review.

#### **DIRECTORS:**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Subhashkumar Kedia and Mr. Tilak Pradip Goenka, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The details as required by clause 49 of the Listing Agreement, is given as part of the general meeting notice. Mr. Madhusudan Singrodia was appointed as an Additional Director of the Company w.e.f. 15th July, 2008. He holds office till the date of the ensuing Annual General Meeting. The Company has received a notice from a member alongwith a deposit of Rs. 500/- proposing the candidature of Mr. Madhusudan Singrodia to the office of Director liable to retire by rotation pursuant to Section 257 of the Companies Act, 1956.

#### **AUDITORS**

M/s. R. S. Agrawal & Associates, Chartered Accountants, Auditors of the Company, retire at the ensuing Annual General Meeting. They have expressed their inability and unavailability to continue as Auditors of the Company. The Board proposes to appoint M/s. Haribhakti & Co., Chartered Accountants, leading audit firm, as the Auditors of the Company in place of the retiring auditors at the ensuing Annual General Meeting. M/s. Haribhakti & Co., Chartered Accountants have issued a certificate to the effect that their appointment, if made at the ensuing annual general meeting shall be within the limits prescribed under section 224(1B) of the Companies Act, 1956. In view of the increased operations of the Company, post amalgamation, it would be desirable to have a leading audit firm as the auditors of the Company and hence your Directors recommend appointment of M/s. Haribhakti & Co., Chartered Accountants as Statutory Auditors of the Company and to fix their remuneration.

**OBSERVATION IN AUDITORS' REPORT:**

The Auditors have remarked about the provision being made for the leave encashment for employees of the Transferor Company on actuarial basis, which is not in line with the accounting policy of the Company. The Directors have to state in this regard that the Company was required to absorb the employees of the Transferor Company on such terms and conditions which were not less favourable than applicable to them in Transferor Company. The Company would be reviewing the said policy and would make it similar for all the employees, in future. The impact on Profit & Loss account and General Reserves was due to difference in policy followed by the Transferor Company

With regard to the observation about the internal audit system, the management has to state that the same is under review and the proper internal audit policy and procedure would be set up during the current year

**COST AUDIT:**

Your Company is following the order issued under the Section 209(1)(d) of the Companies Act, 1956 as amended in respect of manufacture of textiles. The Company has been maintaining cost accounting records as required in the above referred provision of the Companies Act, 1956 as amended. Ms. Ketki D. Visariya, Cost Accountant, has been appointed as a cost auditor for the financial year 2009-10.

**DIRECTORS RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2009 and that of the profit of the Company for the year ended on that date;
- iii. the proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the annual accounts have been prepared on a going concern basis.

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

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 is given in Annexure "A" & "B" is attached and form part of this report. The Company being focusing in Indian market, it has not taken any export initiative.

**ACKNOWLEDGEMENT**

The Board wishes to place on record their sincere appreciation to all the bankers, customers, employees at all levels and stakeholders for the continued support and patronage during the year under review.

**BY ORDER OF THE BOARD  
FOR KAMADGIRI SYNTHETICS LIMITED**

sd/-

**PRADIP KUMAR GOENKA  
CHAIRMAN & MANAGING DIRECTOR**

PLACE: MUMBAI  
DATE: 11TH AUGUST, 2009

**ANNEXURE A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2009.****MANAGEMENT DISCUSSION AND ANALYSIS****INDUSTRY STRUCTURE AND DEVELOPMENTS**

The market for the textile in general and suiting and shirting fabrics in particular is growing rapidly. The appreciation of Indian Rupee adversely affected export of textiles and as a result local market faced additional supply of fabrics. With the depreciation of Rupee, exports of fabrics have restarted and prices have picked up in the Indian market. Further the consumption of garments, which has in between slump down, now started gearing up and accordingly demand for the fabrics requirements has also started rising.

Your company is taking all initiatives for the sustainable growth and development of the Company.

**OPPORTUNITIES AND THREATS:**

Export from China, increased indigenous capacity for fabrics and increase in cost of production including borrowing cost continue to be the major threats to the industry.

The demand in India itself is very high and the Company is concentrating on the domestic market only. Your Company has identified the main demand of the consumption, viz. organised retail segment and working to have strategic partnership in this area to ensure continuous demand for the Company's products. Further through efficient production management system and better product mix the risks can be minimised that may be arising by overall increase in cost of production and competition.

**PRODUCT AND PERFORMANCE:**

The product mix available with the Company has now been expanded with the amalgamation of the Stripes Apparels with the Company. The Company now has presence in the Fabrics and private label garment. Further the trading division of the Company ensures the yarn and additional fabrics requirements for inhouse consumption as well as for its own developed distribution network. The turnover of the Company was Rs.82.52 crores comprising of fabrics and garments.

**OUTLOOK:**

With increase of the product mix available in the bag of the Company, the overall scenario for the products available with the Company now looks brighter and encouraging. The management is continuously exploring further opportunity for growth of the Company.

**RISKS AND CONCERNS:**

The increase in cost of production and constrained margin are the major area of concern. However, with the forward integration into garments and retail, the risk has been significantly reduced. The other risk is from competitors, which has been mitigated by having strategic partnership with the leading retail majors.

**INTERNAL CONTROL SYSTEM AND ITS ADEQUACY:**

Your company is following a proper and adequate system of internal control in respect of all its activities including safeguarding and protecting its assets against loss or unauthorized use or disposition. Further all transactions entered into by the company are duly authorized, recorded correctly. The senior personnel appointed and having delegated authority from the Board closely watches and monitors all expenses incurred on various heads. The attempt is made on continual basis to reduce cost centers. All policies and procedures and guidelines have been documented. Your Company is using advanced customized software system, which is upgraded from time to time to suit the system need of the Company.

**FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

During the year under review the total production for the Fabrics unit is given hereunder. The production of the Grey fabrics, finish fabrics (including job work) were 47.47 Lacs Meters & 24.09 Lacs Meters respectively as against 43.30 Lacs Meters & 3.94 Lacs Meters in the previous financial year.

The Garments unit being amalgamated during the year, the data in respect of the said unit would be disclosed from the following year.

The Profit before tax recorded during the year was Rs. 114.56 Lacs as against Rs. 9.88 Lacs in the previous financial year.

#### **MATERIAL DEVELOPMENT IN HUMAN RESOURCE/INDUSTRIAL RELATIONS FRONTS:**

Human resource development is prime important to every organization. The Company pays required attention on the development of workers and staff. Further with the addition of the Stripes Apparels units, maintaining cordial relation and friendly relation and solving workers problems through negotiation amicably would be in the interest of the Company and is being reviewed at the Board level. Your Company is adopting measures like training, job rotation and job satisfaction, incentives for better performance and recognition of individual achievement to increase motivation level in the working force and make work more interesting as well as efficient. The industrial relation climate in your Company was harmonious and constructive.

#### **CAUTIONARY STATEMENT:**

Statement in the report of management discussion and analysis describing the company's objective, projections, estimates, expectation or predictions may be "forward looking statement" within the meaning applicable of Securities Laws or Regulations. These statements are based on certain assumptions and expectations for the future events. Actual results could differ materially from those of future events. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the company's operation's include economic condition affecting global and domestic demand supply, finished goods prices in the domestic and overseas market in which the company operates, raw materials cost and availability, changes in Government regulations, tax regimes, economic developments within India and other factors such as litigation and industrial relations. The company assumes no responsibility to publicly amend, modify or revise and forward looking statements, on the basis of any subsequent development, information or events.



Additional information as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988:

### Form A

#### Disclosure of particulars with respect to Conservation of Energy:

##### 1. Conservation of Energy

- |   |  |
|---|--|
| (a) Energy Conservation Measures taken  | Measures taken for conservation of energy include improved Maintenance of operating system, control on consumption and loss of electricity, using energy efficient equipment.  |
| (b) Additional investment, if any, being implemented for reduction of consumption of energy                             | Additional investment for reduction of consumption of energy will be made as and when there would be need for replacement of the high energy consuming equipment, by adopting energy efficient equipment in their place. |
| Impact of measures at (a) and (b) above for Reduction of energy consumption and Consequent impact on cost of production | The impact of measures of reduction of energy consumption on cost of production is not precisely ascertainable.  |

##### A. Power & Fuel Consumption

	<b>2008-09</b>	<b>2007-08</b>
Electricity		
<sup>1</sup> Purchases		
(a) Units (KWH)	2954298	2326901
Total Amount (Rupees)	15918770	10965929
Rate per unit (Average rate in Rs.)	5.39	4.71
Own Generation Through		
(b) D. Generator		
Quantity (Litres)	80493	42927
Unit Generated	232497	103025
Total Cost (Rupees)	3029801	1359164
Rate per unit (Average rate in Rs.)	13.03	13.99

##### B. Consumption per unit of production

Electricity (KWH)		
(1) Fabrics 100 mtr.	49.80	56.50
Reademade Garments 100 Pcs.	48.90	NIL

##### 2. Technology Absorption:

Efforts have been made for technology absorption as per Form B of the annexure to the Rules.

## Form B

## Disclosure of particulars with respect to Technology Absorption:

## A. Research &amp; Development (R &amp; D):

(a)	Specific areas in which R & D has been carried out by the Company	The company has carried out R & D in the area of product development.
(b)	Benefit derived as result of R & D	Not ascertainable
(c)	Future plan action	Company plans to strengthen its R & D activity
(d)	Expenditure on R & D	the Company is incurring expenditure on Research and development for improvement in shades of yarn and fabric designs as routine activity. However no specific amount set forth for R & D expenses.

(a)	Capital	-
(b)	Recurring	-
(c)	Total	-
(d)	Total R & D Expenditure as percentage to percentage of turnover	-

## B. Technology absorption, adaptation and innovation:

(a)	Efforts, in brief made towards technology absorption, adaptation and innovation	Efforts have been made for up gradation of technology Wherever feasible.
(b)	Benefit derived as a result of efforts e.g. product development, import substitution.	As a result of above effort, the quality of the product may improve.
(c)	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year.	The Company has not imported any technology at any time during the last five except modern technology based machines.

## 3. Foreign Exchange Earnings &amp; Outgo

Total Foreign Exchange Used &amp; Earned:

	<b>Current year 2008-09</b>	Previous year 2007-08
Used (Rs.in thousands)	2302.34	2437.81
Earned (Rs.in thousands)	NIL	2004.00

## COMPLIANCE CERTIFICATE

**Regn. No. of the Company:** L17120MH1987PLC042424

**Nominal Capital:** Rs. 9,58,60,000/- (Pursuant to order pass by Bombay High Court pursuant to Scheme of Amalgamation)

The Members,

**KAMADGIRI SYNTHETICS LIMITED**

28, Y. A. CHUNAWALA INDUSTRIAL ESTATE,

KONDIVITA LANE, ANDHERI (EAST),

MUMBAI – 400 059.

We have examined the registers, records, books and papers of **KAMADGIRI SYNTHETICS LIMITED** (the "Company") as required to be maintained under the Companies Act, 1956, (the "Act") and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2009** ("financial year"). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this Certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has filed forms and returns as stated in **Annexure 'B'** to this Certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made there under and wherever the documents are filed late, the additional filing fees have been paid.
3. The Company being a public limited company, has the minimum prescribed paid-up capital.
4. *The Board of Directors duly met **8 (Eight)** times respectively on **6th May, 2008, 30th June, 2008, 30th July 2008, 25th August, 2008, 27th October, 2008, 12th January, 2009, 29th January, 2009 and 23rd March 2009** in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.*
5. The Company has closed its Register of Members from **Thursday, 25th September, 2008 to Saturday, 27th September, 2008** (both days inclusive) during the financial year and necessary compliance of Section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on **31st March 2008**, was held on **27th September, 2008** for which due notice were given to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial Year.
8. The Company has not advanced any loans to its Directors or persons or firms or Companies referred to under Section 295 of the Act
9. The Company has not entered into related party contract falling within the purview of Section 297 of the Act during the financial year.
10. The Company has made necessary entries in the register maintained under section 301 & 301(3) of the Act.
11. *As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government, as the case may be.*
12. The Company has not issued any duplicate share certificates during the financial year.

13. The Company has:
  - i) The company approved transfer of 1800 Equity Shares of Rs. 10/- and transmission of nil Equity Shares of Rs. 10/- each as on 31st March, 2009. There was no allotment of securities during the financial year.
  - ii) Deposited amount in a separate bank account as the dividend proposed by the Board of Directors for the financial year, was approved by the shareholders in the Annual General Meeting.
  - iii) Posted warrants to members of the Company as the dividend proposed by the Board of Directors for the financial year, was approved by the shareholders in the Annual General Meeting.
  - iv) Transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon, which have remained unclaimed or unpaid for a period of seven years, required to be transferred to the Investor Education and Protection Fund.
  - v) Duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There were an appointment of Mr. Madhusudan Singrodia as an Additional Director and Mr. Brijesh Tibrewal was resigned as Director, no appointment of alternate Directors and Directors to fill casual vacancy during the financial year.
15. The Company has not appointed or reappointed any Managing Director/whole-time Director/Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director and/ or such authorities prescribed under the various provisions of the Act, during the financial year.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not accepted any deposits from public.
24. The amount borrowed by the Company from Directors, Members, Public financial Institutions, Banks, and others during the financial year ending 31st March, 2009 are within the borrowing limits of the Section 293(1)(d) of the Act.
25. The Company has made loans, advances, investments and given guarantees, pursuant to provisions of 372A of the Act and consequently entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to the situation of the Company's registered office from one state to another during the financial year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the financial year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to the name of the Company during the financial year under scrutiny.

29. The Company has not altered the provisions of the memorandum with respect to the share capital of the Company during the financial year under scrutiny. However, Pursuant to the Scheme of Amalgamation approved by Bombay High Court, Authorised Share Capital of the Company now stands increased from Rs.3,60,00,000/- to Rs.9,58,60,000/- with effect from the appointed date of the scheme i.e. 01 April 2008.
30. The Company has not altered its Articles of Association during the financial year. However, Pursuant to the Scheme of Amalgamation approved by Bombay High Court, Authorised Share Capital of the Company now stands increased from Rs.3,60,00,000/- to Rs.9,58,60,000/- with effect from the appointed date of the Scheme i.e. 01 April, 2008.
31. There was no prosecutions initiated against or show cause notices received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

PLACE: MUMBAI.  
DATE : 11TH AUGUST, 2009

**sd/-**  
**SIGNATURE:**

**NAME OF COMPANY SECRETARY:**  
**HEMANT SHETYE**  
**PARTNER**  
**HS ASSOCIATES**  
**C.P. No.: 1483.**

**ANNEXURE "A"****REGISTERS AND RECORDS MAINTAINED BY THE COMPANY**

- a) Register of Members under Section 150.
- b) Register of Transfer.
- c) Registers and Returns under Section 163.
- d) Register of Contracts under Section 301.
- e) Register of Directors, Managing Director, manager and secretary under Section 303.
- f) Register of Directors' shareholdings under Section 307.
- g) Register of Charges under Section 143.
- h) Register of Share application and allotment.
- i) Minutes Book under Section 193.
- j) Books of Account under Section 209.
- k) Register of Inter Company Investments and Guarantee under section 372A.
- l) Index of Members under Section 151.

**ANNEXURE "B"****FORMS AND RETURNS AS FILED BY THE COMPANY WITH THE REGISTRAR OF COMPANIES, DURING THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2009.**

- 1 Form 23C for appointment of Cost Auditor filed on 14th May, 2008.
- 2 Form 23 for resolution passed on 06th May, 2008, filed on 15th May, 2008.
- 3 Form 32 for appointment of Director on 15th July, 2008, filed on 18th July, 2008.
- 4 Form 11NV filed on 15th September, 2008.
- 5 Form 1 for transfer of unclaimed dividend filed on 02nd September, 2008.
- 6 Form 23 for resolution passed on 27th September, 2008, filed on 24th October, 2008.
- 7 Form 23B for appointment of Auditor filed on 17th October, 2008.
- 8 Balance Sheet, etc. (Form 23AC & 23ACA) under Section 220 for the financial year ended 31st March, 2008 filed on 18th October, 2008.
- 9 Annual Returns (Form 20B) under Section 159 made up to 27th September, 2008 filed on 04th November, 2008.
- 10 Form 32 for Resignation of Director on 15th July, 2008, filed on 10th September, 2008.

PLACE: MUMBAI.  
DATE : 11TH AUGUST, 2009

**sd/-**  
**SIGNATURE:**

**NAME OF COMPANY SECRETARY:**  
**HEMANT SHETYE**  
**PARTNER**  
**H S ASSOCIATES**  
**C.P. No.: 1483.**



## CORPORATE GOVERNANCE REPORT

The Board of Directors of the Company lays great emphasis on the broad principles of Corporate Governance. Given below is the report on Corporate Governance.

### 1. Company's philosophy on code of Governance:

Kamadgiri Synthetics Limited believes that good Corporate Governance is essential to achieve long term corporate goals and to enhance stakeholders' value. In this pursuit, your Company's philosophy on Corporate Governance is guided by a strong emphasis on transparency, accountability and integrity and has been practicing the principles of Corporate Governance over the years.

### 2. Board of Directors:

The Board composition is in conformity with the provisions of the Companies Act, 1956 and clause 49 of the listing agreement. The strength of the Board as on 31st March, 2009 is 6 Directors comprising of 3 Promoter Directors and 3 Independent Non Executive Directors.

#### The composition of the Board as on 31st March, 2009 was as follows:

Name of Directors	Category of Directorships	*No. of other Directorships	#No. of Committee Memberships
Mr. Pradip Kumar Goenka	Executive - CMD	1	Nil
Mr. Lalit Kumar Goenka	Executive - WTD	-	Nil
Mr. Madhusudan Singrodia	Independent & Non-Executive	-	Nil
Mr. Murarilal Goenka	Independent & Non-Executive	-	Nil
Mr. Subash Kumar Kedia	Independent & Non-Executive	-	Nil
Mr. Tilak Pradip Goenka	Non- Executive	-	Nil
*Excludes Alternate Directorships, Directorships in Indian Private Limited Companies and Foreign Companies and proprietorship and partnership firms.			
#In accordance with Clause 49 of the Listing Agreement with the Stock Exchange, membership/chairmanship of only the Audit Committee, Shareholders'/Investors Grievance Committee and the Remuneration Committee of the Public Limited Companies has been considered.			

There are no nominees or Institutional Directors in the Company. None of Directors have pecuniary or business relationship with the Company except to the extent as disclosed in Schedule 22 of the accounts. No Director of the Company is either member in more than ten committees and/or Chairman of more than five committees across all Companies in which he is Director.

During the financial year 2008-2009, 8 (Eight) Board Meetings were held i.e. on 6th May, 2008, 30th June, 2008, 30th July, 2008, 25th August, 2008, 27th October, 2008, 12th January, 2009, 29th January, 2009 and 23rd March 2009 and the time gap between the two meetings was not more than 4 months. All the information required to be furnished to the Board was made available to them along with detailed Agenda notes.

The composition of the Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting as also number of other directorships/membership of Committees is as follows:

Name of Director	Category	No. of Board meetings attended	Attendance at last AGM
Mr. Pradip Kumar Goenka	Executive - CMD	8	Present
Mr. Lalit Kumar Goenka	Executive - WTD	8	Present
Mr. Madhusudan Singrodia	Independent & Non-Executive	7	Present
Mr. Murarilal Goenka	Independent & Non-Executive	8	Present
Mr. Subhash Kumar Kedia	Independent & Non-Executive	8	Present
Mr. Tilak Pradip Goenka	Non- Executive	8	Present
*Mr. Brijeshkumar Tibrewal	Independent & Non-Executive	Nil	Absent
CMD – stand for Chairman & Managing Director. WTD stands for Whole Time Director. * Mr. Brijeshkumar Tibrewal resigned as Director on 15th July, 2008.			

Directors seeking Appointment/ Re-appointment at the Forthcoming Annual General Meeting (pursuant to Clause 49 IV (G)(i) of the Listing Agreement):

Name of the Director	Mr. Subhashkumar Kedia	Mr. Tilak Pradip Goenka	Mr. Madhusudan Singrodia
Age	46	23	50
Qualification	B. Com.	BMS Graduate	B. Com.
Expertise in specific functional areas	Vide experience in Textile Industry. He advises the Company in Production & Factory matters. He is the Chairman of the Remuneration Committee and also Member of the Audit Committee and Shareholders/ Investor Grievance Committee of the Board.	Vide experience in Textile Industry. He is not a Member of committee of Board of any other Company.	Expert in Textile Business. He is the Member of the Remuneration Committee, Audit Committee and Shareholders / Investor Grievance Committee of the Board.
Directorship in other Indian Public Limited Company and other firms as on 31.03.2009	Nil	Nil	Nil
Shareholding	Nil	11.53%	Nil

#### Code of conduct for Directors and Senior Management:

The Code of conduct as applicable to the Directors and the members of the senior management had been approved by the Board and it is being duly abided by all of them. The Annual Report of the Company contains declaration to this effect from the Chairman and CEO.



### 3. Committees of the Board:

#### Audit Committee

The Company has an Audit Committee at the Board level with powers and role that are in accordance with clause 49 of the listing agreement. The Committee acts as a link between the management, the statutory and the Board of Directors and oversees the financial reporting process.

The Audit Committee presently comprises of 3 Non Executive Independent Directors. The members of the Committee are well versed in finance matters, accounts, Company law and general business practices.

The functions of the Audit Committee are as per Company Law and Listing Agreement with the Stock Exchanges. These include the review of accounting and financial policies and procedures, review of financial reporting system, internal control system and procedures and ensuring compliance of statutory requirements.

The Audit Committee reviews the financial statements with the Statutory Auditors and the Management with reference to the accounting policies and practices before commending the same to the Board for its approval.

The Committee met 5 times during the year under report on 06/5/2008, 30/6/2008, 30/07/2008, 27/10/2008, and 29/01/2009. The time gap between the two meetings was not more than 4 months.

#### Composition of Audit Committee and details of the meeting attended:

Sr. No.	Name of the Directors	Category	Designation of the Committee	No. of Meeting attended
1.	Mr. Murarilal Goenka	Independent & Non-Executive	Chairman	5
2.	Mr. Madhusudan Singrodia (w.e.f. 15/7/2008)	Independent & Non-Executive	Member	3
3.	Mr. Subash Kumar Kedia	Independent & Non-Executive	Member	5
4	Mr. Brijeshkumar Tibrewal (upto 15.7.2008)	Independent & Non-Executive	Member	Nil

The Audit Committee was reconstituted in the meeting of the Board of Directors of the Company held on 30th July, 2008.

#### The terms of reference of the Audit Committee include:

- To review financial statements and pre-publication announcements before submission to the Board.
- To discuss and review report of the external auditors and ensure the compliance of the internal control system.
- To apprise the Board on the impact of accounting policies, accounting standards and applicable laws and regulations.
- To hold discussions with statutory auditors on the scope and content of the audit.
- To review related party transactions:
- Appointment of statutory auditor and fixing their remuneration.

### 4. Remuneration of Directors:

The Company has no pecuniary relationship or transaction with its non – executive independent Directors other than payment of sitting fees to them, if any, for attending Board and Committee Meetings.

The Company does not have an incentive plan, which is linked to performance and achievement of the Company's objectives. The Company has no stock option and pension scheme. The Company has constituted a Remuneration Committee effective from 1st October, 2004 to review the remuneration payable to Executive Directors.

The Company has not paid any sitting fees to non-executive Directors. The details of remuneration paid to the Executive Directors of the Company during the year ended 31st March, 2009 are given as under:

	Particulars	Unit	Pradip Kumar Goenka	Lalit Kumar Goenka
a)	Salary p.a.	Rupees	14,02,000/-	87,000/-
b)	Fixed Component – Contribution to provident Fund.	Rupees	Nil	Nil
c)	Bonus, Benefits & Other Allowances	Rupees	Nil	Nil
d)	Service contract	Year	5	5
e)	Notice Period	Months	3	3
f)	Severance Fees	Rupees	Nil	Nil

## 5. Shareholders/Investors Grievance Committee:

The Shareholder's/Investment Committee presently comprises of 3 Non - Executive Independent Directors. The Committee meets at frequent intervals to consider, inter alia, shareholders complaints like non receipt of share certificate or delay in transfer of shares, non receipt of balance sheet, non receipt of declared dividend etc. and provide satisfactory solution to the complainant's except for disputed cases and sub-judice matters which would be solved on final disposal by the Courts.

The Committee met 4 times during the year under report on 6/5/2008, 30/7/2008, 27/10/2008 and 29/1/2009.

### Composition of Shareholders/Investors Grievance Committee and details of the meeting attended:

Sr. No.	Name of the Directors	Category	Designation	No. of Committee Meetings attended
1.	Mr. Murarilal Goenka	Independent & Non-Executive	Chairman	4
2.	Mr. Madhusudan Singrodia (w.e.f. 15/7/2008)	Independent & Non-Executive	Member	2
3.	Mr. Subhash Kumar Kedia	Independent & Non-Executive	Member	4
4	Mr. Brijeshkumar Tibrewal (upto 15/7/2008)	Independent & Non-Executive	Member	Nil

The Shareholder/Investor Grievance Committee was reconstituted in the meeting of the Board of Directors of the Company held on 30th July, 2008.

Mr. Lalit Kumar Goenka, Whole Time Director, is the Compliance Officer.

During the year 2008-2009 Company did not receive any complaint from SEBI (Securities and Exchange Board of India) and shareholders / investors. No request for transfer and dematerialization were pending as on 31st March, 2009.

## 6. Remuneration Committee:

The Remuneration Committee presently comprises of 3 Non - Executive Independent Directors. Kamadgiri Synthetics Limited's remuneration policy is based on 3 factors, pay for responsibility, pay for performance and potential and pay for growth.

The Company's Remuneration Committee is vested with all necessary powers and authority to ensure appropriate disclosure on the remuneration of Whole-Time Directors and to deal with all the elements of remuneration package of all such Directors.

As for non-whole-time Directors their appointment is for utilizing their professional expertise in achieving the goals of

the Company. Accordingly, the service contract, notice period and severance fees, if any, are not applicable to such Non-Whole Time Directors. However, as per Company's policy, upon attaining the age of 70 years the Non-Whole Time Directors seek retirement by not offering themselves for re-appointment at Annual General Meeting of the Company.

The terms of reference of the Remuneration Committee are to recommend to the Board, salary (including annual increments), perquisites and allowances, performance linked remuneration, if any, commission to be paid to the company's Executive/Whole time Director (ED/WTD) and to finalise the perquisites and allowances package within the overall ceiling fixed by the Board.

During the year there was one Remuneration Committee Meeting which was held on 6th May, 2008.

#### THE ATTENDANCE AT THE REMUNERATION COMMITTEE MEETING WAS AS UNDER:

Sr. No.	Name of the Directors	Category	Designation of the Committee	No. of Committee Meetings attended
1.	Mr. Subhash Kumar Kedia	Independent & Non-Executive	Chairman	1
2.	Mr. Murarilal Goenka	Independent & Non-Executive	Member	1
3.	Mr. Madhusudan Singrodia (w.e.f. 15/7/2008)	Independent & Non-Executive	Member	Nil
4	Mr. Brijeshkumar Tibrewal (upto 15/7/2008)	Independent & Non-Executive	Member	Nil

The Remuneration Committee was reconstituted in the meeting of the Board of Directors of the Company held on 30th July, 2008.

#### 7. General Body Meetings:

The details of the Annual General Meeting held during the last 3 years are as under:

Financial Year	Date	Time	Venue	Special Resolution(s)
2005-2006	29.09.2006	11:30 a.m.	Shree Satyanarayan Goenka Bhavan, 87, J B Nagar, Andheri (East), Mumbai – 400 059.	Nil
2006-2007	27.09.2007	11:30 a.m.	Shree Satyanarayan Goenka Bhavan, 87, J B Nagar, Andheri (East), Mumbai – 400 059.	Nil
2007-2008	27.09.2008	11:30 a.m.	Shree Satyanarayan Goenka Bhavan, 87, J B Nagar, Andheri (East), Mumbai – 400 059.	Nil

#### 8. Disclosures:

There were no other related party transactions of material nature with the Promoters, Directors, the management or their subsidiaries or relatives during the year that may have potential conflict with the interest of the Company at large. However, attention is drawn to point no. 7 of schedule '21B' of the accounts.

There were no instances of Non-compliance on any matter related to the capital market during the past three years and that no penalties or strictures were imposed on the Company by any Stock Exchange or SEBI.

The Board affirms that no person has been denied access to the Audit Committee during the year. The Company has complied with mandatory provisions of corporate governance and is in the process of adopting the non-mandatory provisions of corporate governance.

## 9. Means of Communication:

The results of the Company are furnished to the Bombay Stock Exchange Limited on a periodic basis (quarterly, half yearly and annually) after the approval of the Board of Directors. The results are normally published in "The Asian Age" – English Newspaper and "Mumbai Lakshdeep", Marathi Newspaper within 48 hours after the approval of the Board. These were not sent individually to the shareholders. However, the Company furnishes the same on receipt of a request from the shareholders.

Management discussion and Analysis Report is attached herewith forming part of the Annual Report.

## 10. General Shareholders Information:

### a) Annual General Meeting

Day, Date and Time	: Tuesday, 29th September, 2009 at 11:30 a.m.
Venue	: Hotel Suncity Residency, Sixteenth Road, MIDC, Opp. Prasad Building, Andheri (East), Mumbai – 400 093. Tel. No. 022 – 2830 6131 / 6136

### b) Financial Calendar for 2009 – 10 (Tentative)

#### Financial Year:

April 1 to March 31

#### Results for the quarter ending June 30, 2009

Last week of July, 2008

#### Results for quarter ending September 30, 2009

Last week of October, 2008

#### Results for quarter ending December 31, 2009

Last week of January, 2009

#### Results for year ending March 31, 2010

Last week of June, 2009

#### Annual General Meeting:

September, 2010

### c) Date of Book Closure

Book Closure dates are from Thursday, 24th September, 2009 to Tuesday, 29th September, 2009 (both days inclusive).

### d) Dividend payment Date

Dividend will be paid on or after 3<sup>rd</sup> October, 2009.

### e) Listing on Stock Exchanges.

The Company's shares are listed on:  
Bombay Stock Exchange Limited (BSE),  
Phioze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001.

### f) Stock Code & ISIN

The Stock Exchange, Mumbai (Physical and Demat) Code is 514322 and ISIN is INE535C01013

**g) Market Price Data**

(i) The monthly high and low quotations of shares traded on the Stock Exchange, Mumbai is as follows:

Month	Mumbai Stock Exchange (Amount in Rs.)	
	High	Low
April, 2008	50.20	33.30
May, 2008	65.55	49.45
June, 2008	51.00	38.15
July, 2008	56.00	36.00
August, 2008	45.45	32.10
September, 2008	44.00	33.55
October, 2008	41.85	39.80
November, 2008	38.90	36.40
December, 2008	40.20	35.10
January, 2009	39.30	33.75
February, 2009	34.50	25.70
March, 2009	33.75	30.00

**h) Registrar and Share Transfer Agent**

The Company has appointed M/s Sharex Dynamic (India) Private Limited for processing and approving the transfer of shares. Their contact details are as follows:

M/s. Sharex Dynamic (India) Private Limited  
Unit No.1, Luthra Industrial Premises, Safed Pool,  
Andheri - Kurla Road, Andheri (East),  
Mumbai – 400 072.

Phone – 28515606 & 5644 Fax: 28512885.  
Concerned officer incharge of the Registry is Mr. T. Shashi Kumar.  
Email: sharexindia@vsnl.com

**i) Share Transfer System.**

Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company. All valid transfers are processed and affected within 15 days from the date of receipt.

Shares held in the dematerialized form are electronically traded by Depository Participants and the Registrars and Share Transfer Agents of the Company periodically receive from the Depository Participants the beneficiary holdings so as to enable them to update their records and to send all corporate communications, dividend warrants etc.

Physical shares received for Dematerialization requests.

**j) Nomination Facility:**

The Companies Amendment Act, 1999 has introduced through Section 109A, the facility of nomination to share/debenture/deposit holders. This facility is mainly useful for all holders holding the shares/debentures/ Fixed deposits in single name. In case securities are held in joint names, the nomination will be effective only in event of death of all the holders.

Investors are advised to avail of this facility, especially those holding securities in single name to avoid the process if transmission by law.

Investors holding shares in physical form may obtain from the Registrar and Share Transfer Agent of the Company at Mumbai. However, if the shares are held in dematerialized form, the nomination has to be conveyed to your depository participants directly, as per the format prescribed by them.

**k) Distribution of shareholding as on 31st March, 2009:**

No. of Shares	No. of Shareholders	% of Shareholding	Shareholding (Rs.)	% of Shareholding
Up to 5000	1122	87.59	1813250	6.04
5001 – 10000	66	5.15	561170	1.87
10001 – 20000	33	2.58	519510	1.73
20001 – 30000	15	1.17	384410	1.28
30001 – 40000	9	0.70	306040	1.02
40001 – 50000	4	0.31	190880	0.64
50001 - 100000	15	1.17	1093360	3.64
100001 and above	17	1.33	25131380	83.77
<b>TOTAL</b>	<b>1281</b>	<b>100.00</b>	<b>30000000</b>	<b>100.00</b>

**Amount of Rs.173.98 Lacs is maintained in the Share Capital Suspense account to be used for allotment of 1739866 equity shares to the shareholders of the Stripes Apparels Limited, Transferor Company.**

**Categories of Shareholders as on 31-03-2009 is as under:**

Category	Number of shares	% age
Promoters	1668371	55.61
Associates	Nil	Nil
Banks/MFs/FIs	900	0.03
Private Bodies Corporate	256545	8.55
Indian Public	1064856	35.50
NRIs/OCBs	8929	0.30
Any Other Clearing Members	399	0.01
<b>TOTAL</b>	<b>3000000</b>	<b>100.00</b>

**Amount of Rs.173.98 Lacs is maintained in the Share Capital Suspense account to be used for allotment of 1739866 equity shares to the shareholders of the Stripes Apparels Limited, Transferor Company.**

**l) Dematerialization of shares:**

About 96.09% of the shares have been dematerialised as on 31st March, 2009. The equity shares of Kamadgiri Synthetics Limited are traded in The Stock Exchange, Mumbai.

The equity shares of the Company are permitted to be traded in dematerialized form only.

**m) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:**

The Company has not issued any GDRs/ADRs. The Company has allotted 3,25,000 Warrants Convertible into equity shares to Private Investor.

**n) Plant Locations:**

The Company's plant is located at:  
31/3, Ganga Devi Road,  
Umbergaon – 396171, Dist – Valsad (Gujarat).

C-4/2/2,MIDC,Tarapur, Dist.: Thane - 401 506.

J-72/1,MIDC,Tarapur, Dist.:Thane - 401 506.

**o) Address for investor correspondence:**

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, payment of dividend on shares and any other query relating to shares of the Company: Registrar & Share Transfer Agent.

M/s. Sharex Dynamic (India) Private Limited.  
 Unit No.1, Luthra Industrial Premises, Safed Pool,  
 Andheri Kurla Road, Andheri (East),  
 Mumbai – 400 072.  
 Phone – 28515606 & 5644 Fax: 28512885.  
 Concerned officer incharge of the Registry is Mr. T. Shashi Kumar.  
 Email: sharexindia @vsnl.com

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DPs).

**11. Non-Mandatory Requirements:**

**(a) Chairman of the Board:** The Company has an executive Chairman and hence the requirement pertaining to reimbursement of expenses to a non-executive Chairman does not arise.

**(b) Remuneration Committee:** Details regarding Remuneration Committee has already been dealt under para 4 of this report.

**(c) Shareholders' Right:** As the Company's half yearly financial results are published in English and Marathi newspapers having a wide circulation, the same need not be sent to shareholders individually. However, the Company furnishes the quarterly and half yearly results on receipt of a request from the shareholders.

**(d) Audit Qualifications:** Audit qualifications/observations on the Financial Statements for the year 2008-09 have been appropriately explained in the Directors' Report.

**(e) Training to Board Members:** No training has been provided to the Board Members as on date of this report.

**(f) Mechanism for evaluating Non-executive Board Members:** The Company is working on the mechanism and will be adopted in due course.

**(g) Whistle Blower Policy:** The Company has adopted the code of conduct for Directors and Senior Management. The Board has considered and deliberated on the whistle blower policy of the Company. The same will be implemented shortly.

**12. Compliance:**

A certificate has been obtained from the Statutory Auditors of the Company regarding compliance of corporate governance and attached to this report.

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members,  
Kamadgiri Synthetics Limited.

We have examined the compliance with the conditions of Corporate Governance by Kamadgiri Synthetics Limited ("the Company") for the year ended 31st March, 2009, as stipulated in clause 49 of the listing agreement of the said Company with the Stock Exchanges in India, with the relevant records and documents maintained by the Company and furnished to us and the report on Corporate Governance as approved by the Board of Directors.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements 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 our examination of 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 and on behalf of  
**R.S. Agrawal & Associates**  
Chartered Accountants

sd/-  
**R.S. Agrawal**  
Partner  
Membership No. 33216

PLACE: MUMBAI.  
DATE: 11TH AUGUST, 2009



**CERTIFICATION BY CHAIRMAN & MANAGING DIRECTOR**

To,  
The Board of Directors,  
Kamadgiri Synthetics Limited.  
Mumbai.

We hereby certify that for the financial year, ending 31st March, 2009 on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that;

1. These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
2. 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.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
4. 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 internal controls, if any of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
5. We further certify that:
  - a. There have been no significant changes in internal control during the year;
  - b. There have been no significant changes in accounting policies during the year.
  - c. There have been no instances of significant fraud of which we are 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.

**FOR KAMADGIRI SYNTHETICS LIMITED**

sd/-

**PRADIP KUMAR GOENKA**  
**CHAIRMAN & MANAGING DIRECTOR**

PLACE: MUMBAI.

DATE: 11TH AUGUST, 2009

**DECLARATION ON COMPLIANCE OF CODE OF CONDUCT**

I, Mr. Pradip Kumar Goenka, Chairman & Managing Director of the Company hereby declared that all Board Members and Senior Management Personnel have affirmed compliance of the Code of Conduct laid down by the Board on an annual basis.

**FOR KAMADGIRI SYNTHETICS LIMITED**

sd/-

**PRADIP KUMAR GOENKA**  
**CHAIRMAN & MANAGING DIRECTOR**

PLACE: MUMBAI.

DATE: 11TH AUGUST, 2009

## AUDITORS' REPORT TO THE MEMBERS OF KAMADGIRI SYNTHETICS LIMITED

1. We have audited the attached Balance Sheet of KAMADGIRI SYNTHETICS LIMITED as at 31st March 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
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 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ('the order'), as amended, issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, ('the Act') 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:
  - (i) 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;
  - (ii) in our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;
  - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act *except that a provision has been made for leave encashment for employees of the Transferor Company on actuarial basis which is not in line with the accounting policy of the Company as specified in the Scheme of Amalgamation. Had the accounting policy of the Company was followed for making provision of leave encashment in case of Transferor Company also:*
    - a) *the profit for the year and surplus in profit and loss account would have been higher by Rs. 220.41 thousands to the extent the provision relates to current year; and*
    - b) *the general reserve would have lower by Rs.1666.87 thousands to the extent the provision relates to earlier years;*
  - (v) based on the representations made by the directors of the Company, we report that none of the directors are disqualified as on 31<sup>st</sup> March 2009 from being appointed as a director in terms of Section 274 (1) (g) of the Act,
  - (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with notes thereon give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009;
    - b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
    - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of  
**R.S. Agrawal & Associates**  
 Chartered Accountants

sd/-  
**R.S. Agrawal**  
 Partner  
 Membership No. 33216

PLACE: MUMBAI.  
 DATE: 30TH JUNE, 2009

**ANNEXURE REFERRED TO IN PARAGRAPH (3) OF AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2009 OF KAMADGIRI SYNTHETICS LIMITED**

On the basis of such checks as we consider appropriate and in terms of the information and explanation given to us, we state that:

- (i) a) the Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- b) as explained to us, major portion of the fixed assets have been physically verified by the management during the year, which in our opinion is reasonable, looking to the size of the Company and nature of its assets. On the basis of explanations received, in our opinion, the discrepancies found on physical verification were not material; and
- c) during the year the Company has disposed off remaining plant and machineries, unused land and factory building of its spinning unit which is substantial. As per the information and explanations given to us, we are of the opinion that such disposal of the said assets will not affect the Company's ability to continue as going concern in the foreseeable future;
- (ii) a) as explained to us, the inventories have been physically verified during the year by the management at reasonable intervals and frequency of verification is reasonable;
- b) in our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business; and
- c) on the basis of our examination of the inventory records of the Company, we are of the opinion that, the Company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of inventory as compared to the book records;
- (iii) a) the Company has not granted any loan, secured or unsecured, during the year to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses (iii) (b), (c) and (d) of the Order are not applicable;
- b) the Company has taken unsecured loan from a Company covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 0.62 lacs and the year-end balance was Rs. Nil;
- c) in our opinion, the rate of interest and other terms and conditions on which the loan has been taken from the body corporate listed in the register maintained under section 301 of the Act are not, prima facie, prejudicial to the interest of the Company; and
- d) since the aforesaid loans, as informed to us, are repayable on demand, the payment of principal amount and interest on the aforesaid loans were treated as regular;
- (iv) in our opinion, there is generally adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system;
- (v) a) on the basis of the audit procedures performed, we are of the opinion that the particulars of all contract and arrangement which were required to be entered in the registers maintained under section 301 of the Act, have been so entered; and

- b) in our opinion, transactions made in pursuance of contracts or arrangements referred to in clause (v) (a) above and exceeding the value of Rs. 5 lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at relevant time where such market prices are available;
- (vi) in our opinion, the Company has not accepted any deposits from the public;
- (vii) *the Company has no internal audit system*; however, as explained to us the Company has an internal check system commensurate with its size and nature of its business;
- (viii) we have broadly reviewed the accounts and records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Act and are of the opinion that, prima facie the prescribed accounts and records have been made and maintained;
- (ix) a) according to the records of the Company, it has generally been regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Service-tax Sales-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other material Statutory Dues applicable to it. There were no arrears as at 31<sup>st</sup> March 2009 for a period of more than six months from the date they became payable; and
- b) according to the information, there is no dues in case of Income Tax/Sales Tax/ Wealth Tax/ Service Tax/ Custom Duty/Excise Duty/ Cess where dispute is pending and not deposited except as under:

Name of the statute	Nature of the dues	Amount (Rs `000)	Period	Forum where dispute is pending
Income Tax Act	Income Tax	3,491.96	1993-94*	High Court
		3,168.32	1994-95*	
		2,369.51	1995-96*	
		1,000.42	1996-97*	
		831.59	1998-99*	
		878.66	2000-2001*	ITAT
Sale Tax Act	Sales Tax	598.92	2001-2002	Commissioner (Appeals)
		2,581.46	2002-2003	

\*Assessment Year

- (x) the Company has neither accumulated losses at the end of the financial year nor it has incurred cash losses, both in the financial year under report and in the immediately preceding financial year;
- (xi) according to the records examined by us, the Company has not defaulted, during the year, in repayment of dues to a institution or bank. The Company has at no time issued any debenture;
- (xii) the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities;

- (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) the Company is not dealing or trading (except for investments purposes) in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the order, are not applicable to the Company. The Company in its own name holds all the investments;
- (xv) the Company, as informed to us, has given guarantee for loans taken by a group Company from a bank, the terms and conditions whereof, as explained to us, are not prejudicial to the interest of the Company;
- (xvi) on the basis of the records examined by us, the Company has, prima-facie, applied the term loans for the purpose for which they were obtained;
- (xvii) on an overall examination of the financial statements of the Company, we are of the opinion that no funds raised on short-term basis have, prima facie, been used for long-term purposes;
- (xviii) the Company, during the year, has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act;
- (xix) the Company has not issued any debentures, and therefore the provisions of clause 4 (xix) of the order are not applicable to the Company;
- (xx) the Company has not raised any money through a public issue during the year; and
- (xxi) based upon the audit procedures performed and explanations given to us we report that, no fraud on or by the Company, has been noticed or reported during the course of our audit for the year under review.

For and on behalf of  
**R.S. Agrawal & Associates**  
Chartered Accountants

sd/-

**R.S. Agrawal**  
Partner  
Membership No. 33216

PLACE: MUMBAI.  
DATE: 30TH JUNE, 2009

**KAMADGIRI SYNTHETICS LIMITED**  
**BALANCE SHEET AS AT 31st MARCH, 2009**

(Rs. in thousands)

	SCHD. No.	As at 31st March 2009	As at 31st March 2008
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUND</b>			
Share Capital	1	29,993.00	29,993.00
Share Capital Suspense	1A	17,398.66	-
Reserves & Surplus	2	121,519.37	68,341.24
		<b>168,911.03</b>	98,334.24
<b>LOAN FUNDS</b>			
Secured Loans	3	109,994.68	92,850.16
Unsecured Loans	4	8,873.42	6,300.00
		<b>118,868.10</b>	99,150.16
<b>DEFERRED TAX LIABILITY (Net)</b>		<b>21,107.50</b>	19,772.00
<b>TOTAL FUNDS EMPLOYED</b>		<b>308,886.63</b>	217,256.40
<b>APPLICATION OF FUNDS:</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	219,462.35	226,261.59
Less: Depreciation		72,409.35	106,333.42
Net Block		147,053.00	119,928.17
Capital Work in Progress		928.16	-
		<b>147,981.16</b>	119,928.17
<b>INVESTMENTS</b>			
	6	9,162.40	10,371.10
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	7	120,351.08	57,184.85
Sundry Debtors	8	184,131.33	63,930.29
Cash & Bank Balances	9	4,084.80	520.66
Loans & Advances	10	65,529.99	18,200.02
		<b>374,097.20</b>	139,835.83
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	11	197,660.47	44,001.09
Provisions	12	24,693.66	8,877.61
		<b>222,354.14</b>	52,878.70
NET CURRENT ASSETS (A-B)		<b>151,743.07</b>	86,957.13
<b>TOTAL FUND UTILISED</b>		<b>308,886.63</b>	217,256.40
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS</b>			
	21		

The schedules referred to above and notes to accounts are an integral part of the balance sheet

As per our attached report of even date:

For and on behalf of  
**R.S. AGRAWAL & ASSOCIATES**  
Chartered Accountants

**R.S. AGRAWAL**  
Partner  
Membership No. 33216

Mumbai, 30th June 2009

**For & on behalf of the Board of Directors  
of Kamadgiri Synthetics Limited**

**PRADIP KUMAR GOENKA**  
Chairman & Managing Director

**LALIT KUMAR GOENKA**  
Director

**MURARILAL GOENKA**  
Director

**KAMADGIRI SYNTHETICS LIMITED  
PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH 2009**

(Rs. in thousands)

	SCHD. No.	2008-2009	2007-2008
<b>INCOME :</b>			
Sales and Operating Income	13	825,238.25	355,993.29
Other Income	14	3,878.32	3,010.58
<b>TOTAL</b>		<b>829,116.58</b>	<b>359,003.87</b>
<b>EXPENDITURE:</b>			
Increase / (Decrease) of Finished Stock	15	4,068.30	(2,713.55)
Cost of Inventories Consumed	16	188,335.32	105,330.56
Cost of Goods Traded in		296,988.81	152,769.63
Personnel Cost	17	96,629.83	16,759.81
Manufacturing Cost	18	133,166.29	50,187.33
Administrative & Other Expenses	19	61,657.60	9,216.12
Finance Charges	20	20,624.31	12,402.30
Depreciation	5	16,190.58	14,063.25
		<b>817,661.04</b>	<b>358,015.45</b>
<b>PROFIT BEFORE TAXATION</b>		<b>11,455.54</b>	<b>988.43</b>
Profit from continuing operations before tax (Note no. 9 of Schedule 21 'B')		<b>11,337.95</b>	<b>4,750.60</b>
Provision for taxation:			
Current Tax		6,147.00	2,212.90
Deferred Tax (Assets)		2,586.59	(2,168.50)
Fringe Benefit Tax		649.60	124.50
Profit from continuing operations after tax		<b>9,383.19</b>	<b>168.91</b>
		<b>1,954.76</b>	<b>4,581.69</b>
Profit from discontinuing operations before exceptional item		(1,195.00)	(4,114.34)
Impairment loss (gain)		(1,312.59)	(352.16)
Profit from discontinuing operations before tax (Note no. 9 of Schedule 21 'B')		<b>117.59</b>	<b>(3,762.17)</b>
Income tax expenses:			
Current Tax		221.00	(133.90)
Deferred Tax (Assets)		(5,558.43)	(1,365.91)
Profit from discontinuing operations after tax		<b>(5,337.43)</b>	<b>(1,499.81)</b>
		<b>5,455.02</b>	<b>(2,262.37)</b>
<b>PROFIT AFTER TAX</b>		<b>7,409.78</b>	<b>2,319.33</b>
Less /Add :Tax adjustments for earlier years		86.40	116.38
Add(Less): Prior period items		-	4.50
Add: Balance B/F from Previous Year		29,574.60	20,718.96
<b>SURPLUS AVAILABLE FOR APPROPRIATION</b>		<b>36,897.98</b>	<b>22,926.40</b>
<b>APPROPRIATION :</b>			
Proposed Dividend		4,739.87	1,500.00
Tax on Dividend		805.54	254.93
		<b>5,545.41</b>	<b>1,754.93</b>
Balance Carried to Balance Sheet		<b>31,352.57</b>	<b>21,171.48</b>
Basic Earning per Share		2.44	0.73
Diluted Earning per Share (Note No. 13 of Schedule 21 'B')		1.55	0.73
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS</b>	21		

The schedules referred to above and notes to accounts are an integral part of the profit &amp; loss account

As per our attached report of even date:

For and on behalf of  
**R.S. AGRAWAL & ASSOCIATES**  
Chartered Accountants

**For & on behalf of the Board of Directors  
of Kamadgiri Synthetics Limited**

**PRADIP KUMAR GOENKA**  
Chairman & Managing Director

**R.S.AGRAWAL**  
Partner  
Membership No. 33216

**LALIT KUMAR GOENKA**  
Director

**MURARILAL GOENKA**  
Director

Mumbai, 30th June 2009

<b>KAMADGIRI SYNTHETICS LIMITED</b>		
<b>CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009</b>		
Pursuant to Clause 32 of the Listing Agreement		<b>(Rs. in thousands)</b>
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2008-2009</b>	<b>2007-2008</b>
Net Profit before Tax and Extraordinary Items	<b>11,455.54</b>	988.43
Adjustment :		
Depreciation	<b>16,190.58</b>	14,063.25
Preliminary expenditure written off (note no. 4)	<b>12.38</b>	-
(Profit)/Loss on sale of fixed assets	<b>(421.71)</b>	(249.63)
Investment Income:		
Interest /Other Income	<b>(3,233.49)</b>	(2,586.10)
Finance Charges		
Interest Expenses	<b>20,624.31</b>	12,402.30
	<b>33,172.07</b>	23,629.81
Operating Profit before Working Capital changes	<b>44,627.60</b>	24,618.24
Change in Working Capital		
Trade and Other Receivables	<b>(51,403.85)</b>	(19,659.16)
Inventories	<b>3,837.13</b>	(8,167.48)
Trade Payables	<b>38,052.57</b>	34,442.47
	<b>(9,514.16)</b>	6,615.82
Cash generated from operations	<b>35,113.45</b>	31,234.06
Direct Taxes Paid	<b>(6,049.39)</b>	(1,650.87)
Cash flow before Extraordinary Items	<b>29,064.06</b>	29,583.20
Net Prior Year Adjustments	-	4.50
Extraordinary Items (merger expenses)	<b>(352.31)</b>	-
	<b>(352.31)</b>	4.50
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>28,711.75</b>	29,587.70
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Inflow:		
Proceeds From Sale of Fixed Assets	<b>41,474.85</b>	600.00
Purchase of Investments (Net)	<b>1,215.00</b>	-
Interest / Other income	<b>3,233.49</b>	2,586.10
	<b>45,923.34</b>	3,186.10
Outflow:		
Acuisition of Fixed Assets	<b>(28,029.96)</b>	(5,226.36)
	<b>(28,029.96)</b>	(5,226.36)
<b>NET CASH USED IN INVESING ACTIVITIES</b>	<b>17,893.38</b>	(2,040.25)
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Inflow:		
Proceeds from Long Term Borrowings	<b>716.00</b>	21,000.00
Increase(decrease) in Unsecured Loan	<b>2,573.42</b>	-
	<b>3,289.42</b>	21,000.00
Outflow:		
Repayment of Long Term Borrowings	<b>(19,987.35)</b>	(25,671.50)
Interest Paid	<b>(20,624.31)</b>	(12,402.30)
Change in Working Capital Borrowing from Banks	<b>(6,225.67)</b>	(9,584.24)
Dividend Paid	<b>(1,500.00)</b>	(1,500.00)
	<b>(48,337.33)</b>	(49,158.04)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(45,047.91)</b>	(28,158.04)
<b>NET INCREASE IN CASH AND CASH EQUIVALANTS (A+B+C)</b>	<b>1,557.22</b>	(610.59)
<b>OPENING BALANCE OF CASH AND CASH EQUIVALANTS</b>	<b>2,527.58</b>	1,131.26
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALANTS</b>	<b>4,084.80</b>	520.66

**Notes to Cash Flow Statement:**

- 1 Purchase of Fixed Assets is inclusive of capital work in progress.
- 2 Cash and cash equivalents represent cash on hand, cheques on hand and balances with banks including fixed deposits with banks.
- 3 In view of amalgamation as given in Note. 12 of Schedule 21 'B', the figures for the current year are not comparable with those of previous year.
- 4 Preliminary expenditure written off has been clubbed with Miscellaneous expenses

As per our attached report of even date:

For and on behalf of  
**R.S. AGRAWAL & ASSOCIATES**  
Chartered Accountants

R.S.AGRAWAL  
Partner  
Membership No. 33216

Mumbai, 30th June 2009

**For & on behalf of the Board of Directors  
of Kamadgiri Synthetics Limited**

**PRADIP KUMAR GOENKA**  
Chairman & Managing Director

**LALIT KUMAR GOENKA**  
Director

**MURARILAL GOENKA**  
Director



<b>KAMADGIRI SYNTHETICS LIMITED</b>		
<b>(Rs. in thousands)</b>		
<b>Schedules to the Balance Sheet</b>	<b>As at 31st March 2009</b>	<b>As at 31st March 2008</b>
<b>SCHEDULE `1` SHARE CAPITAL</b>		
AUTHORISED: 95,86,000 (Previous year 36,00,000) Equity Shares of Rs.10 each (Note No 10(5)(e) of Schedule 21 'B')	<b>95,860.00</b>	36,000.00
ISSUED, SUBSCRIBED AND PAID UP : 30,00,000 (Previous year 30,00,000) Shares of Rs. 10/- each	<b>30,000.00</b>	30,000.00
Less: Allotment moneys in Arrear (Other than Directors)	<b>7.00</b>	7.00
	<b>29,993.00</b>	29,993.00
<b>TOTAL</b>	<b>29,993.00</b>	29,993.00
<b>SCHEDULE `1A` SHARE CAPITAL SUSPENSE:</b>		
1739866 Equity Share of Rs. 10/- each to be issued as fully paid up to the equity shareholders of the Transferor Company pursuant to the Scheme of Amalgamation (Note No 10(4) of Schedule 21 'B')	<b>17,398.66</b>	-
<b>TOTAL</b>	<b>17,398.66</b>	-
<b>SCHEDULE `2` RESERVES &amp; SURPLUS:</b>		
State Subsidy	<b>3,700.07</b>	3,700.07
Capital Reserve: As per last Balance sheet of Transferor company	<b>178.43</b>	-
Less: Reversed during the year (Note No 10(5)(a)(iii) of Schedule 21 'B')	<b>178.43</b>	-
	-	-
Securities Premium Account: As per last Balance sheet	<b>24,000.00</b>	24,000.00
Add: Transferred from Transferor company	<b>181.62</b>	-
Less: Allotment money in Arrear (Other than Directors)	<b>21.00</b>	21.00
	<b>24,160.62</b>	23,979.00
General Reserve: As per last Balance Sheet	<b>19,490.69</b>	19,490.69
Add: Transferred from amalgamation reserve	<b>42,452.74</b>	-
Add: Depreciation adjustments for earlier years (Note No 10(5)(a)(i) of Schedule 21 'B')	<b>760.84</b>	-
	<b>62,704.28</b>	19,490.69
Less: Amalgamation expenses	<b>352.31</b>	-
Less: Miscellaneous Expenditure (Note No 10(5)(c) of Schedule 21 'B')	<b>45.85</b>	-
	<b>62,306.11</b>	19,490.69
Amalgamation Reserve: Created in terms of the Scheme of amalgamation	<b>42,452.74</b>	-
Less: Transferred to General Reserve (Note No 10(5)(b) of Schedule 21 'B')	<b>42,452.74</b>	-
	-	-
Surplus in profit and loss account	<b>31,352.57</b>	21,171.48
<b>TOTAL</b>	<b>121,519.37</b>	68,341.24

<b>KAMADGIRI SYNTHETICS LIMITED</b>			<b>(Rs. in thousands)</b>
		<b>As at 31st March 2009</b>	As at 31st March 2008
<b>SCHEDULE `3` SECURED LOANS:</b>			
TERM LOANS :			
From Banks		<b>32,705.15</b>	34,961.42
WORKING CAPITAL LOANS :			
From Banks		<b>77,289.53</b>	57,888.74
(Note no. 8 of Schedule 21 'B' for nature of securities given for secured loans)			
<b>TOTAL</b>		<b>109,994.68</b>	92,850.16
<b>SCHEDULE `4` UNSECURED LOANS :</b>			
Inter-Corporate Loan		<b>2,573.42</b>	-
Deposit (Note No 18 of Schedule 21 'B')		<b>6,300.00</b>	6,300.00
<b>TOTAL</b>		<b>8,873.42</b>	6,300.00

<b>SCHEDULE `5` FIXED ASSETS</b>										<b>(Rs. In thousands)</b>
<b>PARTICULARS</b>	<b>GROSS BLOCK (At Cost)</b>				<b>DEPRECIATION</b>				<b>NET BLOCK</b>	
	As at 31st March 2008	Addition	Deduction	As at 31st March 2009	Upto 31st March 2008	For the Year	Adjustment for the year	Upto 31st March 2009	As at 31st March 2009	As at 31st March 2008
<b>Land</b>	2,412.41	-	726.40	<b>1,686.01</b>	-	-	-	-	<b>1,686.01</b>	2,412.41
<b>Leasehold Land</b>	2,145.17	-	-	<b>2,145.17</b>	100.29	21.67	-	<b>121.96</b>	<b>2,023.20</b>	2,044.87
<b>Building/Flat</b>	19,244.20	-	-	<b>19,244.20</b>	3,219.35	313.68	-	<b>3,533.03</b>	<b>15,711.17</b>	16,024.85
<b>Factory Building</b>	65,413.71	848.40	27,257.98	<b>39,004.13</b>	17,070.07	1,737.28	10,763.95	<b>8,043.39</b>	<b>30,960.73</b>	48,343.64
<b>Plant &amp; Machinery</b>	166,306.66	18,594.13	62,605.25	<b>122,295.54</b>	75,818.65	11,922.19	40,127.14	<b>47,613.69</b>	<b>74,681.85</b>	90,488.01
<b>Electrical Installation</b>	17,543.56	111.08	9,205.89	<b>8,448.75</b>	12,120.98	414.67	8,455.32	<b>4,080.33</b>	<b>4,368.42</b>	5,422.58
<b>Office Equipment</b>	2,662.51	909.16	-	<b>3,571.67</b>	884.45	152.94	-	<b>1,037.38</b>	<b>2,534.29</b>	1,778.06
<b>Furniture &amp; Fixtures</b>	10,733.75	5,616.45	60.00	<b>16,290.20</b>	3,066.13	900.82	8.86	<b>3,958.09</b>	<b>12,332.11</b>	7,667.62
<b>Vehicles</b>	1,434.29	881.89	773.27	<b>1,542.91</b>	728.12	89.83	220.38	<b>597.57</b>	<b>945.34</b>	706.17
<b>Bicycle</b>	6.90	-	-	<b>6.90</b>	1.11	0.49	-	<b>1.60</b>	<b>5.30</b>	5.78
<b>Electronic Data Processing System</b>	4,391.48	835.39	-	<b>5,226.87</b>	2,785.27	637.02	-	<b>3,422.29</b>	<b>1,804.58</b>	1,606.21
<b>Total as at 31.03.2009</b>	<b>292,294.65</b>	<b>27,796.49</b>	<b>100,628.79</b>	<b>219,462.35</b>	<b>115,794.42</b>	<b>16,190.58</b>	<b>59,575.65</b>	<b>72,409.35</b>	<b>147,053.00</b>	<b>176,500.23</b>
Total as at 31.03.2008	223,451.60	5,226.36	2,416.37	226,261.59	94,336.17	14,063.25	2,066.00	106,333.42		

<b>KAMADGIRI SYNTHETICS LIMITED</b>		<b>(Rs. in thousands)</b>	
	<b>As at 31st March 2009</b>	<b>As at 31st March 2008</b>	
<b>SCHEDULE `6` INVESTMENTS :</b>			
LONG TERM INVESTMENTS			
Trade : Unquoted : 6,00,300 (6,00,300) fully paid up Equity Shares of Rs.10/- each of Jagruti Synthetics Ltd. (a company in which a relative of Directors and a director is interested as Directors)	<b>6,365.25</b>	6,365.25	
1,35,000 (1,35,000) fully paid up Equity Shares of Rs. 10/- each of Spindraw Fibres Pvt. Ltd. (a company under the same management)	<b>1,350.00</b>	1,350.00	
0 (54000) fully paid up Equity Shares of Rs.10/- each of Ananddeep Con.Ser. Pvt.Ltd. (a company under the same management) (these shares were disposed off for Rs. 12.42 lacs)	-	1,215.00	
Other than Trade : Unquoted : 47276 (47266) Equity shares of Bombay Mercantile Co-op. Bank Ltd of Rs.30/- each fully paid up.	<b>1,422.98</b>	1,417.98	
100 (100) Equity Shares of Jankalyan Sahakari Bank limited of Rs. 10/- each.fully paid up.	<b>1.00</b>	-	
500 (500) units of Principal Junior Cap. Fund @ 10/-	<b>0.30</b>	-	
Government Securities : National Saving Certificates	<b>22.87</b>	22.87	
<b>TOTAL</b>	<b>9,162.40</b>	10,371.10	
<b>SCHEDULE `7` INVENTORIES:</b> (As verified, valued and certified by the management)			
Raw Material	<b>16,946.98</b>	27,421.35	
Stock-in-process	<b>21,316.30</b>	2,559.89	
Finished goods	<b>67,711.82</b>	20,500.07	
Store & Spares and others	<b>14,375.99</b>	,703.55	
<b>TOTAL</b>	<b>120,351.08</b>	57,184.85	
<b>SCHEDULE `8` SUNDRY DEBTORS:</b> (Unsecured, Considered good)			
Debts outstanding for a period exceeding six months	<b>11,811.46</b>	2,491.25	
Others	<b>172,319.87</b>	61,439.04	
<b>TOTAL</b>	<b>184,131.33</b>	63,930.29	
<b>SCHEDULE `9` CASH AND BANK BALANCES :</b>			
Cash on Hand	<b>780.88</b>	436.37	
Bank Balances with Scheduled Banks: In Fixed deposit Accounts	<b>750.00</b>	-	
In Current Accounts (Note No.14 of Schedule 21 'B')	<b>2,553.92</b>	84.29	
<b>TOTAL</b>	<b>4,084.80</b>	520.66	
<b>SCHEDULE `10` LOANS &amp; ADVANCES :</b> (Unsecured, Considered good)			
Advances recoverable in cash or in kind or for value to be received	<b>5,622.95</b>	4,317.69	
Deposits (Note No. 16 of Schedule 21 "B")	<b>8,177.74</b>	7,055.91	
Payment of Income-Tax	<b>15,115.36</b>	6,826.42	
Advance for capital goods	<b>36,613.94</b>	-	
<b>TOTAL</b>	<b>65,529.99</b>	18,200.02	

<b>KAMADGIRI SYNTHETICS LIMITED</b>		<b>(Rs. in thousands)</b>	
	<b>As at 31st March 2009</b>	<b>As at 31st March 2008</b>	
<b>SCHEDULE `11' CURRENT LIABILITIES:</b>			
Sundry Creditors (Note No `5' of Schedule 21 'B')	<b>152,656.23</b>	17,396.16	
Other Liabilities	<b>45,004.24</b>	1,969.93	
Advance for sale of capital assets	-	24,635.00	
<b>TOTAL</b>	<b>197,660.47</b>	44,001.09	
<b>SCHEDULE `12' PROVISIONS :</b>			
Proposed Dividend	<b>4,739.87</b>	1,500.00	
Tax on Proposed Dividend	<b>805.54</b>	254.93	
Gratuity & Leave Encashment	<b>4,641.21</b>	1,054.24	
Corporate Tax	<b>14,507.05</b>	6,068.45	
<b>TOTAL</b>	<b>24,693.66</b>	8,877.61	
<b>SCHEDULE `13' SALES &amp; OPERATING INCOME:</b>			
Sales	<b>661,355.22</b>	326,535.29	
Job Charges ( Gross) (TDS Rs.3549532.5/- Pr. Yr. Rs 535217/-)	<b>164,805.41</b>	29,440.00	
	<b>826,160.63</b>	355,975.29	
Less: Sales Tax	<b>1,354.70</b>	-	
Sales net of taxes	<b>824,805.94</b>	355,975.29	
Other operating income	<b>432.32</b>	18.00	
<b>TOTAL</b>	<b>825,238.25</b>	355,993.29	
<b>SCHEDULE `14' OTHER INCOME :</b>			
Interest (TDS Rs. 336788/- Pr.Yr Rs. 505714/-)	<b>3,233.49</b>	2,586.10	
Profit on sale of fixed assets	<b>421.71</b>	249.63	
Miscellanies Income	<b>223.12</b>	174.85	
<b>TOTAL</b>	<b>3,878.32</b>	3,010.58	
<b>SCHEDULE `15' INCREASE (DECREASE) IN FINISHED INVENTORIES:</b>			
Closing Stock of Finished Goods:	<b>67,711.82</b>	20,500.07	
Less: Opening Stock of Finished Goods:	<b>71,780.12</b>	17,786.52	
<b>TOTAL</b>	<b>(4,068.30)</b>	2,713.55	
<b>SCHEDULE `16' COST OF INVENTORIES CONSUMED &amp; SOLD:</b>			
Opening Stock			
Raw Material	<b>27,738.74</b>	27,277.39	
Stock in Process	<b>16,093.35</b>	713.10	
	<b>43,832.09</b>	27,990.48	
Add : Cost of Purchases	<b>182,766.50</b>	107,321.32	
Less : Closing Stock			
Raw Material	<b>16,946.98</b>	27,421.35	
Stock-in-Process	<b>21,316.30</b>	2,559.89	
	<b>38,263.27</b>	29,981.24	
<b>TOTAL</b>	<b>188,335.32</b>	105,330.56	

<b>KAMADGIRI SYNTHETICS LIMITED</b>		<b>(Rs. in thousands)</b>	
	<b>As at 31st March 2009</b>	<b>As at 31st March 2008</b>	
<b>SCHEDULE `17' PERSONNEL EXPENSES :</b>			
Salaries, Wages and Bonus	<b>88,201.27</b>	15,674.52	
Contribution to Provident and other funds	<b>5,115.64</b>	715.90	
Leave Encashment	<b>1,103.44</b>	-	
Gratuity expenses	<b>1,496.09</b>	(148.45)	
Staff & Labour Welfare	<b>713.39</b>	517.85	
<b>TOTAL</b>	<b>96,629.83</b>	16,759.81	
<b>SCHEDULE `18' MANUFACTURING EXPENSES :</b>			
Power & Fuel	<b>20,020.83</b>	12,906.94	
Repairs & Maintenance:			
Plant & Machinery	<b>1,398.53</b>	1,204.45	
Factory Building	<b>272.05</b>	317.37	
Others	<b>2,751.52</b>	619.77	
Machine Hire Charges	<b>9,320.00</b>	4,320.00	
Stores & Spare and Other Consumables	<b>9,839.17</b>	7,983.60	
Accessories Consumed	<b>4,781.05</b>	-	
Job /Processing/Doubling/Stitching Charges	<b>57,539.93</b>	15,599.30	
Packing Material & Expenses	<b>17,845.77</b>	2,200.67	
Labour Charges	<b>7,797.45</b>	4,435.23	
Gala Rent	<b>1,600.00</b>	600.00	
<b>TOTAL</b>	<b>133,166.29</b>	50,187.33	
<b>SCHEDULE `19' ADMINISTRATIVE &amp; OTHER EXPENSES</b>			
Printing & Stationary	<b>1,689.95</b>	441.26	
Communication charges	<b>2,039.73</b>	665.95	
Rent	<b>4,535.12</b>	325.20	
Rates & Taxes	<b>362.46</b>	244.25	
Insurance	<b>1,095.22</b>	469.87	
Auditor's Remuneration	<b>403.70</b>	282.02	
Legal & Professional Charges	<b>3,550.86</b>	683.99	
Travelling & Conveyance	<b>4,407.41</b>	840.42	
Brokerage & Commission	<b>6,938.12</b>	1,785.41	
Advertisement & marketing Expenses	<b>6,836.50</b>	436.97	
Incentives and discount	<b>17,512.13</b>	-	
Freight Outward Charges	<b>2,828.70</b>	1,356.36	
Miscellaneous Expenses	<b>9,457.69</b>	1,684.42	
<b>TOTAL</b>	<b>61,657.60</b>	9,216.12	
<b>SCHEDULE `20' INTEREST &amp; FINANCIAL CHARGES</b>			
On Term Loans	<b>5,111.92</b>	2,980.78	
On Working Capital Loans	<b>10,912.37</b>	6,450.03	
Other interest & financial charges	<b>4,600.02</b>	2,971.50	
<b>TOTAL</b>	<b>20,624.31</b>	12,402.30	

## **SCHEDULE 21: SIGNIFICANT ACCOUNTING POLICIES NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009**

### **A. SIGNIFICANT ACCOUNTING POLICIES**

#### **1. Basis of Accounting**

The financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in India under the historical cost convention on accrual basis. GAAP comprise mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.

#### **2. Use of Estimates**

The preparation of financial statements in Conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known or materialised.

#### **3. Fixed Assets and Depreciation**

All fixed assets except lands are stated at cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost required for bringing the assets to its working conditions for its intended use.

- Cost of leasehold land is amortized over the period of lease.
- Depreciation on fixed assets is provided on "Straight line method" at the rates specified in Scheduled XIV to the Companies Act, 1956.
- Depreciation in respect of addition to fixed assets is provided on pro-rata basis from the month in which such assets are acquired/ installed/started commercial production.
- Depreciation on fixed assets sold, discarded or demolished during the year is being provided at their respective rates up to the months in which such assets are sold, discarded or demolished.

#### **4. Investments**

- Long term Investments are stated at cost.
- Short term investments are being valued at cost or market value whichever is lower.

#### **5. Valuation of Inventories**

- Valuation of inventories is inclusive of taxes or duties incurred and on FIFO basis.
- Raw materials are valued at lower of cost or net realizable value.
- Stores & Spares are valued at cost.
- Work in process is valued at cost which includes direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity.
- Finished Stocks are valued at lower of cost or net realizable value.

#### **6. Revenue Recognition**

- Sale of Goods is recognized on transfer of significant risks and rewards of ownership which is on the dispatch of goods.
- Income from job charges are recognized as and when the services are rendered.
- Interest income is accounted on accrual basis.

#### **7. Impairment loss**

Impairment loss is provided to the extent the carrying amount(s) of assets exceed their recoverable amounts(s). Recoverable amount is the higher of an asset net selling price and its value in use. Value in use is the present value of estimated future cash flow expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm length transaction between knowledgeable, willing parties, less the cost of disposal.

#### **8. Retirement and Other Benefits to Employees**

- Employees' benefit under defined contribution plan such as contribution to provident fund and employees' benefits under defined benefit plan for leave encashment are charged off at the undiscounted amount in the year in which the related service provided.

- Post employment benefits under defined benefit plan such as gratuity are charged off in the year in which the employee has rendered services at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain and/or losses in respect of post employment benefits are charged to profit and loss account or capitalised in case of new projects taken up by the Company.

## 9. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

## 10. Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, on timing differences, being the difference between taxable incomes and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

## 11. Leases:

Where the Company is lessee:

Leases where the lessor effectively retains substantially all the risk and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expenses in the profit and loss account on a straight line basis over the lease term.

Where the Company is lessor:

Assets subject to operating leases are included in fixed assets, lease income is recognised in profit and loss account on a straight line basis over the lease term. Costs including depreciation are recognised as an expense in the profit and loss account. Initial direct costs such as legal cost, brokerage etc are recognised immediately in the profit and loss account.

Leases where significant portion of risk and reward of ownership are retained by the lessor are classified as operating leases and lease rentals thereon are charged to the Profit and Loss Account

## 12. Transaction in Foreign Currencies

- Transactions including transactions of acquiring fixed assets, in foreign currency are recorded by applying the exchange rates at the date of the transactions;
- Monetary items denominated in foreign currency remaining unsettled at the end of the year, are reported using the closing rates. The exchange difference arising as a result of the above is recognised in the profit and loss account;
- In case the monetary items are covered by the foreign exchange contracts, the difference between the yearend rate and the exchange rate at the date of the inception of the forward exchange contract is recognised as exchange difference; and
- In respect of hedging transactions, the premium/discount represented by difference between the exchange rate at the date of the inception of the forward exchange contract and forward rate specified in the contract is amortised as expense or income over the life of the contract.

**B. NOTES FORMING PART OF THE ACCOUNTS:**

1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 5,634.00 thousands (Previous year Rs. NIL).

2. Contingent Liabilities not provided for:

- (i) The Company has given a Corporate Guarantee to a Bank in respect of credit facilities to Jagruti Synthetics Limited, a Company in which a relative of a director and a director is interested as directors:
- Guarantee Deed and Demand Promissory Note executed for working capital and term loan of Rs. 20,000.00 thousands and Rs. 39,824.00 thousands (Previous year Rs. 20,000.00 thousands and Rs. 28,506.00 thousands) respectively; and
  - Outstanding amount of the working capital and term loan against the Company are Rs. 26,254.15 thousands and Rs. 15,122.03 thousands respectively (Previous years Rs. 32,867.89 thousands and Rs. 15,450.20 thousands)
- (ii) Disputed tax matters -
- Income - tax

Assessment Year	Original demand (Rs in '000)	Particulars
1993-94	3,491.96	Rectification application for refund of Rs 1.49 lacs is pending with the Assessing Officer. The appeal is preferred by the department before the High Court.
1994-95	3,168.32	The appeal is preferred by the department before the High Court.
1995-96	2,369.51	
1996-97	1,000.42	
1998-99	831.59	
2000-01	878.66	

b) Sales Tax

Assessment Year	Original demand (Rs in '000)	Particulars
2001-2002	748.65	The Company has preferred an appeal before Commissioner of Sales Tax (Appeals) and made a payment of Rs. 149730.00 under protest.
2002-2003	2,581.46	The Company has preferred an appeal before Commissioner of Sales Tax (Appeals)

3. Auditors' Remuneration:

	For 2008-09 (Rs in '000)	For 2007-08 (Rs in '000)
Audit Fees	275.75	123.60
Tax Audit	82.73	39.33
Taxation Matters	33.14	103.37
Other Services	12.08	15.73
<b>Total</b>	<b>403.70</b>	<b>282.03</b>



## 4. Particulars of Remuneration and other benefits provided to Directors are as under:

<b>Salary &amp; Perquisites*</b>	<b>For 2008-09 (Rs in '000)</b>	For 2007-08 (Rs in '000)
Managing Director	<b>1,402.00</b>	324.00
Other Directors	<b>87.00</b>	87.00
<b>Total</b>	<b>14.89.00</b>	411.00

\*Excluding Gratuity

## 5. As per the information available with the Company in response to the enquiries from all existing suppliers with whom Company deals, none of the suppliers are registered with The Micro, Small and Medium Enterprises Development Act, 2006.

## 6. Employee Benefits

## a.) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised are charged off for the year are as under:

**Rs. in thousands)**

Employer's Contribution to Provident Fund	4749.16
Employer's Contribution to superannuation Fund	-
Employer's Contribution to Pension Fund	-

## b.) Defined Benefit Plan

Leave Encashment -other than Transferor Company: During the year 2008-09, the amount paid to employees as leave encashment is Rs. 487.40 thousands.

Leave Encashment -Transferor Company: The Transferor Company used to follow actuarial valuation method which was continued during 2008-2009 also, as the Company, as a whole, decided to change the policy to account for the Leave Encashment Benefit on actuarial valuation basis with effect from 01/04/2009. Had the Company followed same policy for provision for Leave Encashment for Transferor Company also, the provision for leave encashment would have been higher by Rs. 1446.47 thousands net of Rs. 220.41 thousands for the year 2008-2009.

Gratuity: The employee's gratuity scheme is non -fund based. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

## I. Change in present value of obligation

<b>Particulars</b>	<b>Gratuity (Unfunded)</b>		<b>Leave encashment (Unfunded)</b>
	<b>2008-09 (Rs in '000)</b>	2007-08 (Rs in '000)	<b>2008-09 (Rs in '000)</b>
Defined Benefit obligation at beginning of the year	<b>2,345.83</b>	82.00	<b>423.02</b>
Current Service Cost	<b>1,267.25</b>	274.00	<b>659.30</b>
Interest Cost	<b>182.39</b>	66.00	<b>33.84</b>
Actuarial (gain) / loss	<b>46.44</b>	(106.00)	<b>410.29</b>
Benefits paid	<b>(516.10)</b>	-	<b>(211.06)</b>
Defined Benefit obligation at year end	<b>3,325.81</b>	1,054.00	<b>1,315.40</b>

## II. Amount recognized in Balance Sheet

Particulars	Gratuity (Unfunded)		Leave encashment (Unfunded)
	2008-09 (Rs in '000)	2007-08 (Rs in '000)	2008-09 (Rs in '000)
Fair value of plan assets	-	-	-
Present value of obligation	<b>3,325.81</b>	1,054.00	<b>1,315.40</b>
Amount recognised in balance sheet	<b>3,325.81</b>	1,054.00	<b>1,315.40</b>

## III. Expense recognized during the year

Particulars	Gratuity (Unfunded)		Leave encashment (Unfunded)
	2008-09 (Rs in '000)	2007-08 (Rs in '000)	2008-09 (Rs in '000)
Current Service Cost	<b>1,267.25</b>	274.00	<b>659.31</b>
Interest Cost	<b>182.39</b>	66.00	<b>33.84</b>
Expected return on plan assets	<b>N.A</b>	N.A	<b>N.A</b>
Actuarial (gain) / loss	<b>46.44</b>	(106.00)	<b>410.29</b>
Net Cost	<b>1,496.08</b>	234.00	<b>1,103.44</b>

## IV. Actuarial assumption

Particulars	Gratuity (Unfunded)		Leave encashment (Unfunded)
	2008-09 (Rs in '000)	2007-08 (Rs in '000)	2008-09 (Rs in '000)
Mortality Table (LIC)			
Discount rate (per annum)	<b>8%</b>	8%	<b>8%</b>
Expected return on plan assets (per annum)	<b>N.A.</b>	N.A.	<b>N.A.</b>
Rate of escalation in salary (per annum)	<b>5%</b>	5%	<b>5%</b>

- The estimates of rates of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.
- Consequent to amalgamation, the defined benefit obligation have been considered at beginning of the year for the transferor Company.

## 7. Related Party Disclosure :

- Names of related parties and description of relationships
  - Parties having interest in voting power of the Company that gives them significance influence over the Company:  
Shri Pradip Kumar Goenka  
Pantaloons Industries Limited
  - Key management personnel:  
Shri Pradip Kumar Goenka - Chairman & Managing Director  
Shri Lalit Kumar Goenka - Whole Time Director  
  
Relative of key management personnel:  
Shri Tilak Goenka
  - Enterprises over which parties mentioned in (a) and (b) above are exercising significant influence:  
Jagruhi Synthetics Limited  
Ananddeep Consultancy Services Private Limited  
Spindraw Fibres Private Limited

2. Transactions during the year and balances outstanding as at year end with the related parties are as follows:

Particulars	(Rs in thousands)			
	Volume of Transactions		Balances as on	
	2008-09	2007-2008	2008-09	2007-2008
<b>Incomes:</b>				
Sales:				
Jagruti Synthetics Limited	16.25	-	-	-
Job Charges Received:				
Pantaloon Industries Limited	4,892.90	N.A.	189.86	N.A.
<b>Expenses:</b>				
Purchases:				
Jagruti Synthetics Limited	34,689.77	30,963.37	-	1,508.45
Pantaloon Industries Limited (Stores & Spares)	484.80	N.A.	-	N.A.
Pantaloon Industries Limited	7.20	N.A.	-	N.A.
Job Charges Paid:				
Jagruti Synthetics Limited	90.04	516.30	-	13.89
Pantaloon Industries Limited	4,023.49	N.A.	-	N.A.
Interest paid:				
Pantaloon Industries Limited	271.44	N.A.	73.42	N.A.
Spindraw Fibres Private Limited	0.11	34.76	-	-
Rent Expenses:				
Pantaloon Industries Limited	6,000.00	N.A.	-	N.A.
Jagruti Synthetics Limited	4,920.00	4,920.00	-	-
Shri Pradip Kumar Goenka	480.00	217.20	-	-
Telephone Expenses:				
Pantaloon Industries Limited	18.01	N.A.	-	N.A.
Managerial Remunerations:				
Shri Pradip Kumar Goenka	1,402.00	324.00	75.00	-
Shri Lalit Kumar Goenka	87.00	87.00	-	-
Salary				
Shri Tilak Goenka	299.38	-	-	-
<b>Finance and Investments:</b>				
Loan taken:				
Spindraw Fibres Private Limited	62.00	1,440.00	-	-
Pantaloon Industries Limited	2,500.00	N.A.	2,500.00	N.A.
Deposits given:				
Shri Pradip Kumar Goenka	-	-	1,000.00	1,000.00
Jagruti Synthetics Limited	-	-	5,000.00	5,000.00
Advances for Sales/Job taken:				
Pantaloon Industries Limited	2,399.32	N.A.	9,800.00	N.A.
Advances for Capital Goods given:				
Pantaloon Industries Limited	-	N.A.	36,100.00	N.A.
Corporate guarantee given:				
Jagruti Synthetics Limited	59,824.00	48,506.00	41,376.19	48,318.09
Sale of shares:				
Shri Pradip Kumar Goenka	1,242.00	-	-	-
Investments:				
Jagruti Synthetics Limited	-	-	6,365.25	6,365.25
Spindraw Fibres Private Limited	-	-	1,350.00	1,350.00
Ananddeep Consultancy Services Pvt. Ltd.	-	-	-	1,215.00
Note: N.A. stands for "not applicable" as the transaction pertains to the transferor Company which was amalgamated				

8. Natures of securities given for secured loans are as under:

- (i) Term loans and Working Capital Loan from Bank of Rs. In thousands 21,167.42 are secured by charge on all the fixed assets of the Company and second charge on the current assets of the Company (excluding current assets of the Transferor Company), both present and future.
- (ii) Term loan from Bank of Rs. In thousands 10959.68 is secured by hypothecation of plant and machineries & land and building.
- (iii) Motor car loan of Rs. In thousands 692.45 is secured by hypothecation of vehicle.
- (iv) Cash Credit of Rs. In thousands 38,886.83 from Bank is secured by first charge on current assets (excluding current assets of the Transferor Company) present and future of the Company and collaterally secured by second charge on fixed assets of the Company.
- (v) Cash Credit of Rs. In thousands 38,402.70 from Bank is secured by book debts and stocks of the Transferor Company (excluding current assets of the Transferee Company) and extension of charge on land and building.
- (vi) Loans repayable within one year:

<b>(Rs. in thousands)</b>	
Term Loan Form Banks	<b>17114</b> (Previous Year 19742)

(vii) The above loans are further secured by personal / corporate guarantee(s) / collaterally as under:

- Term Loans and working capital loan mentioned in (i) above - Corporate guarantee of a group Company, a relative of chairman & managing director and two executive directors of the Company
- Term Loan & Working Capital Facilities mentioned in (ii) & (v) above - Chairman and Managing Director of the Company and an Executive Mr. Abhay Kumat also equitable mortgage of industrial galas belonging to the chairman and managing director and an executive Mr. Abhay Kumat respectively
- Working capital loan mentioned (iv) above - chairman & managing director of the Company.

9. Discontinuing Operations

As decided in earlier years, out of the two business segments namely Fabric Division and Spinning Division, Spinning Division of the Company being inconsistent with the long term strategy of the Company to focus its activities in the area of manufacturing of fabrics and forward integration plan such as manufacturing of garments, was to discontinue.

In this regards, on 20<sup>th</sup> January 2006, the Board of directors of the Company approved the detailed plan for dispose of machineries. Announcement was made on 2<sup>nd</sup> March 2006 with the declaration of decision of postal ballot resolution. On 31<sup>st</sup> March 2005 the carrying amount of such machineries was Rs. 36,111.00 thousands and carrying amount of a DG set purchased during the year 2005-2006 amounting to Rs. 30,005.00 thousands.

The amounts of liability to be settled against above items were Rs. 8,750.00 thousands and Rs. 22,500.00 thousands respectively. The recoverable amount of the machineries and DG set was estimated to be Rs. 65,000.00 thousands.

During the year 2008-2009, the discontinuation of operations of spinning division was completed with the disposal of remaining plant and machineries, vacant unused land and factory building.

Given below the details of year-wise disposal and its carrying amount on disposal:

(Rs. in thousands)

Year	Carrying amount as on disposal	Amount recovered	Impairment loss (profit) recognised in the financial statements	Amount of settlement of debts
2005-2006	1,882	10,835	(8,953)	5,000
2006-2007	21,747	36,980	(15,233)	3,750
2007-2008	48	400	(352)	-Nil-
2008-2009	34,626	35,938*	(1,312)	17,934**

\*including advances received against the sale of DG set/land and building.  
\*\*settled in 2007-2008 out of advances received against sale of DG set/land and building.

Due to absorption of employees in continuing operations, the Company has no cost as to terminate its employees on discontinuation of spinning activities.

The profit and loss statement of the continuing and discontinuing operations is as under:

(Rs. in thousands)

Particulars	Continuing operations (Fabric division)		Discontinuing operations (Spinning division)		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
	Turnover	<b>828,694.86</b>	361,467.79	-	-	<b>828,694.86</b>
Operating Expenses	<b>795,841.73</b>	344,935.48	<b>1,195.00</b>	3,391.22	<b>797,036.73</b>	348,326.70
Impairment loss (gains)	<b>890.88</b>	102.53	<b>(1,312.59)</b>	(352.16)	<b>(421.71)</b>	(249.63)
Provision for employee termination	-	-	-	-	-	-
Pre-tax profit (loss) from operating activities	<b>31,962.26</b>	16,429.78	<b>117.59</b>	(3,039.05)	<b>32,079.85</b>	13,390.73
Interest expenses	<b>20,624.31</b>	11,679.18	-	723.12	<b>20,624.31</b>	12,402.30
Profit (loss) before tax	<b>11,337.95</b>	4,750.60	<b>117.59</b>	(3,762.17)	<b>11,455.54</b>	988.43
Income tax expense	<b>9,383.19</b>	168.91	<b>(5,337.43)</b>	(1,499.81)	<b>4,045.76</b>	(1,330.90)
Profit (loss) from operating activities after tax	<b>1,954.76</b>	4,581.69	<b>5,455.02</b>	(2,262.37)	<b>7,409.78</b>	2,319.33

The cash flow statement of the discontinuing operations is as under:

KAMADGIRI SYNTHETICS LIMITED			
CASH FLOW STATEMENT ATTRIBUTABLE TO THE OPERATING, INVESTING AND FINANCING ACTIVITY OF THE DISCONTINUING OPERATION			
			(Rs. in thousands)
(A)	CASH FLOW FROM OPERATING ACTIVITIES	2008-2009	2007-2008
	Net Profit before Tax and Extraordinary Items	117.59	(3,762.17)
	Adjustment for		
	Depreciation	1,195.00	3,391.22
	(Profit)/Loss on sale of fixed assets	(1,312.59)	(352.16)
	Interest Expenses	-	723.12
	Operating Profit before Working Capital changes	-	-
	Adjustment for		
	Trade and Other Receivables	-	-
	Cash generated from operations	-	-
	Interest Paid	-	(723.12)
	Direct Taxes Paid	-	-
	Cash flow before Extraordinary Items	-	(723.12)
	Extraordinary Items	-	-
	NET CASH FLOW FROM OPERATING ACTIVITIES	-	(723.12)
(B)	CASH FLOW FROM INVESTING ACTIVITIES		
	Sale of Fixed Assets	11,303.21	400.00
	Advance for sale of fixed assets	-	24,635.00
	NET CASH USED IN INVESTING ACTIVITIES	11,303.21	25,035.00
(C)	CASH FLOW FROM FINANCING ACTIVITIES		
	Repayment of Long Term Borrowings	-	(17,934.00)
	Increase(decrease) in balances with other business Units.	(11,303.21)	(6,377.88)
	NET CASH FROM FINANCING ACTIVITIES	(11,303.21)	(24,311.88)
	NET INCREASE IN CASH AND CASH EQUIVALANTS (A+B+C)	-	-
	OPENING BALANCE OF CASH AND CASH EQUIVALANTS	-	-
	CLOSING BALANCE OF CASH AND CASH EQUIVALANTS	-	-

#### 10. Scheme of amalgamation:

1. A Scheme of Amalgamation under section 391 to 394 of the Companies Act 1956 ("the Scheme") of Stripes Apparels Limited ("the Transferor Company" or "SAL" ) with Kamadgiri Synthetics Limited ("the Transferee Company" or "the Company" or "KSL") and their respective shareholders has been sanctioned by Hon'ble High Court of Bombay. Upon necessary filings with Registrar of Companies, the Scheme has become effective on 29<sup>th</sup> June 2009. As a result, of scheme becoming effective-
  - a) The entire business and whole of the Undertaking of the Transferor Company as a going concern stands transferred to and vested in the Transferee Company from the opening hours of April 1, 2008 being the Appointed Date in such manner that:
    - (i) all the property of the Transferor Company immediately before the amalgamation became the property of the Transferee Company by virtue of the amalgamation;
    - (ii) all the liabilities of the Transferor Company immediately before the amalgamation became the liabilities of the Transferee Company by virtue of the amalgamation;
  - b) The Transferor Company stands dissolved without being wound up on the Effective Date;
  - c) There is no change in the name of the Transferee Company;
2. The Transferor Company was primarily engaged in the business of manufacturing, buying and selling in readymade garments;

3. As result of amalgamation and exchange ratio approved in the scheme, the Transferee Company will issue 17,39,866 equity shares of Rs. 10/- each aggregating to Rs. 17,398.66 thousands in the ratio of 1 fully paid up equity share of Rs. 10/- each of the Transferee Company to be issued and allotted to shareholders of Transferor Company for every 3.44 equity shares of Rs. 10/- each held in by them Transferor Company.

The Company would be determining the shareholders of the Transferor Company who will be eligible for the shares of the Transferee Company as per the ratio specified in the Scheme, on a date specified after increase of authorized capital has been affected.

4. Pending issue of 17,39,866 equity shares, a sum of Rs. 17,398.66 thousands has been shown under Share Capital Suspense Account.
5. Accounting for Amalgamation:

The amalgamation of the Transferor Company with the Transferee Company is accounted on the basis of the "Pooling of Interest Method" (amalgamation in the nature of merger) as envisaged in the Accounting Standard (AS)-14 on Accounting for Amalgamations issued by the Institute of Chartered Accountants of India and in terms of the Scheme, as under:

- a) All the assets and liabilities of the Transferor Company at their respective book values as appearing in the books of the Transferor Company except the following corrections or adjustments, as in the opinion of the board of directors of the Transferee Company were necessary by Law:
- (i) While finalizing the accounts for 2007-2008, values of fixed assets as of 31/03/2007 of innovative Fabric Co., a division of Transferor Company, were taken at their respective written down values (depreciated at the rates specified under Income Tax Rules) whereas those figures should have been taken at their respective gross values and accumulated depreciation (as per the Companies Act 1956) on such fixed assets till 31/03/2007 should have also been incorporated to ensure uniformity of accounting policy of the Transferor Company and to present the financial statements as per Schedule VI to the Companies Act 1956.

On giving effect to above adjustments, the gross block as on opening hours of 01/04/2008 was increased by Rs. 3,910.03 thousands, the accumulated depreciation till 31/03/2008 was increased by Rs. 3,149.19 thousands and a sum of Rs. 760.84 thousands was credited to General Reserve of the Transferee Company as per the Scheme. Had the Scheme not prescribed this treatment, this amount would have been credited to profit and loss account instead of General Reserve, having corresponding impact on the net profit for the year Rs. 760.84 thousands.

- (ii) Also while finalizing the accounts for 2007-08, a "Capital Reserve" of Rs.178.43 thousands was wrongly created by debiting the same amount to partner's capital account. During the year under review the capital reserve so created was reversed by transferring it to the partner's capital account.
- b) Rs. 42,452.74 thousands being excess of book value of assets of the Transferor Company as on the Appointed Date over the (i) book value of the liabilities of the Transferor Company as on the Appointed Date; (ii) book value of reserves of the Transferor Company as on the Appointed Date; and (iii) paid up value of the shares to be issued to the shareholders of the Transferor Company as per the Scheme has been credited to Amalgamation Reserve as per the Scheme. Further the credit of the said Amalgamation Reserve was transferred to General Reserve of the Transferee Company as per the Scheme. Had the Scheme not prescribed this treatment, this amount would have been credited to Capital Reserve.
- c) All the expenses incurred on amalgamation were written off to General Reserve of the Transferee Company as per the Scheme. This accounting treatment of the reserve has been prescribed in the Scheme. Had the Scheme not prescribed this treatment, this amount would have been debited to the profit and loss account for the year instead of General Reserve, having corresponding impact on the net profit for the year.
- d) Pursuant to the Scheme, the bank accounts, agreements, licenses, approvals, permits, registrations, membership and properties of the Transferor Company are in the process of being transferred in the name of the Transferee Company.

- e) The Authorized Share Capital of the Transferee Company has been increased by the Authorized Share Capital of the Transferor Company without any further act, deed or procedure, formalities or payment of stamp duty and registration fees pursuant to the Scheme.
- f) The Transferee Company proposed dividend on equity shares including on 1739866 equity shares of Rs. 10/- each fully paid up to be allotted pursuant to the Scheme.

11. With discontinuation of spinning operation which was also categorized a separate segment for reporting purpose; the Company operates in a single segment since 2006-2007. Even the amalgamation during the year did not affect the Company's operational segment as the activities of the Transferor Company, are same as of the Company. On the discontinuation of spinning operation, the Company also decided, based on the thresholds given in AS-17 and other factors, to discontinue reporting the service segment as a separate segment.
12. Figures of the previous year have been regrouped, rearranged and recasted to make them comparable with the figures of the current year. However, due to amalgamation of Stripes Apparels Limited with the Company, the figures of the previous year are not comparative.
13. Earnings per share:

		<b>2008-09</b>	2007-08
Weighted average no. of shares	Nos.	<b>3000000</b>	3000000
Face value of Share	Rupees	<b>10</b>	10
Net Profit after tax	Rupees	<b>7323376</b>	2198444
Basic earning per share	Rupees	<b>2.44</b>	0.73
Diluted earning per share (Note no. 14(4) of Schedule 21'B')	Rupees	<b>1.55</b>	0.73

14. Bank balances does not include Rs. 249 thousands (Rs. 268 thousands) lying in Dividend Accounts pertaining to financial year 2001-2002 to financial year 2007-2008 with Scheduled Banks in the current accounts.
15. In the financial statements, any discrepancies in any total and the sum of the amounts listed are due to rounding off.
16. Deposits Included

	<b>(Rs. in thousands)</b>	
	<b>2008-09</b>	2007-08
Dues from companies under the same management Jagruti Synthetics Limited (Maximum amount outstanding during the year Rs. 5000.00 thousand (previous year Rs. 5000.00 thousand)	<b>5,000.00</b>	5,000.00
Due from a director of the Company (Maximum amount outstanding during the year Rs. 1000.00 thousand (previous year Rs. 1000.00 thousand)	<b>1,000.00</b>	1,000.00

17. Deferred tax liability

	<b>(Rs. in thousands)</b>	
	<b>2008-09</b>	2007-08
Due to difference on account of		
Depreciation	<b>22601.50</b>	20097.00
Gratuity	<b>(1027.70)</b>	(325.80)
Leave encashment	<b>(466.30)</b>	-
	<b>-----</b>	-----
Deferred Tax Liability Net	<b>21107.50</b>	19772.00
	<b>=====</b>	=====



## 18. Leases

- a) The Company has given Chitrakoot Premises on operating lease for a period of 99 years commencing from 1<sup>st</sup> January, 2007 which is non cancellable for 99 years. Interest free refundable deposit Rs. 6300.00 thousand received by the Company, has been taken under unsecured loans as security deposits. Other information are as under:

(Rs. in Thousands)

(i) Information as to Chitrakoot Premises:	<b>2008-09</b>	2007-08
• Gross Carry Amount	<b>7854.66</b>	7854.66
• Depreciations For the Year	<b>157.47</b>	164.00
• Accumulated Depreciation	<b>5230.19</b>	5388.00
(ii) The total future minimum lease rentals receivables at the balance sheet is as under:		
• For a period not later than one year	<b>18.00</b>	18.00
• For a period later than one year and not later than Five year	<b>72.00</b>	72.00
• For a period later than Five year	<b>1651.50</b>	1669.50

- b) The Company has taken various factory galas /machineries/shops under operating lease. These are not non-cancellable and for a period ranging between 11 months and/or above and are also renewable at the mutual consent at mutually agreeable terms. The Company has given refundable interest free security deposits in accordance with agreed terms. The rent paid for the year as per agreements has been debited to profit and loss account.

## 19 Additional information pursuant to the provisions of paragraph 3,4C and 4D of part II of schedule VI of the Companies Act 1956, (Figures in the brackets indicate previous year figures).

- a) The company is not required to obtain any license under Industries (Development & Regulation) Act. The installed capacity and actual production (as certified by management) are as under:

Particulars	Installed Capacities			Actual Production#		
		<b>Current Year</b>	Previous Year		<b>Current Year</b>	Previous Year
Weaving Division (\$)	Machines	<b>79</b>	89	In Lac Mtrs. (&)	<b>47.47</b>	43.01
Garment Division	Stiching Machine	<b>261</b>	N.A	In Lac Pieces (*)	<b>16.82</b>	N.A

**NOTES**

(#) Including production taken on hired machines.

(\$) The capacity of weaving varies according to quality and design of fabrics and as per R.P. M. of the Looms.

(&) Including 26.28 lacs (18.37 lacs) mtrs. On the job work basis for outsiders.

(\*) Includes 15.95 lac pieces job work for outsiders.

## b) Production Turn over &amp; Stock (As certified by management)

Particulars	Unit	Opening Stock		Purchases		Production Qty.	Consumption Qty.	Sales* Qty.	Closing Stock		
		Qty.	Value	Qty.	Value				Qty.	Value	
1. Raw Material											
i) Yarn	Kgs.	148,830.262 (171,092.580)	27,421.35 (27,277.39)	589,192.393 (751,045.681)	87,289.60 (107,321.32)	-	631,235.385 (764,319.134)	4,207.990 (100.000)	593.12 (12.44)	93,511.980 (148,830.262)	14,573.86 (27,421.35)
ii) Finish Cloth	Mtrs.	-	-	244,198.000	22,534.41	-	151,691.300	-	-	22,186.30	2,132.50
2. Stock In Process											
i) Yarn	Kgs.	13,893.930 (5,005.065)	2,559.89 (713.10)	-	-	-	-	-	-	22,961.230 (13,893.930)	3,234.01 (2,559.89)
ii) Grey Fabrics	Mtrs.	404,266.270 (213,534.200)	26,595.73 (12,400.95)	1,064,243.940 (456,549.500)	73,455.40 (31,973.82)	2,117,506.310 <sup>@</sup> (2,493,567.110) <sup>@</sup>	2,553,247.170 <sup>#</sup> (400,931.700) <sup>#</sup>	766,349.250 (2,568,719.280)	46,726.11 (171,599.90)	264,895.900 <sup>§</sup> (193,972.330)	16,907.02 (13,062.27)
iii) Finish Cloth	Mtrs.	-	-	-	-	-	-	-	-	70996.40	6,998.87
3. Finished Goods											
i) Finished Cloth	Mtrs.	653,967.440 (68,724.800)	58,664.58 (5,385.56)	1,404,786.450 (591,817.70)	232,537.73 (120,795.81)	2,409,494.710 <sup>&amp;</sup> (394,203.13) <sup>&amp;</sup>	18,056.150	3,767,300.250 <sup>*</sup> (982,475.55) <sup>*</sup>	517,018.64 (154,845.59)	675,014.650 (68,927.20)	59,404.00 (7,437.79)
ii) Finished Cloth	Pieces	2,563	262.02	521,020	63,859.06	9,522	-	527,779	74,598.81	5,326.00	385.28
iii) Garments	Pieces	423	108.63	1,559	79.11	90,439	-	82,204	19,244.12	10,217.00	2,339.56

@ including 48.5 Mtrs. (29390 Mtrs.) on job work basis from outsiders.

& Received from process house and shrinkage on processing 143752.46 Mtrs. (10256.38 Mtrs.)

§ includes 95648.95 qty and 5823598/- value as finished goods at weaving division

\* Sales does not include Sale of cut pieces /Wastage amounting to Rs. 2,382.40 thousands

# excludes Samples/short etc 1524.2 and 7877.5 on grey fabrics and finished cloth respectively.

! Does not includes 1594958 pieces production on job-work basis for outsiders and includes 2994 pieces from outsiders.

## c) Raw Material Consumed

	Quantity in Kgs.		Value (Rs. in thousands)	
	Current Year	Previous Year	Current Year	Previous Year
I) Yarn	<b>631,235</b>	764,319	<b>98,869.85</b>	105,318.13
II) Grey	<b>2,553,247</b>	-	<b>75,905.43</b>	-
III) Finish Fabrics	<b>169,747</b>	-	<b>13,490.62</b>	-

## d) Value of raw material, spare parts, components consumable and % of the total

	Raw Material		Stores & Spares	
	Current Year	Previous Year	Current Year	Previous Year
I) Imported (Rs. in thousands)	-	1,771.06	<b>2,260.45</b>	1,398.97
%	-	1.68	<b>33.20</b>	28.93
II) Indigenous (Rs. in thousands)	<b>188,265.90</b>	103,547.07	<b>4,547.40</b>	3,437.23
%	<b>100.00</b>	98.32	<b>66.80</b>	71.07

## e) C.I.F. Value of Imports

	Quantity		Value (Rs. in thousands)	
	Current Year	Previous Year	Current Year	Previous Year
I) Raw Material Kgs.	-	6,552	<b>0.00</b>	1333.00
III) Stores & Spare parts	*	*	<b>2035.74</b>	991.15
* Various miscellenous items.				

	Value* (Rs. in thousands)	
	Current Year	Previous Year
f) Earning in Foreign Exchange FOB Value of exports (*excludes unrealised bills till date)	-	2,004.00
g) Expenditure in Foreign Exchange :		
I) Travelling Expenses	-	113.66
II) Legal & Professional	<b>266.60</b>	-
h) Details of foreign shareholding and dividend paid:		
No. of non-resident shareholders	<b>10</b>	10
No. of shares held by them on which dividend was paid	<b>8929</b>	10335
Gross dividend (Rs. in thousands)	<b>4.47</b>	5.17

20 Balance Sheet abstract and Company's General Business profile pursuant to part IV of Schedule VI to the Companies Act, 1956.

I. Registration Details

Registration No. : 42424 of 1987 State Code : 11  
Balance Sheet Date : 31.03.2009

II. Capital raised during the year (Amount in Rs. thousands)

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

III. Position of Mobilisation and Deployment of funds (Amount in Rs. thousands)

<b>Total Liabilities</b>	531241	<b>Total Assets</b>	531241
<b>Source of funds</b>			
Paid up capital	29993	Reserves & Surplus	121519
Share capital suspense	17399	Unsecured Loans	8873
Secured Loans	109995	Deferred Tax Liability	21108
<b>Application of Funds</b>			
Net Fixed Assets	147981	Net Current Assets	151743
Investments	9162		

IV. Performance of Company (Amount in Rs. thousands)

Turnover and other income	829117
Total Expenditure	817661
Profit /(Loss) before tax	11456
Profit /(Loss) after tax( #)	7410
Basic earning per share	2.44
Diluted earning per share (Note no. 14(4) of Schedule '21B')	1.55
Dividend rate %	10%
(#) Including deferred tax assets	

V. Generic name of Principal Product of Company  
( as per monetary terms)

Item Code No.	:	5402 : 32	Product Description	Fabrics / Garment
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Signatures of Schedule 1 to 21

As per our attached report of even date:

For and on behalf of  
**R.S. AGRAWAL & ASSOCIATES**  
Chartered Accountants

**For & on behalf of the Board of Directors  
of Kamadgiri Synthetics Limited**

**PRADIP KUMAR GOENKA**  
Chairman & Managing Director

**R.S.AGRAWAL**  
Partner  
Membership No. 33216

**LALIT KUMAR GOENKA**  
Director

**MURARILAL GOENKA**  
Director

Mumbai, 30th June 2009

## **Electronic clearing service (credit clearing)**

### **Mandate form**

Shareholder's authorization to receive dividends through Electronic Credit Clearing Mechanism

1. Name of the first / sole shareholder
2. Regd. Folio No. / DP Client ID
3. Particulars of bank account of first / sole shareholder
  - a. Name of the bank
  - b. Branch  
Address of the branch  
Telephone no. of the branch
  - c. 9-digit code number of the bank and branch appearing on the MICR cheque issued by the bank
  - d. Account number (as appearing on the cheque book / passbook)
  - e. Account type (S. B. account / current account or cash credit)
  - f. Ledger no. / Ledger folio no. (if appearing on the cheque book / passbook)

(In lieu of the bank certificate to be obtained as under, please attach a blank cancelled cheque, or photocopy of a cheque or the front page of the savings bank passbook issued to you by your bank, for verification of the above particulars.)

Date:

Place:

Signature of the shareholder

Certificate that the particulars furnished above are correct as per our records.

Bank's Stamp

Signature of the Authorized official  
From the Bank

Date:

Note:

1. Please fill in the attached mandate Form and send it to:
  - i) The Depository participate who is maintaining your demat account in case your shares are dematerialized.
  - ii) The address of our Registrars and Share Transfer Agents, Sharex Dynamic (India) Private Limited Unit No.1, Luthra Industrial Premises Safed Pool, Andheri Kurla Road, Andheri (East), Mumbai - 400 072. Tel: 022 2 851 5606/2 851 5644, Fax : 022 2 851 2885 in case you are holding physical share certificates.
2. Kindly note that the information provided by you should be accurate and complete in all respects and duly certified by your bank. In lieu of the bank certificate, you may attach a blank cancelled cheque or photocopy of a cheque or the front page of the savings Bank passbook issued to you by your bank, for verification of the above particulars.
3. In case of more than one folio please complete the detail on separate sheets.
4. The information provided by you will be treated confidential and would be utilized only for the purpose of effecting the payments meant for you.

You also have the right to withdraw from this mode of payment by providing the Company with an advance notice of 6 weeks.

# KAMADGIRI SYNTHETICS LIMITED

Regd. Office: 28, Y.A. Chunawala Industrial Estate, Kondivita Lane, Andheri (East), Mumbai – 400 059.

## ANNUAL GENERAL MEETING – TUESDAY, 29TH SEPTEBER, 2009 AT 11:30 AM ATTENDANCE SLIP

(to be handed over at the entrance of the Meeting Hall)

<b>Client ID No.</b>		<b>Regd. Folio No.</b>	
<b>DP ID No.</b>		<b>No. of Equity Shares Held</b>	

I hereby record my presence at the 22nd Annual General Meeting of the Company at Hotel Suncity Residency, Sixteenth Road, MIDC, Opp. Prasad Building, Andheri (East), Mumbai – 400 093 on Tuesday, the 29th September, 2009 at 11:30 a.m.

\_\_\_\_\_  
Name of the Shareholder

\_\_\_\_\_  
Signature

Regd. Folio No. \_\_\_\_\_

DP ID No. \_\_\_\_\_

\_\_\_\_\_  
(Full name of Proxy)

**Note:** No Duplicate Attendance Slip will be issued at the meeting hall. You are requested to bring your copy of Annual Report to the Meeting.

# KAMADGIRI SYNTHETICS LIMITED

Regd. Office: 28, Y.A. Chunawala Industrial Estate, Kondivita Lane, Andheri (East), Mumbai – 400 059.

## ANNUAL GENERAL MEETING – TUESDAY, 29TH SEPTEBER, 2009 AT 11:30 AM

### PROXY FORM

<b>Client ID No.</b>		<b>Regd. Folio No.</b>	
<b>DP ID No.</b>		<b>No. of Equity Shares Held</b>	

I/We ..... of .....  
in the district of ..... being a member/members of the above named Company  
hereby appoint ..... of ..... in the  
district of ..... or failing him .....  
of ..... in the ..... district of  
..... as my/our proxy to vote for me/us on my our behalf at the 22nd  
Annual General Meeting of the Company to be held on Tuesday, the 29th September, 2009 at Hotel Suncity Residency,  
Sixteenth Road, MIDC, Opp. Prasad Building, Andheri (East), Mumbai – 400 093 and at any adjournment thereof.

Place :

Dated :

Affix  
Revenue  
Stamp

Signature .....

**Note:** This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.



Kamadgiri Synthetics Ltd.

Kamadgiri Synthetics Limited,  
28, Y A Chunavala Industrial Estate,  
Kondivita Lane, Andheri (East),  
Mumbai 400 059.

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