

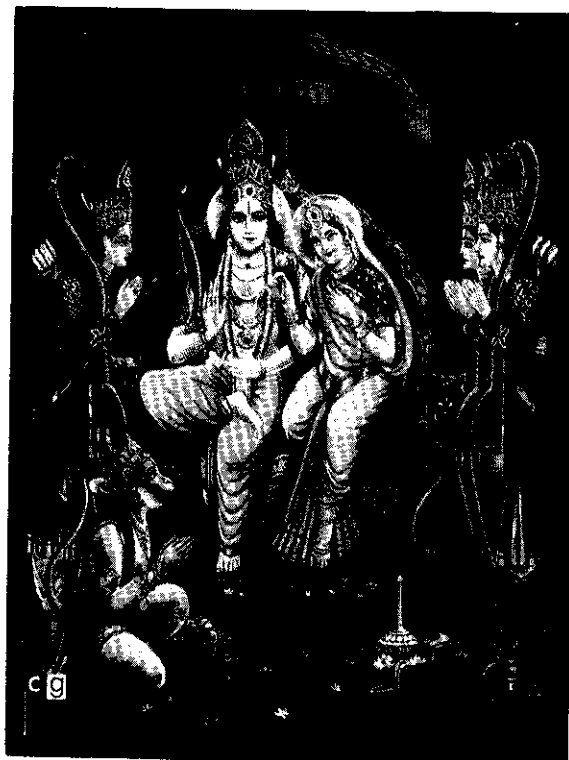
# KAMADGIRI SYNTHETICS LTD.

*The Mill of the 21st Century*

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|                           |   |  |
|---------------------------|---|--|
| <b>BOARD OF DIRECTORS</b> | <b>Pradip Kumar Goenka</b><br><b>Vijay Kumar Goenka</b><br><b>Lalit Kumar Goenka</b><br><b>Basanti Lal Jain</b> | <b>Chairman &amp; Managing Director</b><br><b>Joint Managing Director</b><br><b>Whole-time Director</b><br><b>Executive Director</b> |
|---------------------------|---|--|

|                 |  |
|-----------------|--|
| <b>AUDITORS</b> | <b>R.S. Agrawal &amp; Associates</b><br><b>Chartered Accountants,</b><br><b>Mumbai</b> |
|-----------------|--|

|                |   |
|----------------|---|
| <b>BANKERS</b> | <b>Bombay Mercantile Co-operative Bank Ltd., Mumbai.</b><br><b>Union Bank of India, Jankikund</b><br><b>State Bank of India, Umbergaon,</b><br><b>Bank of Baroda, Thakurdwar.</b> |
|----------------|---|

|                          |   |
|--------------------------|---|
| <b>REGISTERED OFFICE</b> | <b>10, Singhania Wadi,</b><br><b>187, Dadiseth Agiary Lane,</b><br><b>Mumbai - 400 002.</b> |
|--------------------------|---|

|              |   |
|--------------|---|
| <b>PLANT</b> | <b>31/3, Ganga Devi Road,</b><br><b>Umbergaon - 396 171.</b><br><b>Dist. - Valsad (Gujarat)</b> |
|--------------|---|

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## KAMADGIRI SYNTHETICS LTD.

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## CHAIRMAN'S NOTE

Dear Shareholders,

I have great pleasure in extending to you all a very warm welcome to the Thirteenth Annual General Meeting of your company and present before you the performance of your company.

### BUSINESS AND INDUSTRIAL ENVIRONMENT:

Economic survey and corporate results shows recovery in the overall industrial activity. The Industry wise growth especially in the textile industry was not significant. The implementation of GATT agreement, removal of quota barrier, will put the industry to fierce competition and only units which has cost control techniques, better brand image could survive on-slaught by the foreign giants.

In order to show reasonable growth the industry should keep pace with regular modernisation, rationalisation, diversification and R & D plans.

### GOVERNMENT POLICIES:

The increase in corporate tax on payment of dividend from 10% to 20%, phasing out the tax benefits of section 80 HHC (Export profit) are not welcomed by the industry.

The policies envisaged by the Govt. to tax service industry especially I.T. industry by phasing out 100% tax deduction available on profit earned from export of goods will hit low margin exporters of products like fabrics.

The renaming of MODVAT into CENVAT and generalization of excise duty will benefits certain industry which were earlier paying high excise duty.

The textile industry have not been much focussed by the budget 2000-2001 and industry does not expect substantial growth in sales & profitability both local and export. There has been substantial increase in excise duty per chamber in process industry which will have consequential effect on cost of our products.

### PERFORMANCE APPRAISAL:

#### Operation

Despite the slow down in the economy your company achieved increased turnover in the financial year 1999-2000 of Rs.5758.89 Lacs and profit before tax of Rs.119.73 Lacs. The sales grew during the year by 14.23 % however the profit after tax reduced by 8.13%. The continued improvement in the performance of your company has been achieved through introduction of new superfine value added products, blended fibre, increase product range, cost control, efficiency in manufacturing and continuous upgradation of machinery.

#### Exports

During 1999-2000 your company's export division registered sales of Rs.446.96 Lacs, down by 15.08% than previous year. Your company has initiated several export promotion measures to increase exports.

#### Brand Equity

Your company has made significant efforts to create brand image of its suiting products. The Company started Ad campaign on ZEE TV and Star Plus T.V. between 1.4.2000 to 11.5.2000 and 1.4.2000 to 30.4.2000 respectively to give popularity to "TRUE VALUE" brand.

The growth of e-commerce and remote shopping requires serious efforts on the part of the company for creation and development of not only national brands but brands which are recognized at global level also.

#### Financial Performance

Profitability from operation reduced by 8.13% to Rs.97.73 Lacs in 1999-2000.

The Debt: Equity Ratio stood at 2.67:1 in 1999-2000 as against 3.38:1 in the previous Financial Year 1998-99.

#### Dividend

Your Board has maintained consistency by recommending dividend @ 20% for the year ended 31st March, 2000, 8th year in row.

#### Shareholders Value

The Earning Per Share decreased from Rs. 3.52 to Rs. 3.26 and Book Value Per Share grew from Rs.36.23 to Rs.37.38. The market price of the company's share maintained at Rs.27 to Rs.28 giving stability even in difficult market conditions.

### THE FUTURE:

I am delighted to inform you that your company's sales shows continual growth. The first quarter results ended 30th June, 2000 which are being published have been encouraging.

Best quality and cheapest price is the hallmark of your company. A steady growth, growing client base combined with improved brand image, product mix, latest design will be the keys to success even in the depressed market conditions.

Your management is committed to lay emphasis on new, innovative product mix, design, blended fabrics and better product line, maximum utilization of capacities, cost reduction, economies of scale to bring in positive change in turnover and profitability of the company.

### CONCLUSION:

On behalf of the Board I take this opportunity to convey their sincere appreciation to all the company's employees, shareholders, investors, Bank and Financial Institutions for their continued co-operation and support.

For KAMADGIRI SYNTHETICS LTD.

Place: Mumbai

Dated: 27th July, 2000

Pradip Kumar Goenka  
Chairman & Managing Director



# KAMADGIRI SYNTHETICS LTD.

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## NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of the KAMADGIRI SYNTHETICS LIMITED will be held on Saturday the 9th September, 2000 at 10.30 a.m. at Singhania Wadi, 187, Dadiseth Agriary Lane, Mumbai - 400 002 to transact the following business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000 and Profit and Loss Account for the ended on that date alongwith Directors' and Auditors' Reports thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri Lalit Kumar Goenka who retire by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modification(s) the following as a Special Resolution :  
"RESOLVED THAT in pursuance of section 257 of the companies Act, 1956 Shri Basantlal Jain be and is hereby appointed a Director of the company.
6. To consider and if thought fit, to pass with or without modification(s) the following as a Special Resolution :

### DEMATERIALISATION OF COMPANY'S EQUITY SHARES

"RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions and which may be agreed to or accepted by the Board of Directors to join the depository system and to deal its Equity Shares in de'mat form on such terms and conditions as may be prescribed by law from time to time and that the Board of Directors be and is hereby authorized to do all such acts, things and deeds as may be necessary or proper to implement this resolution."

7. To consider and thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:  
"RESOLVED THAT pursuant to Section 31 and other applicable provisions if any of the Companies Act, 1956 and provision of other statues as applicable and subject to such approvals, consents, provisions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and are hereby altered as follows:
  - i) In Article 2 after the existing sub-clause (xviii), the following new sub-clause will be inserted viz.
    - a) "Beneficial Owner" shall mean the beneficial owner as defined in clause (a) of sub-section (i) of Section 2 of the Depositories Act, 1996.
    - b) "Depositories Act" means the Depositories Act, 1996 and includes statutory modification(s) or re-enactment thereof for the time being in force.
    - c) "Depository" shall mean a Depository as defined under Clause (e) of sub-section(i) of Section 2 of the Depositories Act, 1996.
  - ii) After the existing article 11 the following new article 11A shall be inserted :

### Beneficial owner of shares will be absolute owner :

11A. Saves herein otherwise provided, the Company shall be entitled to treat the person whose name appears as the beneficial owner of the shares in the record of Depository as the absolute owner thereof as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the Company and accordingly the Company shall not (except as ordered by court of competent jurisdiction or as by law required) be bound to recognize any benami, trust or equity or equitable, contingent, or other claim to or interest in such share(s) on the part of any other person(s) whether or not it shall have express or implied notice thereof.

- iii) After the existing Article 40, the following new Article 40A shall be inserted, viz

### Dematerialisation of shares

40A Notwithstanding anything contained in these Articles, the Company shall be entitled in accordance with the provision of the Depositories Act, 1996 to dematerialise any or all its shares or debentures and other marketable securities and offer the same for subscription in dematerialised form and on the same being done, the company shall be further be entitled to maintain a Register of Members with the details of members holding shares both in material and dematerialised forms in any media as permitted by law including any form of electronic media, either in respect of existing shares or any future issue.

- iv) Following shall be inserted as new article 48A and 48B after existing article 48 viz:

### Article 40(b), 42 and 43 shall not apply in respect of shares entered in the record of depositories.

48A. Nothing contained in Articles 40(b), 42 and 43 shall apply to the transfer of shares, debentures or other marketable securities effected by the transferor and the transferee both of whom are entered as beneficial owner in records of Depository.



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**Applicability of Depositories Act:**

48B. In the case of transfer of shares, debentures or other marketable securities where the company has not issued any certificate and where the shares and securities are being held in electronics and fungible form, the provisions of the Depositories Act shall apply.

Provided that in respect of shares, debentures or other marketable securities held by the Depository on behalf of the beneficial owner as defined in Depositories Act, Sections 153, 153A, 187B, 187C and 372 of the Companies Act, 1956 shall not apply.

Regd. Office :  
10, Singhania Wadi, 187, Dadiseth Agiary Lane,  
Mumbai - 400002.

Place : Mumbai.  
Dated : 27th July, 2000

By Order of the Board of Directors

Pradip Kumar Goenka  
Chairman & Managing Director.

**Notes :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**
2. Proxy forms in order to be valid should be deposited at the Registered Office of the Company not less than 48 Hours before the appointed time for the meeting.
3. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Item nos. 5 to 7 of the Notice is annexed hereto.
4. Dividend, if declared, will be paid to those members whose names appear in the Register of the Members of the Company as on 9th September, 2000
5. The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, 5th day of September, 2000 to Saturday, 9th day of September, 2000. (both days inclusive.)
6. Unpaid/Unclaimed Dividend : Pursuant to section 205 A of the Companies Act, 1956, the unclaimed dividend for the financial year 1995-96, 1996-97, 1997-98, 1998-99 will be transferred to the Central Government - Investors Education & Protection Fund A/c 7 year after the date of declaration. Members who have not encashed their dividend warrants for the aforesaid period are requested to claim the same from the Company before it is transferred to Investors Education & Protection Fund.
7. *Members are requested to :*
  - i) Quote their Folio Number in all correspondence with the Company.
  - ii) Notify immediately to the Company any change in their Address and the mandate.

**ANNEXURE TO THE NOTICE**  
**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item No.5**

Shri. Basantilal Jain was appointed as an additional Director of the company in pursuance of section 260 of the companies Act, 1956 and Article of 86 of the Article of Association to hold office upto the date of forthcoming Annual General Meeting of the company.

In pursuance of section 257 of the companies Act, 1956 Shri. Basantilal Jain is eligible to stand for Directorship of the company. The company has received a notice from a member together with requisite deposit proposing candidature of Shri. Basantilal Jain for the Directorship of the company.

Shri. Basantilal Jain has wide and varied experience of the textile industry and his appointment as Director will help in achieving better production and productivity of its plant at Umbergaon.

Your Directors recommend appointment of Shri. Basantilal Jain as Director of the company.

Except Shri. Basantilal Jain none of the Directors is interested or concerned in this resolution.

**Item No.6**

Consequent upon the passing of the Depositories Act, 1996 the company is in process of the making an application with appropriate authorities in respect of facilitating the functioning of the depository system pertaining to issue, holding and dealing in scripless shares in electronic mode. In the resolution as set out in item No. 6 of the Notice, it has been proposed that the Board of Directors of the company be hereby duly authorized to proceed to comply with the relevant provisions of the Companies Act, 1956 and other statutes as applicable and subject to such approvals, consents, provisions and sanctions as may be necessary from the appropriate authorities or bodies in respect of dematerialisation of equity shares. In view of this the shareholders will have an option to opening of an account with any of the depository participants. On completion of the



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registration formalities, the company will communicate salient features of this arrangement to the members.

Your Directors recommended the resolution as set out in item No. 6 of the Notice, for adoption.

None of Directors is interested or concerned in this resolution.

**Item No. 7**

Trading in dematerialised form has its own advantages. The SEBI has recently announced that it will make dematerialisation compulsory for all listed companies over a period of time. In order to comply the likely direction of the SEBI and to reap the benefits of the dematerialisation, your company is planning to voluntarily dematerialise its equity shares.

The registration procedures in de'mat form are different than the physical form of registration. Your Board of Directors therefore, intend to alter Articles of Association of the company to be in line with the provisions of Depositories Act, 1996 and other statutes and provisions applicable in this regards.

Pursuant to Section 31 of the Companies Act, 1956 a Special Resolution is required to be passed at the forthcoming Annual General Meeting to give effect to dematerialisation and matters relating to maintenance of Register of Members in electronic and fungible form.

Your Directors recommended the resolution as set out in item No. 7 of the Notice, for adoption.

None of Directors is interested or concerned in this resolution.

**By Order of the Board of Directors**

**Regd. Office :**

10, Singhania Wadi, 187, Dadiseth Agiary Lane,  
Mumbai - 400002.

**Place : Mumbai.**

**Dated : 27th July, 2000**

**Pradip Kumar Goenka**  
**Chairman & Managing Director.**



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## DIRECTORS' REPORT

To,  
The Members,

Directors' have pleasure to present performance and future plans through Thirteenth Annual Report of the Company with the Audited Statement of Accounts for the year ended 31st March, 2000.

**1. FINANCIAL EVALUATION OF PERFORMANCE :**

1. The statement of Accounts shows Turnover of Rs. 5758.89 Lacs (Rs. 5041.52 Lacs in previous year) and Pre-tax cash profit of Rs. 335.45 Lacs (331.35 Lacs) and after providing non cash expenses of Rs. 215.72 Lacs (214.86 Lacs) Taxation Rs. 22.00 Lacs (12.00 Lacs), Net profit is Rs. 97.73 (106.58 Lacs). The details of which are as follows :

|                                      | (Rs. in Lacs) |         |
|--------------------------------------|---------------|---------|
| Year Ended March, 31                 | 2000          | 1999    |
| Turn over                            | 5758.89       | 5041.52 |
| Profit Before Depreciation & Tax     | 332.07        | 327.97  |
| Provision for Depreciation           | 212.34        | 211.48  |
| Profit Before Taxation               | 119.73        | 116.49  |
| Provision for Taxation               | 22.00         | 12.00   |
| Profit After Tax                     | 97.73         | 104.49  |
| Add/(Less)-Tax paid for earlier year | 0.00          | 0.91    |
| Add Prior Period adjustment          | 0.00          | 1.18    |
| Net Profit                           | 97.73         | 106.58  |
| Cash Profit                          | 335.45        | 331.35  |

**2. Disposable Profit and Appropriation thereof recommended by your Directors.**

| Year Ended March, 31  | 2000   | 1999   |
|---|--------|--------|
| Net Profit  | 97.73  | 106.58 |
| Balance of Profit and Loss Account brought forward from previous year | 145.54 | 123.26 |
| Disposable Profit   | 243.27 | 229.84 |
| Appropriation :   |        |        |
| Interim Dividend  | 30.00  | 30.00  |
| Dividend tax on Interim Dividend paid                                 | 3.30   | 3.00   |
| Proposed Dividend   | 30.00  | 30.00  |
| General Reserve   | 17.90  | 18.00  |
| Dividend tax on Proposed Dividend                                     | 6.60   | 3.30   |
| Leaving Balance to be carried over to next year                       | 155.47 | 145.54 |

**3. DIVIDEND :**

Your Directors are pleased to maintain the dividend recommendation of 20% on Subscribed Share Capital as on 31st March, 2000 8th year in a row, out of which the Board has already paid an interim dividend @ 10% on the Subscribed Share Capital. The Dividend if approved at the forthcoming Annual General Meeting will be paid to all those Equity shareholders whose names appeared in the Register of Members as on 9th September, 2000.



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**4. OPERATION :**

**GREY FABRICS :** The production of Grey Fabrics in the weaving division increased from 37.21 Lacs meters to 42.43 Lacs meters recorded in the previous year which constituted an increase of 14.20 %. The company has been regularly changing its product design, product mix to control the cost and to suit the change in customers demand.

**SPUN YARN :** The sales of spun yarn registered during the year 1999-2000 was Rs. 2149 Lacs as against Rs. 1711 Lacs in the previous year which represented a growth of 25.59 % over the previous year.

**TRUE VALUE :** The Company's product "KSL-TRUE VALUE" is fairing well with active support from marketing department. The efforts are being made to make it a popular brand through AD Campaign.

**5. TURNOVER & PROFITABILITY :**

The general recessionary trend in the textile industry continued thereby adversely affecting demand for textile products both in local and international markets.

Your company however, achieved a turnover of Rs.5758.89 Lacs as against Rs.5041.52 Lacs registering a growth of 14.23 %.

The overall increase in input cost, severe competition and increase in depreciation has put extra pressure on already constrained margin and profitability of the company.

The net has gone down to Rs.97.73 Lacs as against Rs.104.49 Lacs recorded in the previous year.

Your Directors believe in long term development of the Company through consistent investment in productive assets viz installation of sophisticated and cost effective machinery which increases installed capacity, production, turnover and profitability of the Company. The strategic production, sales and tax planning helps the organization in getting sufficient resistance power to defeat destabilizing factors such as over production, depression, operational losses etc.

**7. EXPORTS :**

The textile export remain in bad shape for many years in succession. The industry which has been major foreign export earner has been confronted with cut throat competition in the global/ international market.

The Company's exports registered during the Financial Year at 446.96 Lacs as against Rs. 526.35 Lacs in the previous year which was down by 15.08 %.

**8. ACQUISITION OF FIXED ASSETS :**

During the year under review Company acquired additional assets worth Rs. 271.73 Lacs including 576 spindles thereby enhancing the installed capacity of Spindles from 9792 to 10368. The increase in capacity of spindles will have net effect on production and profitability of the company.

**9. LISTING:**

The Equity Shares of the Company are at present listed on Bombay Stock Exchange other than Bombay Stock Exchange Equity Shares of the Company were listed on Ahmedabad, Hyderabad and Jaipur Stock Exchanges.

Your company has sought voluntary delisting from 3 Stock Exchanges other than Mumbai effective from 31.3.2000.

The Company has obtain delisting permission from Jaipur Stock Exchange vide their letter No.JSEL/2000/3061 dated 3rd July,2000 and approval from Hyderabad and Ahmedabad Stock Exchange are awaited.

The Annual Listing fee for the financial year 2000-2001 paid to Mumbai Stock Exchange. No Listing fee for the financial year 2000-2001 paid to 3 Stock Exchanges other than Mumbai pending delisting.

**10. VOLUNTARY DELISTING OF COMPANY'S EQUITY SHARES FROM AHMEDABAD, HYDERABAD AND JAIPUR STOCK EXCHANGES:**

Your Company's Equity Shares were initially listed on Mumbai, Ahmedabad, Hyderabad and Jaipur Stock Exchanges. Since the Company's Equity Shares can be bought and sold through Mumbai Stock Exchange online bolt, it was decided at the last Extra- Ordinary General meeting held on 21st February, 2000 to seek voluntary delisting of Company's Equity Shares from Ahmedabad, Hyderabad and Jaipur Stock Exchanges. Your company's Equity shares are not regularly traded at Ahmedabad, Hyderabad and Jaipur Stock Exchanges. The listing fees paid to Ahmedabad, Hyderabad and Jaipur Stock Exchanges do not have any cost benefit for the listing facility to the Company. In view of the above your company has initiated voluntary delisting of its equity shares from said stock exchanges.

Your company has applied on 27.03.2000 to Ahmedabad, Hyderabad and Jaipur for delisting of its Equity in terms of SEBI guidelines No. SMDRP/ CIR-14/98 dated 29.4.98 effective from 31st March, 2000. A complete report on disclosure of the delisting scheme is given in the addendum to this report.

**11. DEMATERIALISATION OF SHARES :**

Your company proposes to dematerialise its shares to get benefit of depositories. The required procedure for dematerialisation is being followed by your Company.



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