

KAMADGIRI SYNTHETICS LTD.

The Mill of the 21st Century

18th Annual Report - 2005





BOARD OF DIRECTORS	Shri Pradip Kumar Goenka Shri Lalit Kumar Goenka Shri Brijesh Kumar Tibrewal Shri Tilak Pradip Goenka Shri Subhash Kumar Kedia Shri Murarilal Goenka	Chairman & Managing Director Whole-time Director Director Director Director Director
AUDITORS	R.S. Agrawal & Associates Chartered Accountants, Mumbai	
BANKERS	State Bank of Hyderabad Bombay Mercantile Co-operative Bank Ltd., Bank of Baroda Union Bank of India State Bank of India	
REGISTERED OFFICE	10, Singhania Wadi, 187, Dadiseth Agiary Lane, Mumbai - 400 002.	
FACTORY	31/3, Ganga Devi Road, Umbergaon - 396 171. Dist. - Valsad (Gujarat)	
REGISTRAR & SHARE TRANSFER AGENT	Sharex India Pvt. Ltd., 17/B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai - 400 001. Tel : 022-28515606 / 28515644 Fax : 022-28512885 E-mail : sharexindia@vsnl.com	
CORPORATE OFFICE	27/28, Y. A. Chunawala Industrial Estate, Kondivita Lane, Andheri (East) Mumbai - 400 059	

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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 Eighteenth Annual General Meeting of your Company and present before you the performance of your Company.

I am glad to inform that during the year under review, performance of your company was satisfactory. The Board tried hard to give upward flip to the profitability and turnover and initiated measures to improve overall performance of the company.

BUSINESS AND INDUSTRIAL ENVIRONMENT

The industrial scenario continues to be positive and sustainable for growth and development of industry. The capital market is very bullish and strong.

The textile industry is likely to do well in coming years due to lifting of quantitative restrictions and quota barriers. The share, which the industry plans to envisage capturing in the international market could be substantial, provided the industry foster growth in right direction.

The industry anticipates severe competition from China and other South East Asian countries on removal of quota regime. The modernization of textile industry, rejuvenation of old textile sick units, speedier and cheap financial assistance, simplification of procedural formalities, introduction of information technology in production, processing, selling and distributions, stricter quality checks are some of the important measures that the textile industry should promote and initiate to overcome threats posed by South East Asian countries.

MODERNIZATION & RATIONALIZATION

The technology is changing very fast. Any company, which keeps pace with the technology, will survive in the business. The new technology always provides time and energy devices. This will lead to saving in labor, time and cost of energy consumption. Your company is updating its machineries every now and then, which enable it to have cutting edge over its competitors.

PERFORMANCE APPRAISAL

Operation

The performance of the Company was satisfactory during the year under review. The total sale registered during the year was Rs. 4893 Lacs as against Rs. 4473.19 Lacs in the previous year. There has been some improvement in segment wise production and productivity. Your Company basically operates in three segment namely segment I Synthetic fabrics, Segment II blended yarn and Segment III rent and services.

Exports

During the year under review your Company's export division-registered sales of Rs. 513.56 Lacs only. Your Company initiated several export promotion measures to improve exports.

Financial Performance:

The Profit before tax was Rs. 39.78 Lacs. The after tax profit was Rs. 21.48 Lacs which was decreased substantially due to increase in cost of production and constrained margin.

The Debt: Equity ratio stood at 3.32: 1 in the financial year 2004-05 as against 2.95: 1 in the previous year.

Dividend

Your Board has recommended a dividend at the rate of 10% p.a. as against 12% declared and paid in the previous financial year 2003-04.

Shareholders value

The earning per share decreased from Rs. 2.00 to Rs. 0.76 and the Book Value per share decreased to Rs. 29.93 from Rs. 30.39. The market value of the Company's share was in price range of Rs. 10 to Rs. 24.

THE FUTURE

The year in retrospect was satisfactory. The turnover improved marginally and profitability constrained. I am optimistic to attain reasonable & sustainable growth in the current financial year.

Your management is trying hard to adopt best technology available in the textile and cut down the cost of production drastically.

CORPORATE GOVERNANCE

Your Company has initiated most of the measures prescribed for better corporate governance. The corporate governance will facilitate transparency, accountability and equity in all facets of its operations and its interaction with its stakeholders, including shareholders, employees and the government. Your Company is committed to achieving the highest standards of corporate governance. Your Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

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 Institution for their continued co-operation and support.

For **KAMADGIRI SYNTHETICS LTD.**

Place: Mumbai

Dated: 18th August, 2005

Pradip Kumar Goenka

Chairman & Managing Director



KAMADGIRI SYNTHETICS LTD.

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Notice of Annual General Meeting

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of the KAMADGIRI SYNTHETICS LIMITED will be held on 27th September, 2005 at 11.00 a.m. at the Registered Office of the Company at Singhania Wadi, 187, Dadi Seth Agiary Lane, Mumbai-400 002 to transact the following business.

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March 2005 and the Profit and Loss Account of the Company for the year ended as on that date, together with Directors' and Auditors' Reports thereon.
2. To declare a dividend
3. To appoint a Director in place of Shri. Lalit Kumar Goenka who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors' and fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit to pass with or without modification(s) following as an Ordinary Resolution:
 "RESOLVED THAT Shri. Subash Kumar Kedia who was appointed as an additional Director pursuant to Section 260 of the Companies Act, 1956 w.e.f. 1.10.2004 to hold office upto the date of next Annual General Meeting and in respect of whom formalities under Section 257 of the Companies Act, 1956 has been complied with proposing his candidature for the post of Director be and is hereby appointed a Director of the Company retiring by rotation."
6. To consider and if thought fit to pass with or without modification(s) following as an Ordinary Resolution:
 "RESOLVED THAT Shri. Tilak Pradip Goenka who was appointed as an additional Director pursuant to Section 260 of the Companies Act, 1956 w.e.f. 1.10.2004 to hold office upto the date of next Annual General Meeting and in respect of whom formalities under Section 257 of the Companies Act, 1956 has been complied with proposing his candidature for the post of Director be and is hereby appointed a Director of the Company retiring by rotation."
7. To consider and if thought fit to pass with or without modification(s) following as an Ordinary Resolution:
 "RESOLVED THAT pursuant to Section 21 and other applicable provisions if any of the Companies Act, 1956 and subject to approval of the Central Government the name of the Company be changed from KAMADGIRI SYNTHETICS LIMITED to KAMADGIRI SPINWEAVE LIMITED or such other name or names as may be made available, however the said change would not render defective any claim in favour or liability against the Company."
 "RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all acts, things, deeds, necessary and expedient in giving effect to this resolution."

**By Order of the Board of Directors
For Kamadgiri Synthetics Limited**

Place: Mumbai
Dated: 18th August 2005

Pradip Kumar Goenka
Chairman & Managing Director

NOTES

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY OR PROXIES SO APPOINTED NEED NOT BE A MEMBER OR MEMBERS, AS THE CASE MAY BE, OF THE COMPANY.
- (b) Proxies, if any, in order to be effective, must be received at the Registered Office of the Company at 10, Singhania Wadi, 187, Dadiseth Agiary Lane, Mumbai-400 002, not less than 48 hours before the commencement of the meeting. Proxies shall not have any right to speak at the meeting.
- (c) An explanatory statement in pursuance of Section 173 (2) of Companies Act, 1956 in respect of item Nos. 5 to 7 is annexed to the Notice.
- (d) The Register of Members and Share Transfer Books will remain closed from Friday 23rd September, 2005 to Tuesday 27th September, 2005 (both days inclusive)
- (e) Members are requested to kindly notify to the Registrar and Share Transfer Agent of the Company M/S Sharex India Pvt. Ltd. 17/B, Dena Bank Building, 2nd Floor, Horniman Circle Fort, Mumbai-400 001 Tel:022-28515606/28515644 Fax:022-28512885 immediately of any change in their addresses.
- (f) Unpaid/Unclaimed Dividend: Pursuant to Section 205 C of the Companies act, 1956, unclaimed dividend for the Financial Years 1996-97 (Final), 1997-98 (interim), 1997-98 (Final), 1998-99 (interim), 1998-99 (final), 1999-2000 (interim), 1999-2000 (final), 2000-01 (Final), 2001-02 (final), 2002-03 (final), 2003-04 (Final) will be transferred to the Central Government "Investors Education and Protection Fund" 7 years after the date of declaration. Members are requested to claim the same before it is transferred to Investors Education and Protection Fund.
- (g) Members are requested to quote their Folio Numbers in all their correspondence.
- (h) 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.
- (i) Members are requested to bring their copies of the Annual Report to the Meeting.
- (j) Members are requested to bring with them the attendance slip and hand it over at the entrance duly signed by them.
- (k) Members are requested to demat their shares in order to facilitate easy and faster trading in equity shares.

**By Order of the Board of Directors
For Kamadgiri Synthetics Limited**

Place: Mumbai
Dated: 18th August, 2005

Pradip Kumar Goenka
Chairman & Managing Director



KAMADGIRI SYNTHETICS LTD.

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

Item No. 5.

Shri. Subash Kumar Kedia was appointed as an additional Director w.e.f. 1.10.2004 by the Board of Directors. In terms of Section 260 of the Companies Act, 1956 and 86 of the Articles of association of the Company. Shri. Subash Kumar Kedia holds office as a Director upto the date of ensuing Annual General Meeting of the Company and is eligible for appointment as a Director. The company has received a notice under Section 257 of the Companies act, 1956 along with the deposit of Rs. 500/- from a member proposing the candidature of Shri. Subash Kumar Kedia for the office of Director.

The Board considers that his association as Director will be beneficial and in the interest of the Company. Further, brief details regarding the Directors getting appointed/ re-appointed their expertise in specific functional areas and the names of the companies in which they hold Directorship/committee membership are furnished in the 'Report on Corporate Governance' forming part of the Annual Report for the year ended 31st March, 20045.

The Board recommends the resolution for approval of members.

Except Shri. Subash Kumar Kedia, none of the Directors' of the Company is concerned or interested in the said resolution.

Item No. 6.

Shri. Tilak Pradip Goenka was appointed as an additional Director w.e.f. 1.10.2004 by the Board of Directors. In terms of Section 260 of the Companies Act, 1956 and 86 of the Articles of association of the Company. Shri. Tilak Pradip Goenka holds office as a Director upto the date of ensuing Annual General Meeting of the Company and is eligible for appointment as a Director. The Company has received a notice under Section 257 of the Companies act, 1956 along with the deposit of Rs. 500/- from a member proposing the candidature of Shri. Tilak Pradip Goenka for the office of Director.

The Board considers that this association as Director will be beneficial and in the interest of the Company. Further, brief details regarding the Directors getting appointed/re-appointed, their expertise in specific functional areas and the names of the companies in which they hold Directorship/ committee membership are furnished in the 'Report on Corporate Governance' forming part of the Annual Report for the year ended 31st march, 2005.

The Board recommends the resolution for approval for approval of members.

Except Shri. Tilak Pradip Goenka and Shri. Pradip Kumar Goenka who being relative of Shri. Tilak Pradip Goenka, none of the Directors' of the Company is concerned or interested in the said resolution.

Item No. 7.

The name of the Company is proposed to be changed form KAMADGIRI SYNTHETICS LIMITED to KAMADGIRI SPINWEAVE LIMITED or such other name or names as may be available. The said change in the name shall truly reflect the object of the Company. The new name would help in creating better image of the Company as manufacturer of yarns and fabrics.

The Registrar of Companies has made the name available to the Company for the change of name of the Company. However, the change of name require approval of members by passing a special resolution in pursuance of Section 21 of the Companies act, 1956 subject to the approval of the Central Government.

The Board recommend passing of the resolution as set out in item No. 7 of the Notice.

None of the Directors' is interested or concerned in this resolution.

By Order of the Board of Directors
For Kamadgiri Synthetics Limited

Place: Mumbai

Dated: 18th August, 2005

Pradip Kumar Goenka
Chairman & Managing director



KAMADGIRI SYNTHETICS LTD.

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DIRECTORS' REPORT**TO THE MEMBERS**

Your Directors have pleasure in presenting the Eighteenth Annual Report with audited accounts for the year ended 31st March 2005.

FINANCIAL PERFORMANCE

Particulars	31 March 2005 (Rupees)	31 March 2004 (Rupees)
Turnover	48,17,54,911	45,24,13,664
Profit before tax	39,77,789	75,99,847
Less: Provision for current tax	3,02,000	34,52,000
Add/Less: Net deferred tax liability (Assets)	15,27,300	(18,76,389)
Add: Prior period adjustment	(1,22,064)	0
Profit after tax	21,48,489	60,24,236
Less: Add: tax adjustment of earlier year	214	8,48,194
Profit & Loss account balance brought forward	1,40,33,409	1,30,81,617
Profit available for appropriation	1,60,59,621	1,82,57,659
Appropriation:		
General Reserve	0	1,63,000
Proposed dividend	30,00,000	36,00,000
Tax on proposed dividend	4,20,750	4,61,250
Balance carried to Balance Sheet	1,26,38,871	1,40,33,409

OPERATIONS

Your Company has performed reasonably well during the year. During the year under review the production of Grey fabrics, finished fabrics and yarn were 43.61 Lacs Metres, 6.97 Lacs Metres and 1590.852 Tones respectively as against 28.65 Lacs Metres 8.26 Lacs Metres and 2217.432 Tones in the corresponding period in the previous year.

DIVIDEND

Your Directors are pleased to recommend a dividend @ 10% on the subscribed Capital i.e. Rs.30000000/- absorbing Rs.30.00 Lacs subject to payment of 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 27th September, 2005.

EXPORTS

During the year 2004-05 your Company's export division registered sales of Rs. 513.56 Lacs as against Rs.647.79 Lacs, down by Rs. 134.23 Lacs from last year. Your Company has initiated export promotional measures to raise the export turnover in the coming years.

DEMATERIALIZATION OF SHARES

The equity shares of the Company has been dematerialized by joining depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited. The ISIN No. allotted to the Company is INE 103E01016.

CORPORATE GOVERNANCE

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. Your Company has been practicing the principles of good corporate governance over the years. The Board supports broad principles of corporate governance and lay emphasis on transparency, accountability and integrity.

PARTICULARS OF EMPLOYEES

The Company does not have any employee whose particulars are required to be given under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended upto date.

DISCLOSURE OF PARTICULARS

Information as per section 217(1)(e) of the Companies Act, 1956 read with The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure forming part of this report.

INSURANCE

The assets of the Company have been adequately insured against the risk of fire & other risks.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri.Lalit Kumar Goenka retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment



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Shri. Pramod Kumar Jalan resigned as Director of the Company and as a Chairman of the Audit Committee effective from 1.10.2004. The Board place on record their gratitude for the valuable services rendered by Shri. Pramod Kumar Jalan during the tenure of his association with the Company as Director and Chairman of the Audit Committee.

Shri. Subash Kumar Kedia and Shri. Tilak Pradip Goenka were appointed as additional Directors of the Company during the year effective from 1.10.2004. They were to hold the office upto the date of the next Annual General Meeting of the Company, However being eligible offer themselves for appointment as Directors' under Section 257 of the Companies Act, 1956.

AUDIT COMMITTEE

In pursuance to the clause 49 of the Listing Agreement the Company has constituted an audit committee consisting of following Directors. The Audit Committee was reconstituted due to resignation of Shri. Pramod Kumar Jalan and appointment of Shri. Subash Kumar Kedia as Director and member of the Audit Committee:

- 1) Shri. Murarilal Goenka
- 2) Shri. Brijesh Kumar Tibrewal
- 3) Shri. Subash Kumar Kedia

Shri. Murarilal Goenka a Commerce graduate replaced Shri. Pramod Kumar Jalan who resigned during the year as Chairman of the Audit Committee.

REMUNERATION COMMITTEE

In pursuance of the clause 49 of the Listing Agreement the Company has constituted a Remuneration Committee comprising/ consisting of the following Directors :-

- 1) Shri Subhash Kumar Kedia
- 2) Shri Murarilal Goenka
- 3) Shri Brijeshkumar Tibrewal

The Remuneration Committee was headed by Shri Subhash Kumar Kedia. The Remuneration Committee has been entrusted with the responsibilities of fixing the remuneration package of the the Executive Directors.

AUDITORS

The Auditors of the Company M/s. R. S. Agrawal & Associates, Chartered Accountants, Mumbai hold office upto the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

AUDITORS REPORT

The Report of the Auditors' is self explanatory and do not require any further elucidation.

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 of the Company for the financial year 2005-06.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 as amended with respect of Directors responsibility statement, it is hereby confirmed: -

1. That the preparation of accounts for the Financial Year ended 31st March, 2005, the applicable accounting standards have been followed along-with proper explanation relating to material departures;
2. That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the Financial Year and the Profit or Loss of the Company for the year under review;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 as amended for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors' have prepared the accounts for the financial year ended 31st March 2005 on a going concern basis.

ACKNOWLEDGEMENTS

Your Directors are thankful to you, our bankers, customers, employees and to all those who have extended their committed support to the progress of your Company.

**For and on behalf of the Board of Directors
For Kamadigiri Synthetics Limited**

**Place: Mumbai
Dated: 18th August, 2005**

**Pradip Kumar Goenka
Chairman & Managing Director**



KAMADGIRI SYNTHETICS LTD.

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ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2005**MANAGEMENT DISCUSSION AND ANALYSIS****INDUSTRY STRUCTURE AND DEVELOPMENTS**

The market for the synthetics textiles products has been growing over the years. Your Company uses polyester and viscose fibres bought locally from the Indian suppliers. The market for the synthetics fabrics has been steady. The industry has been facing fierce competition from manufacturers of South East Asian countries. Your Company has taken initiated various measures to control cost of production, efficient management to be competitive in this market.

Removal of quantitative restrictions brings about good days for Indian Textile Industry. To harness Expected demand for Indian textiles, the Industry is gearing up and installing additional capacities .

The imposition of VAT @ 4% on the textile products is not well received and may in turn effect the domestic market of the industry

OPPORTUNITIES AND THREATS:

Domestic & export market will likely to improve. Government's policy of liberal finance to the industry for technology up gradation and modernization is widely hailed. The textile industry being largest earner of foreign exchange will continue to be front runner.

The industry expect severe competition from China due to Economies of scale and favorable China Govt. policies. It would be very difficult to out wit giant China in textile. The Indian industry should make consistant effort to improve quality of product . The out sourcing to the foreign international out fits, brands may bring good results for the industry.

Your Company through efficient production management system, automation and modernization and better product mix is confident of minimizing the risks that be arising by overall increase in cost of production.

PRODUCT WISE PERFORMANCE:

Your Company operates in three segments. The segment I is manufacturing of synthetics fabrics, segment II dealt with manufacturing of blended yarn and segment III dealt with rent and services.

The segment wise performance of the Company was satisfactory with each segment contributing to the total production and profitability of entire plant. The segment wise turnover was Rs. 2856.47 Lacs of synthetics fabrics, Rs. 1913.44 Lacs of blended yarn and Rs17.28 Lacs for rent and services respectively.

OUTLOOK:

The outlook as forecasted by your Directors will be positive. Your Company has successfully implemented many modernization and rationalization projects. Your Directors regularly review the production system and adopt best technology available in weaving and spinning. The production and profitability improves after adoption of every new technology.

RISKS AND CONCERNS::

The increase in cost of production and constrained margin are the major area of concern. Your Company is taking all effective steps to see that cost of production brought to minimum. The competition from across the border especially south east Asian countries is special concern to the textile and yarn market.

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 Board closes watches and monitors all expenses incurred on various heads. The attempt is made to reduce cost centers. All policies and procedures and guidelines have been documented. Your Company is using advanced customized software system, which is upgraded time to time to suit the system need of the Company.

FINANCIAL PEREFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

During the year under review the total production of the synthetic fabrics and blended yarn were 50.58 Lacs Metres and 1590.852 Tones respectively as against 36.91 Lacs Metres and 2217.432 Tones in the previous financial year thereby registering increase in synthetic fabrics by 13.67 Lacs Metres and marginal decrease by 626.58 Tones in yarn production respectively. The Profit before tax recorded during the year was Rs. 39.78 Lacs as against Rs. 76.00 Lacs in the previous financial year. During the year under review the profit margin improved due to overall cost reduction measures taken by the management.

MATERIAL DEVELOPMENT IN HUMAN RESOURCE/INDUSTRIAL RELATIONS FRONTS:

Human resource development is prime important to every organization. The Company pays require attention on the development of workers and staff. Maintaining cordial relation and friendly relation and solving workers problems through negotiation amicably is in the interest of the Company. Your Company envisaging plans to improve productivity of the workers and staff. Some of the measures being taken are to make the work more interesting, training, job rotation and job satisfaction. The Company gives incentives for better performance and recognizes individual achievement of the workers and staff. The industrial relation climate in your Company was harmonious and constructive. The Company at the close of the financial year employed 37 persons excluding contract workers.

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.



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ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2005

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 |
| (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 required. |
| (c) 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 and Fuel Consumption:

	Current Year 2004-05	Previous Year 2003-04
1. Electricity		
(a) Purchased		
Unit (KWH)	32,88,366	29,94,146
Total Amount (Rupees)	1,51,67,772	1,38,65,350
Rate per unit (Average rate in Rs.)	4.61	4.63
(b) Own Generation Through D. Generator		
Quantity (Litres)	16,57,608	16,23,950
Total Cost (Rupees)	2,18,31,152	1,85,91,203
Rate per unit (Average rate in Rs.)	13.17	11.45
B. Consumption per unit of production:		
1) Electricity (KWH)		
Fabrics 100 mtrs	37.89	53.44
Yarn 100 Kgs.	152.29	94.11
2) D. Generator Set (ltrs)		
Fabrics	--	--
Yarn	104.20	72.85

2. Technology Absorption:

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



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