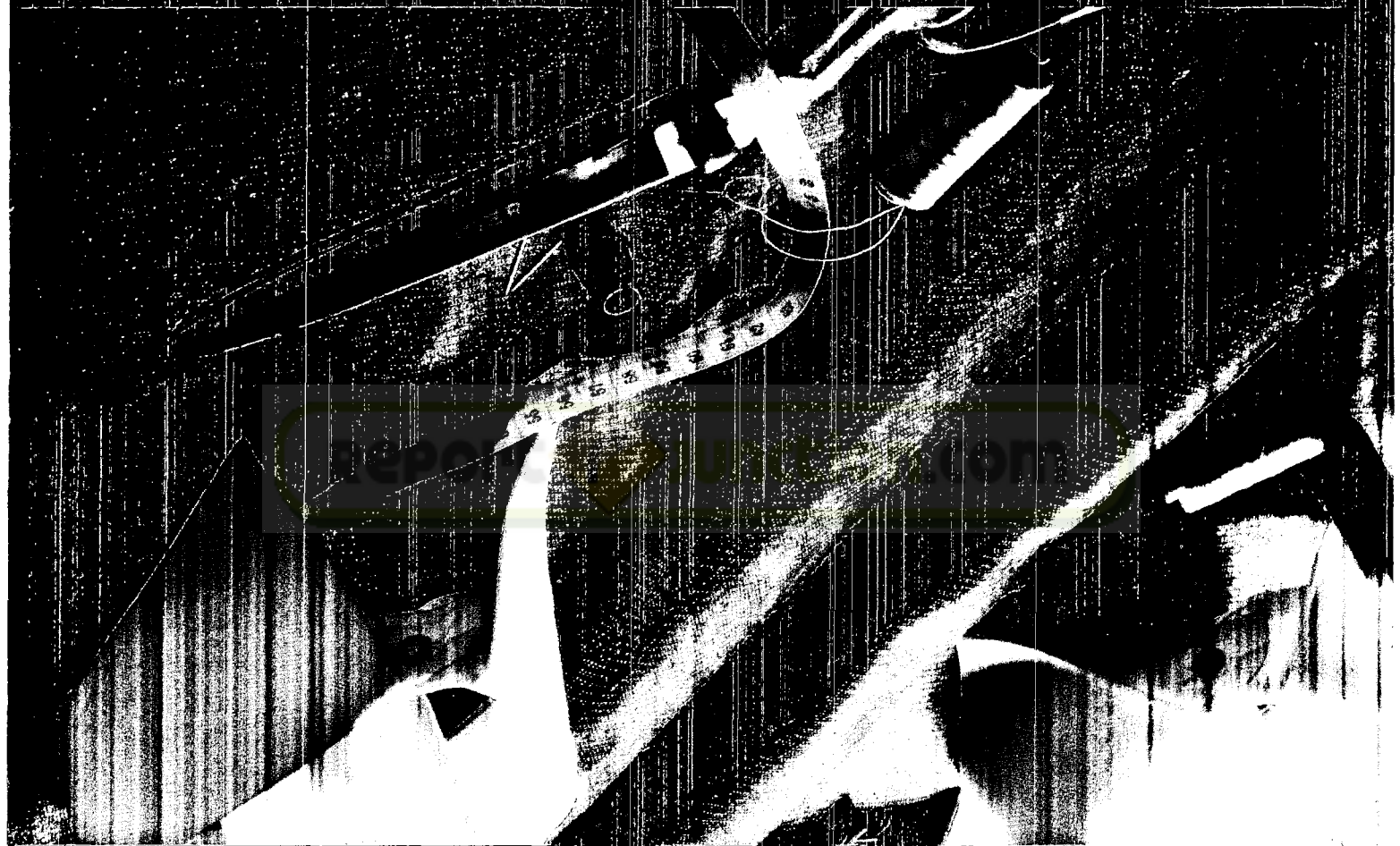
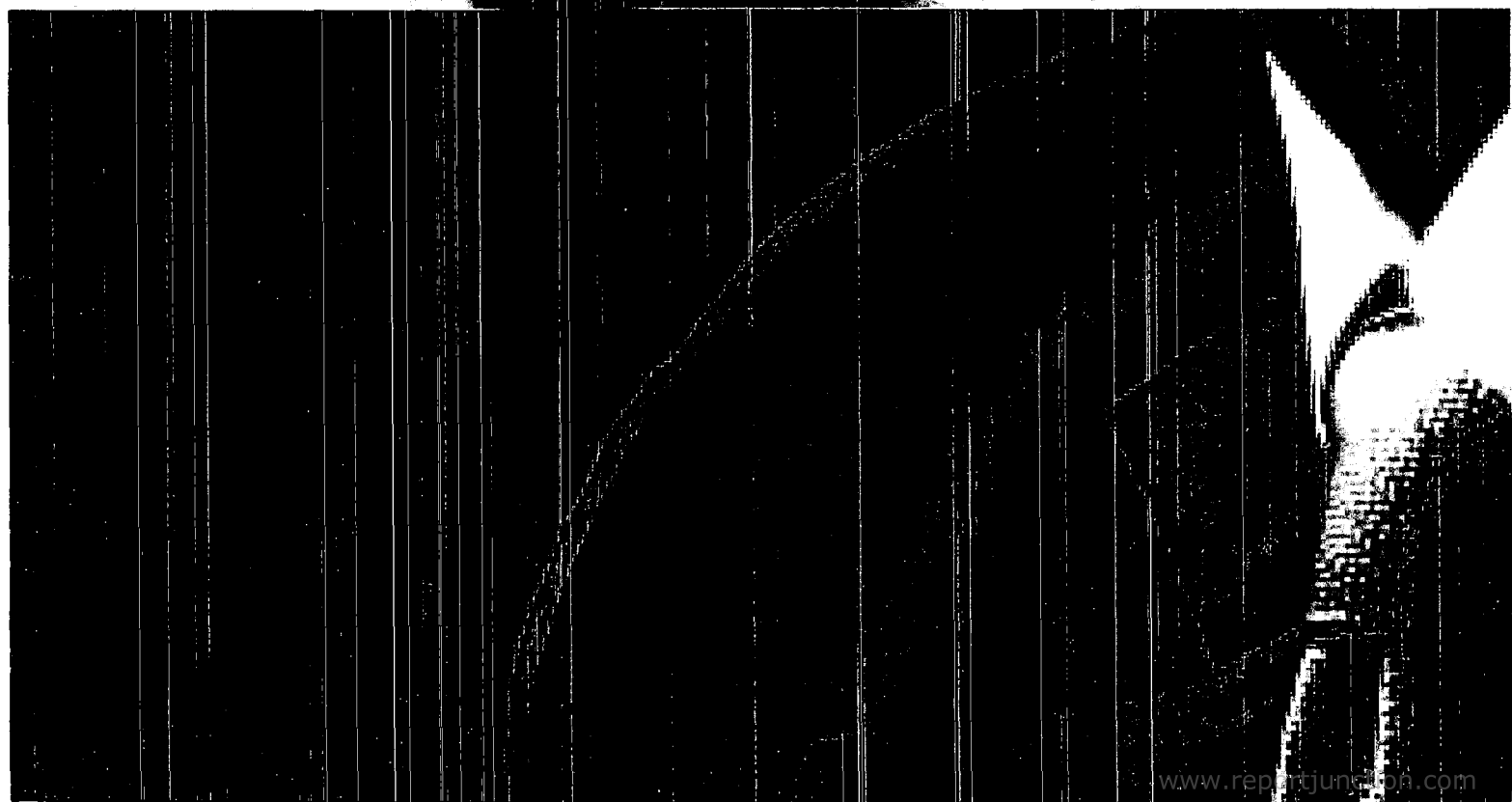


ANNUAL REPORT 2007-08



Kamadhini Synthetics Ltd.

KSL



KAMADGIRI SYNTHETICS LIMITED**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. Brijesh Kumar Tibrewal	: Director (Independent Non Executive)

AUDITORS: : R.S. Agrawal & Associates.
Chartered Accountants, Mumbai.

BANKERS : State Bank of Hyderabad
Bombay Mercantile Co-op Bank Ltd.

REGISTERED OFFICE : 28, Y. A. Chunawala Ind. Estate
Kondivita Lane, Andheri (East),
Mumbai – 400 059.
Website : www.kslindia.in

FACTORY : 31/3, Ganga Devi Road, Umbergaon – 396 171
Dist – Valsad (Guj.).

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 – sharexindia@vsnl.com

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE 21ST ANNUAL GENERAL MEETING OF THE MEMBERS OF THE KAMADGIRI SYNTHETICS LIMITED WILL BE HELD ON SATURDAY, 27TH SEPTEMBER, 2008 AT 11.30 A.M. AT SHREE SATYANARAYAN GOENKA BHAVAN, 87, J. B. NAGAR, ANDHERI (EAST), MUMBAI – 400 059 TO TRANSACT THE FOLLOWING BUSINESS.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited accounts for the year ended 31st March, 2008 along with notes and schedules there on as on that date and the reports of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Murarilal Goenka, 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. Brijesh Tibrewal, Director of the Company who retires by rotation but does not offer 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 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 the consent of the Company be and is hereby accorded to the Board of Directors under Section 293(1)(d) of the companies Act, 1956 to borrow any sum of moneys from time to time not with standing that the money or monies to be borrowed together with the moneys already borrowed by the Company (amount from temporary loans obtained from the companies bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and the free reserves, that is to say, reserves not set apart for any specific purpose, provided however, the total amount so borrowed shall not exceed Rs. 25,00,00,000/- (Rupees Twenty Five Crores only)."

FOR KAMADGIRI SYNTHETICS LIMITED

DATE : 30th June, 2008.

PLACE : Mumbai.

**PRADIP KUMAR GOENKA
CHAIRMAN & MANAGING DIRECTOR**

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. The Register of Members and Share Transfer Register shall remain closed from **Thursday, 25th September, 2008 to Saturday, 27th September, 2008** (both days inclusive).
4. Pursuant to the provision of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 1999-2000 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.

Financial year ended	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to I.E. & P. Fund.
2000-2001 (Final)	27/08/2001	26/08/2008	26/09/2008
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

Shareholders who have not so far encashed the dividend warrant(s) for the financial year ended 31st March, 2001 or any subsequent financial year are requested to make their claim to the office of the Registrar and Transfer Agent, M/s. Sharex 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.

5. 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.
6. Members are requested to produce the attendance slip duly signed, sent along with the Annual Report and Accounts, for admission to the meeting hall.
7. 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.
8. 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.
9. Members are requested to demat their shares in order to facilitate easy and faster trading in equity shares.
10. Subject to the provisions of Section 206 A of the Companies Act, 1956, dividend as recommended by the Board of Directors, if declared at the meeting, will be payable on or after 28th September, 2008
11. 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.
12. 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
13. Explanatory statement under Section 173(2) of the Companies Act, 1956 in respect of the Special Business as set above is annexed.

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

ITEM NO. 6:

Pursuant to Section 293(1)(d) of the Companies Act, 1956, requires the consent of the Members in the General Meeting for authorizing the Board of Directors to borrow monies (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the aggregate of the paid-up Capital and free reserves.

In view of the growing operations of the Company, your Company may require additional funds as term loan and/or Working Capital. It is therefore, recommended to authorize the Directors for borrowing to the tune of shall not exceed Rs. 25,00,00,000/- (Rupees Twenty Five Crores only).

None of the Directors are interested in the aforesaid resolution

FOR KAMADGIRI SYNTHETICS LIMITED

DATE : 30th June, 2008.
PLACE : Mumbai.

PRADIP KUMAR GOENKA
CHAIRMAN & MANAGING DIRECTOR

KAMADGIRI SYNTHETICS LIMITED

The Mill of the 21st Century
www.reportjunction.com

DIRECTORS' REPORT:**TO THE MEMBERS,**

Your Directors have great pleasure in presenting 21st Annual Report along with the Audited Balance Sheet and Profit And Loss Account, for the year ended 31st March, 2008.

OPERATING RESULTS:

(Amt. In Rs.)

	Year ended on	
	31.03.2008	31.03.2007
Turnover	36,17,17,422	27,86,42,315
Profit before tax	9,88,425	1,00,29,054
Less: Provision for current tax	20,79,000	13,36,000
Add/Less: Net deferred tax assets/liability	(35,34,400)	20,39,500
Add/Less: Prior Period adjustment	--	--
Less: Fringe Benefit tax	1,24,500	1,35,945
Profit after tax	23,19,325	65,17,608
Less: Add: tax adjustment of earlier year	1,16,382	, 12 125
Profit & Loss account balance brought forward	2,07,18,958	1,59,68,399
Profit available for appropriation	2,29,26,402	2,24,73,884
Appropriation:		
General Reserve	--	--
Proposed dividend	15,00,000	15,00,000
Tax on proposed dividend	2,54,925	2,54,925
Balance carried to Balance Sheet	2,11,71,477	2,07,18,958

OPERATIONS:

Your company has performed satisfactory during the year under review. The actual production (including job work production) of grey fabric & finished fabric were 43.30 Lacs Metres & 3.94 Lacs Meters respectively as against 47.19 Lacs Metres & 3.33 Lacs Meters in the corresponding period in the previous year.

MERGER

The process of amalgamation/merger of Strips Apparel Limited with the company is under implementation. Board of director of the company has already approved amalgamation/merger of Strips Apparels Limited, a subsidiary company of Pantaloon Industries Limited, with the company as a part of its forward integration and expansion plan. Strips Apparels Limited is into the business of manufacturing readymade garments, retail and fabrics.

DIVIDEND:

Your Directors are pleased to recommend a dividend @ 5% on the subscribed capital of Rs. 3,00,00,000/- absorbing Rs. 15 lacs 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 24th September, 2008.

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 INE103E01016.

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.

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.

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.

PUBLIC DEPOSIT:

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

INSURANCE:

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

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Murarilal Goenka and Mr. Brijesh Tibrewal, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

AUDIT COMMITTEE:

In pursuance to the Clause 49 of the Listing Agreement, the Company has an audit committee consisting of following Directors:

1. Mr. Murarilal Goenka - Chairman.
2. Mr. Brijesh Kumar Tibrewal - Member.
3. Mr. Subash Kumar Kedia – Member.

REMUNERATION COMMITTEE:

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

1. Mr. Subhash Kumar Kedia – Chairman.
2. Mr. Murarilal Goenka – Member.
3. Mr. Brijesh Kumar Tibrewal – Member.

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 :

As regards to point (vii) of the auditor's report, the Board is of the opinion that the Company has an internal audit check system commensurate with its size and nature of business.

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 2008-09.

DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors hereby confirm:

- i. That in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii. That 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, 2008 and that of the profit of the Company for the year ended on that date.
- iii. That 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. That the annual accounts have been prepared on a going concern basis.

CONSERVATION OF ENERGY-TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE ETC.

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" attached.

SUBSIDIARY COMPANIES

The Company does not have any subsidiary companies.

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 KAMADGIRI SYNTHETICS LIMITED

DATE : 30th June, 2008.
PLACE : Mumbai.

PRADIP KUMAR GOENKA
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE "A" TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2008. 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.

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

OPPORTUNITIES AND TRHEATS:

Export from China, increased indigenous capacity for fabrics and increase in cost of production including borrowing cost are 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 through efficient production management system and better product mix is confident of minimizing the risks that may be arising by overall increase in cost of production and competition.

PRODUCT AND PERFORMANCE:

Spinning segment (yarn) of the company found to be 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 garments. Therefore the company has discontinued its Spinning Segment w.e.f. 01/04/2007 by selling its plant and machineries. Further the company has also decided to discontinue recognizing its Rent and Service activities as separate segment being immaterial on an overall basis as to revenue, result or assets or threshold limits as per AS-"17". Therefore the company, as on date, operates in a single segment namely "Fabrics". The turnover of the company was Rs. 3559.93 lacs of synthetic fabrics.

OUTLOOK:

The outlook for the suiting and shirting fabrics appears to be quite positive. The management is continuously exploring expansion and integration strategy 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 will be significantly reduced.

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 closely 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 PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

During the year under review the total production of the grey fabrics, finish fabrics (including job) were 43.30 Lacs Metres & 3.94 lacs Meters respectively as against 47.19 Lacs Metres & 3.33 Lacs Meters in the previous financial year. The Profit before tax recorded during the year was Rs. 9.88 Lacs as against Rs. 100.29 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 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 is 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

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

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 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 & Fuel Consumption

	2007-2008	2006-2007
1. Electricity		
(a) Purchases		
Units(KWH)	2326901	3987825
Total Amount (Rupees)	10965929	17640620
Rate per unit (Average rate in Rs.)	4.71	4.42
(b) Own Generation Through		
D. Generator		
Quantity(Litres)	42927	100730
Total Cost(Rupees)	1359164	2742150
Rate per unit (Average rate in Rs.)	31.66	27.22

B. Consumption per unit of production

(1) Electricity (KWH)		
Fabrics 100 mtr	54.10	77.00
Yarn 100Kgs.	NIL	349.60
2) D. Generator Set(lts)		
Fabrics	1.00	2.82
Yarn	NIL	7.33

2. Technology Absorption:

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