

KIRAN SYNTEX LIMITED

ANNUAL REPORT - 2008 - 2009

M M S & ASSOCIATES
CHARTERED ACCOUNTANTS
1003, RATHI PALACE
RING ROAD
SURAT - 395 002

KIRAN SYNTEX LTD.

NOTICE

NOTICE hereby given that the Annual General Meeting of the members of the company will be held at its Registered Office on 29th September, 2009 to transact the following business:-

ORDINARY BUSINESS:

1. To receive and adopt the Directors & Auditors Report and statement of affairs as on 31st March 2009.
2. To appoint Auditors for the current year and fix their remuneration.

REGISTERED OFFICE:

1/324 Popat Street
Nanpura
Surat

By order of the Board

M. M. Ganiwala

DIRECTOR.

PLACE : SURAT

DATE : September 1, 2009

NOTE : A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company.

KIRAN SYNTEX LTD.

DIRECTORS REPORT

To
The Members
KIRAN SYNTEX LTD.

Your Directors have pleasure in presenting the Annual Report of the Company together with the audited statement of accounts for the year ended 31st March 2009

FINANCIAL HIGHLIGHTS:

| | Year ended 31.03.2009 Amount(Rs) | Year ended 31.03.2008 Amount(Rs) |
|-----------------------------------|--|--|
| Sales & Other Income | <u>443,770,588</u> | <u>90,492,932</u> |
| Profit/(Loss) before Depreciation | 2,893,924 | 6,309,961 |
| Less: Depreciation | <u>620,593</u> | <u>-</u> |
| Profit/(Loss) after Depreciation | 2,273,331 | 6,309,961 |
| Less: Provision For FBT | 28,689 | 3,129 |
| Balance B/f from Previous Year | <u>(67,575,250)</u> | <u>(73,882,082)</u> |
| | (65,330,608) | (67,575,250) |
| Deferred Tax (Liabilities)/Assets | <u>-</u> | <u>-</u> |
| Balance C/f to Balance Sheet | <u>(65,330,608)</u> | <u>(67,575,250)</u> |

DIVIDEND:

The Directors decided not to recommend any Dividend.

INDUSTRIAL RELATIONS:

Relations with employees continued to remain cordial.

The Directors wish to place on record their appreciation for the efforts put in by the Company's employees at all levels.

PARTICULARS OF EMPLOYEES:

None of the employees of the Company was paid exceeding Rs.24,00,000/- per year or Rs.2,00,000/- per month if employed for part of the year.

KIRAN SYNTEX LTD.

AUDITORS:

M/s.M M S & ASSOCIATES, Chartered Accountants of Surat, are due to retire at the forthcoming Annual General Meeting and being eligible have offered themselves for reappointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUT GO:

As required U/S 217(1)(e) of the Companies Act 1956, read with rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are annexed.

DIRECTORS' RESPONSIBILITY STATEMENT:

1. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. That the Directors had selected such accounting policies and applied them consistently and 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 at the end of the financial year and of the profit or loss of the Company for that period;
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors had prepared the annual accounts on a going concern basis.

On Behalf of the Board,

Mungaiwala

DIRECTOR.

PLACE : SURAT

DATE : September 1, 2009

M M S & ASSOCIATES
CHARTERED ACCOUNTANTS
1003, RATHI PALACE
RING ROAD , SURAT-2

AUDITORS REPORT

We have audited the attached Balance Sheet of KIRAN SYNTEX LTD., as at 31st March 2009 and the Profit & Loss account of the company 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.

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 a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors Report) Order 2003, as amended by the Companies (Auditors' Report) (amendment) order ,2004 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 we enclose in the Annexure "A" statement on the matters specified in paragraph 4 & 5 of the said order.

Further to our comments in Annexure "A" referred to in paragraph above.

- i) We have obtained all the information & explanation 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 the books ;
- iii) The said Balance Sheet and Profit & Loss accounts dealt with by this report are in agreement with the books of account ;
- iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ;



M M S & ASSOCIATES
CHARTERED ACCOUNTANTS
1003, RATHI PALACE
RING ROAD , SURAT-2

- v) On the basis of written representations received from the directors as on 31st March 2009, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956 ;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to note 1 (iii) on notes on accounts give the information required by the companies Act, 1956 in manner so required and 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 31st March 2009 ; and
 - b) In the case of the Profit & Loss account, of the Profit of the Company for the year ended on that date.

PLACE : SURAT

DATE : September 1, 2009

for M M S & ASSOCIATES
Chartered Accountants,


(MURLI SOMANI)
Partner.
(M.NO.36727)

ANNEXURE TO THE AUDITOR'S REPORT

1. (a) The Company has maintained proper records showing particulars, quantitative details and situation of fixed assets.
- (b) As explained to us the Management has carried out physical verification of these assets and no major discrepancies are noticed.
- (c) The Company has disposed off all the Assets during the previous year and have started business by getting the goods processed from third parties on job work basis. In our opinion the going concern status of the company as a Manufacturing concern has affected by this, however with continuation of trading activities the going concern status is continued as trading company

2. (a) As per information & explanation given to us, physical verification of inventory has been carried out by the management during the year. In our opinion frequency of physical verification is reasonable considering the size of the company and nature of its business.
- (b) As per informations and explanations given to us, the procedures adopted for physical verification by the management is reasonable considering the size of the company and nature of its business.
- (c) The company has maintained proper records in relation to the material received and despatched and as explained to us, no material discrepancies were noticed on physical verification of inventory as compared to the books records.

3. (a) As per explanation & information given to us, company has taken and granted unsecured loan from and to the parties covered in the register maintained U/S 301 of the Companies Act, 1956. Details of such loan as at the end of the year are as under:

| | <u>Loan Taken</u> | <u>Loan Granted</u> |
|--------------------|-------------------|---------------------|
| No. of the Parties | NiL | 1 |
| Amount (Rs.) | NiL | 500,000 |

- (b) In our opinion and as per explanation & information given to us, the rate of interest wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the Company.
- (c) There is no overdue amount in respect of loans taken by the Company. In respect of loans given by the company, it has been explained to us, that these loan are repayable on demand and therefore the question of overdue amount does not arise.



M M S & ASSOCIATES

CHARTERED ACCOUNTANTS

1003, RATHI PALACE

RING ROAD , SURAT-2

4. In our opinion and according to the information & explanation given to us, there are adequate internal control procedures commensurate with the size of the company and its nature of business for the purchase of material, fixed assets and sale of goods. We have not observed any major weakness in the internal control system.
5. (a) As per explanation & information given to us, the transactions that need to be entered into a register in pursuance of Sec. 301 of the Companies Act, 1956 have been so entered.

(b) As per explanation & information given to us, we are of the opinion that these transactions have been entered at price which are reasonable having regard to the prevailing market prices at relevant time.
6. The Company has not accepted any deposits from the public therefore this clause is not applicable.
7. In our opinion the Internal Audit System of the Company is commensurate with size and nature of its business.
8. As per information & explanation given to us, maintenance of cost records under clause (d) of the sub-section (1) of section 209 is not applicable to the Company.
9. (a) According to the informations & explanations given to us, and as per our verification, the Company has been regular in depositing undisputed statutory dues like Provident Fund, ESIC, Sales Tax, Income-Tax with appropriate authorities.

(b) According to the informations & explanations given to us, no amount is outstanding at the end of the year for a period of more than 6 months from the date they become payable.

(c) According to the informations & explanations given to us, there are no statutory dues of Sales Tax, Income Tax or Excise Duty, outstanding which were not deposited on account of any dispute.
10. The company does not have accumulated losses more than fifty percent of its net worth and it has not incurred any cash loss during the year as well as in the immediate preceding year.
11. As per information & explanations given to us and as per analysis of the Balance Sheet the Company has not defaulted in repayment of dues to banks, and financial institutions. The Company has not issued any debentures.

M M S & ASSOCIATES
CHARTERED ACCOUNTANTS
1003, RATHI PALACE
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12. In our opinion and as per information & explanations given to us, the Company has not granted any loans & advances, on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a Chit Fund, Nidhi or Mutual Benefit Fund or Society.
14. According to the informations & explanations given to us, the company is not dealing or trading in shares, securities, debentures or other investments .
15. As per informations & explanations given to us, the Company has not given any corporate guarantee
16. As per informations & explanations given to us, the Company has obtained Vehicle Loan during the year.
17. According to the informations and explanations given to us and as per verification of the annual accounts, the Company has not used short term funds for long term purposes. The surplus generated by way of cash profit has been ploughed back into the business.
18. The Company has not issued any shares during the year under review..
19. The Company has not issued any debentures hence this clause is not applicable to Company.
20. The Company has not raised any money by way of public issue during the year.
21. As per information & explanation given to us and in our opinion no fraud on or by the Company has been noticed or reported during the year.

for **M M S & ASSOCIATES**
Chartered Accountants,


(MURLI SOMANI)
Partner.
(M.NO.36727)

PLACE : SURAT

DATE : September 1, 2009

KIRAN SYNTEX LTD.

BALANCE SHEET AS AT 31st MARCH 2009

| As at 31.03.2008 | | Schedule | As at 31.03.2009 |
|---|--|----------|---------------------|
| <u>SOURCES OF FUNDS:</u> | | | |
| 42,364,660 | Share Capital | 1 | 42,364,660 |
| 47,564,660 | Reserve & Surplus | 2 | 47,564,660 |
| 1,022,073 | Secured Loan | 3 | 1,640,690 |
| <u>90,951,393</u> | | | <u>91,570,010</u> |
| <u>APPLICATION OF FUNDS:</u> | | | |
| 1,354,373 | Fixed Assets | 4 | 2,078,260 |
| 2,000 | Investment in Shares | 5 | 2,000 |
| <u>Current Assets, Loans & Advances:</u> | | | |
| 3,418,400 | Inventories | 6 | 4,439,239 |
| 63,076,981 | Sundry Debtors | 7 | 155,473,178 |
| 2,001,423 | Cash & Bank Balances | 8 | 2,704,258 |
| 20,545,279 | Loans & Advances | 9 | 20,692,013 |
| <u>89,042,083</u> | | | <u>183,308,688</u> |
| 73,341,319 | Less: Current Liabilities & Provisions | 10 | 165,468,552 |
| <u>15,700,764</u> | Net Current Assets | | <u>17,840,136</u> |
| 67,575,250 | Profit & Loss Account | | 65,330,608 |
| 6,319,006 | Deferred Tax (Liability)/Assets | 11 | 6,319,006 |
| <u>90,951,393</u> | | | <u>91,570,010</u> |
| | Notes On Accounts | 19 | |

As per our attached report of even date
For M M S & ASSOCIATES
 Chartered Accountants

MURLI SOMANI
 Partner
 M.NO.36727

PLACE : SURAT

DATE : September 1, 2009

For and on behalf of Board
For KIRAN SYNTEX LTD.

M. Y. G. V. V. V.
g. v. v. v.

DIRECTORS.

KIRAN SYNTEX LTD.

TRADING AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2009

| Year ended 31.03.2008 | | Schedule | Year ended 31.03.2009 |
|--------------------------|--|----------|--------------------------|
| INCOME: | | | |
| 85,831,043 | Sales | 12 | 443,601,924 |
| 4,661,889 | Other Income | 13 | 8,765 |
| - | Increase/Decrease in closing stock of Finished Goods | | 159,899 |
| <u>90,492,932</u> | | (A) | <u>443,770,588</u> |
| EXPENDITURE: | | | |
| 11,578,829 | Cost of Raw Material Consumed | 14 | 18,988,509 |
| 61,694,532 | Purchase | 15 | 405,828,502 |
| 10,231,591 | Manufacturing & Maintenance exp. | 16 | 14,264,718 |
| 88,862 | Payments to & Provision for employees | 17 | 417,745 |
| - | Director Remuneration | | 300,000 |
| 589,157 | Administrative, Selling, Distribution expenses | 18 | 1,077,190 |
| <u>84,182,971</u> | | (B) | <u>440,876,664</u> |
| 6,309,961 | Profit/(Loss) Before Depreciation (A - B) | | 2,893,924 |
| - | Less: Depreciation | | 620,593 |
| 6,309,961 | Profit/(Loss) After Depreciation | | 2,273,331 |
| - | Less: Provision For Taxation | | - |
| 3,129 | Less: Fringe Benefit Tax(FBT) | | 28,689 |
| 6,306,832 | | | 2,244,642 |
| (73,882,082) | Balance B/f from Previous year | | (67,575,250) |
| <u>(67,575,250)</u> | Balance Carried Forward | | <u>(65,330,608)</u> |
| | Notes On Accounts | 19 | |

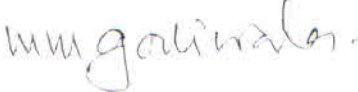
As per our attached report of even date
For **M M S & ASSOCIATES**
Chartered Accountants


MURLI SOMANI
Partner
M.NO.36727

PLACE : SURAT

DATE : September 1, 2009

For and on behalf of Board
For **KIRAN SYNTEX LTD.**





DIRECTORS.

KIRAN SYNTEX LTD.

SCHEDULES ATTACHED TO & FORMING PART OF THE BALANCE SHEET AS AT 31.03.2009

| <u>As at</u> | | <u>As at</u> |
|-------------------|---|-------------------|
| <u>31.03.2008</u> | | <u>31.03.2009</u> |
| | <u>SCHEDULE "1"</u> | |
| | <u>SHARE CAPITAL:</u> | |
| | <u>Authorised:</u> | |
| 50,000,000 | 50,00,000 Equity Shares of Rs.10/- each | 50,000,000 |
| | <u>Issued, Subscribed & Paid up:</u> | |
| 42,499,000 | 42,49,900 Equity Shares of Rs.10/- each | 42,499,000 |
| 134,340 | Less:-Allotment money in arrears | 134,340 |
| <u>42,364,660</u> | | <u>42,364,660</u> |
| | <u>SCHEDULE "2"</u> | |
| | <u>RESERVES & SURPLUS</u> | |
| 47,699,000 | Share Premium | 47,699,000 |
| 134,340 | Less : Allotment money in arrears | 134,340 |
| <u>47,564,660</u> | | <u>47,564,660</u> |
| | <u>SCHEDULE "3"</u> | |
| | <u>SECURED LOAN:</u> | |
| 1,022,073 | Vehicle Loans | 1,640,690 |
| | (Secured Against Hypothecation of Motor vehicles) | |
| <u>1,022,073</u> | | <u>1,640,690</u> |

KIRAN SYNTAX LTD.

SCHEDULE "4"

FIXED ASSETS:

| | Balance as at 01.04.2008 | Addition during the year | Total | Upto 31.03.2008 | Adjusted during the year | Total | Balance as at 31.03.2009 | Balance as at 31.03.2008 |
|----------------------|--------------------------|--------------------------|------------------|-----------------|--------------------------|----------------|--------------------------|--------------------------|
| MOTOR VEHICLES | 1,211,124 | 1,344,480 | 2,555,604 | - | 575,816 | 575,816 | 1,979,788 | 1,211,124 |
| AIR CONDITIONER | 48,000 | - | 48,000 | - | 6,677 | 6,677 | 41,323 | 48,000 |
| COMPUTER | 95,249 | - | 95,249 | - | 38,100 | 38,100 | 57,149 | 95,249 |
| Total | 1,354,373 | 1,344,480 | 2,698,853 | - | 620,593 | 620,593 | 2,078,260 | 1,354,373 |
| Previous Year | 1,165,507 | 188,866 | 1,354,373 | - | - | - | 1,354,373 | 1,165,507 |

KIRAN SYNTEX LTD.

| As at 31.03.2008 | As at 31.03.2009 |
|--|---------------------|
| <u>SCHEDULE "5"</u> | |
| <u>INVESTMENTS:</u> | |
| 2,000 (Unquoted & Fully Paid) | 2,000 |
| Shares of Surat Art Silk Produce Co-Op. Society Ltd. | |
| 2,000 | 2,000 |
| <u>SCHEDULE "6"</u> | |
| <u>INVERTORIES:</u> | |
| (As taken . Valued & certified by the Management) | |
| 3,418,400 Raw Materials | 4,279,340 |
| - Finished Goods | 159,899 |
| 3,418,400 | 4,439,239 |
| <u>SCHEDULE "7"</u> | |
| <u>SUNDRY DEBTORS:</u> | |
| (Unsecured Considered Good) | |
| - Debts Exceeding Six Months | 36,782,307 |
| 63,076,981 Other Debts | 118,690,871 |
| 63,076,981 | 155,473,178 |
| <u>SCHEDULE "8"</u> | |
| <u>CASH & BANK BALANCES:</u> | |
| (As certified by the Management) | |
| 19,725 Cash on hand | 946,190 |
| 342,777 Bal. In Current A/c | 119,147 |
| 1,638,921 Fixed Deposit A/c | 1,638,921 |
| 2,001,423 | 2,704,258 |
| <u>SCHEDULE "9"</u> | |
| <u>LOANS & ADVANCES:</u> | |
| (Recoverable in cash or in kind or for value to be received) | |
| 2,746,538 Advances | 2,761,353 |
| 17,625,659 Advances to Suppliers | 17,930,660 |
| 173,082 Deposits | - |
| 20,545,279 | 20,692,013 |



KIRAN SYNTEX LTD.

| As at 31.03.2008 | | As at 31.03.2009 |
|---------------------|---|---------------------|
| | <u>SCHEDULE "10"</u> | |
| | <u>CURRENT LIABILITIES & PROVISIONS:</u> | |
| 71,485,364 | Sundry Creditors for Goods | 134,969,221 |
| 79,079 | Other Liabilities | 432,481 |
| 1,776,876 | Deposit From Customer/Dealers | 30,066,850 |
| <u>73,341,319</u> | | <u>165,468,552</u> |
| | <u>SCHEDULE "11"</u> | |
| | <u>DEFERRED TAX (ASSETS)/LIABILITY</u> | |
| (6,319,006) | Accumulated Deferred Tax Liability | (6,319,006) |
| <u>(6,319,006)</u> | | <u>(6,319,006)</u> |

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KIRAN SYNTEX LTD.

**SCHEDULES ATTACHED TO & FORMING PART OF THE TRADING AND PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31.03.2009**

| Year ended 31.03.2008 | | Year ended 31.03.2009 |
|--------------------------|---|--------------------------|
| | <u>SCHEDULE "12"</u> | |
| | <u>SALES :</u> | |
| 63,243,435 | Yarn | 166,918,705 |
| 22,587,608 | Grey | 276,683,219 |
| 85,831,043 | | 443,601,924 |
| | <u>SCHEDULE "13"</u> | |
| | <u>OTHER INCOME:</u> | |
| 105,533 | Interest | 8,765 |
| 4,556,356 | Sundry Credit Balance Written off | - |
| 4,661,889 | | 8,765 |
| | <u>SCHEDULE "14"</u> | |
| | <u>COST OF RAW MATERIAL CONSUMED:</u> | |
| 1,291,384 | Opening Stock of Raw Material (Net of VAT) | 3,418,400 |
| 13,705,845 | Add: Purchases | 19,849,449 |
| 14,997,229 | | 23,267,849 |
| 3,418,400 | Less: Closing Stock of Raw Material | 4,279,340 |
| 11,578,829 | | 18,988,509 |
| | <u>SCHEDULE "15"</u> | |
| | <u>PURCHASES:</u> | |
| 22,406,264 | Grey Purchase | 275,264,940 |
| 39,288,268 | Yarn Purchase | 130,563,562 |
| 61,694,532 | | 405,828,502 |
| | <u>SCHEDULE "16"</u> | |
| | <u>MANUFACTURING & MAINTENANCE EXPENSES:</u> | |
| 131,345 | Freight, Cartage & Octroi | 312,398 |
| 9,748,667 | Job Charges | 13,485,437 |
| 26,919 | Packing Materials | 117,014 |
| 324,660 | Central Excise Duty | 349,869 |
| 10,231,591 | | 14,264,718 |
| | <u>SCHEDULE "17"</u> | |
| | <u>PAYMENT TO & PROVISION FOR EMPLOYEES:</u> | |
| 83,113 | Salary | 417,745 |
| 5,749 | Staff Welfare | - |
| 88,862 | | 417,745 |

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KIRAN SYNTEX LTD.

| Year ended 31.03.2008 | | Year ended 31.03.2009 |
|---|-------------------------------|--------------------------|
| <u>SCHEDULE "18"</u> | | |
| <u>ADMINISTRATIVE, SELLING, DISTRIBUTION & OTHER EXPENSES:</u> | | |
| 8,509 | Printing & Stationary | 17,607 |
| 26,966 | Auditors Remuneration | 56,253 |
| - | Advertisement exp. | 5,724 |
| 22,665 | Insurance Premium | 33,090 |
| - | Sales Commission | 248,200 |
| 3,393 | Bank Charges & Commission | 15,046 |
| - | Bad Debts | 173,082 |
| 62,600 | Legal & Professional Charges | 43,735 |
| 6,371 | Miscellaneous exps. | 13,960 |
| 6,000 | Computer exp. | 7,905 |
| 140,210 | Loss on sale of Motor Vehicle | - |
| 803 | Conveyance exp. | 3,855 |
| 3,090 | Electric exp. | 4,670 |
| 230,088 | Interest Paid | 409,286 |
| 53,700 | Listing Fees | 10,300 |
| 3,726 | Postage & Telegram | 7,824 |
| 5,656 | Travelling exp | 4,665 |
| 15,380 | Telephone exp. | 21,988 |
| <u>589,157</u> | | <u>1,077,190</u> |

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KIRAN SYNTEX LTD.

SCHEDULE "19"

NOTES ON ACCOUNTS:

1. Accounting Policies:

i) Method of Accounting:

The company follows the Mercantile system of Accounting and recognises Income and Expenditure on accrual basis. The accounts are prepared on historical cost basis, as a going concern, and are consistent with generally accepted accounting principals. There are no changes in the method of accounting during the year.

ii) Fixed Assets:

The Gross Block of Fixed Assets are stated at actual cost of the assets including taxes, duties and other identifiable direct expenses and interest on borrowings attributable to acquisition of fixed assets upto the date of the commissioning of the particular asset.

iii) Depreciation:

The Company has provided depreciation on Written Down Value Method at the rates specified in the Schedule XIV of the Companies Act 1956.

iv) Inventories:

Inventories (stock) is valued at cost or net realizable value whichever is lower. The cost comprises cost of purchase and other appropriate production overhead costs incurred in bringing such inventories to their present location.

v) Investments:

Investments are stated at cost.

vi) Government Grants:

The company has not availed any monetary or non-monetary government grants during the financial year.

vii) Input Tax Credit (VAT):

The Company has adopted exclusive method of accounting and as per guidelines issued by the ICAI, it has recorded Purchases, Sales and Inventories, Net of VAT.

2. The outstanding Balances of Debtors, Creditors, Deposits and advances are subject to confirmation.

KIRAN SYNTEX LTD.

3. Previous year figures have been regrouped or rearranged wherever necessary to make them comparable with these of current year.
4. The company has not provided for gratuity.
5. Advance to Suppliers Rs 179.31 lacs (P.Y.Rs. 176.26 lacs) to companies in which Directors are interested.
6. (A) Segment Reporting

There is only segment as identified by the Management viz Textiles, as defined in the AS-17.

(B) Related Party Disclosure as per AS-18 is as Under:

- a) Related Party relationship and transactions with them during the period:

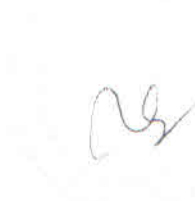
| (Rs in thousand) | | | |
|------------------|---------------------------|--------------|--|
| Sr. No | Name of the Related Party | Relationship | Description of transaction outstanding Balance as at 31st March 2009 |
| 1 | Kiran Texprin P. Ltd | Directorship | Opening Balance 2399 Dr |
| 2 | Sudreshan Texprint P.Ltd | Directorship | Opening Balance 15531 Dr |
| 3 | Gujarat Kiran Polytex Ltd | Directorship | Opening Balance 1576 Cr |

- b) Key management Personal & Relation:

| Sr. No | Name | Designation | Relation |
|--------|--------------------|---------------------|---------------------|
| 1 | Mahesh M. Godiwala | Managing Director | Self |
| 2 | Jigar M. Godiwala | Whole Time Director | Son of M.M.Godiwala |

- c) Transaction during the period with key management personnel and their relatives.

| Sr. No. | Relationship | Description of transaction |
|---------|--------------------|----------------------------|
| 1 | Mahesh M. Godiwala | Dir Remu of Rs 1.80 lac |
| 2 | Jigar M. Godiwala | Dir Remu of Rs 1.20 lac |



KIRAN SYNTEX LTD.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31.03.2009

A. CASH FLOW FROM OPERATING ACTIVITY

| | | |
|---|-------------------|-------------------------|
| PROFIT AFTER DEPRECIATION & TAX | | 2,244,642 |
| LESS: | | |
| Increase In Inventory | 1,020,839 | |
| Increase In Debtor | 92,396,197 | |
| Interest On Fixed Deposit | 8,765 | (93,425,801) |
| | <u> </u> | |
| ADD: | | |
| Increase in Creditors & Current Liabilities | 92,098,544 | |
| Provision For FBT | 28,689 | |
| Depreciation | 620,593 | 92,747,826 |
| | <u> </u> | |
| NET CASH FLOW FROM OPERATING ACTIVITIES | A | <u><u>1,566,667</u></u> |

B. CASH FLOW FROM INVESTING ACTIVITIES

| | | |
|---|---|---------------------------|
| Increase In Fixed Assets | | (1,344,480) |
| Interest On Fixed Deposit | | 8,765 |
| NET CASH FLOW FROM INVESTING ACTIVITIES | B | <u><u>(1,335,715)</u></u> |

C. CASH FLOW FROM FINANCING ACTIVITIES

| | | |
|---|---------|-----------------------|
| Vehicle Loan Raised | | 618,617 |
| Increase in Loans & Advances | | (146,734) |
| NET CASH FLOW FROM FINANCING ACTIVITIES | C | <u><u>471,883</u></u> |
| | (A+B+C) | <u><u>702,835</u></u> |

OPENING CASH & BANK BALANCES

2,001,423

CLOSING CASH & BANK BALANCES

2,704,258

KIRAN SYNTEX LTD.

8

Companies Act 1956.

a) Installed Capacity

b) Licensed Capacity

Not Applicable

Actual Production:

2008-2009 2007-2008

Qty(Kg) Qty(Kg)

Yarn

195,219 128,899

Quantitative Information:

A) Opening Stock

2008-2009

2007-2008

Raw Material (Yarn) (Kg)

| | <u>Qty</u> | <u>Value(Rs)</u> | <u>Qty(Kg)</u> | <u>Value(Rs)</u> |
|-----------------------------|------------|------------------|----------------|------------------|
| Raw Material (Yarn) (Kg) | 35,765 | 3,418,400 | 12,183 | 1,291,384 |

B) Closing Stock

Raw Material (Yarn) (Kg)

| | | | | |
|-----------------------------|--------|-----------|--------|-----------|
| Raw Material (Yarn) (Kg) | 43,667 | 4,279,340 | 35,765 | 3,418,400 |
|-----------------------------|--------|-----------|--------|-----------|

Finished Goods (Kg)

| | | | | |
|----------------------|-----|---------|---|---|
| Finished Goods (Kg) | 889 | 157,358 | - | - |
|----------------------|-----|---------|---|---|

Grey Fabrics (Mtrs)

| | | | | |
|----------------------|-----|-------|---|---|
| Grey Fabrics (Mtrs) | 134 | 2,546 | - | - |
|----------------------|-----|-------|---|---|

C) Purchases:

Raw Material (Yarn) (Kg)

| | | | | |
|-----------------------------|---------|------------|---------|------------|
| Raw Material (Yarn) (Kg) | 203,121 | 19,849,449 | 155,012 | 13,721,617 |
|-----------------------------|---------|------------|---------|------------|

Yarn (Kg)

| | | | | |
|------------|-----------|-------------|---------|------------|
| Yarn (Kg) | 1,394,884 | 130,563,562 | 426,566 | 39,288,268 |
|------------|-----------|-------------|---------|------------|

Grey Fabrics (Mtrs)

| | | | | |
|----------------------|-----------|-------------|---------|------------|
| Grey Fabrics (Mtrs) | 5,296,545 | 275,264,940 | 725,372 | 22,406,264 |
|----------------------|-----------|-------------|---------|------------|

D) Sales:

Finished Yarn (Kg)

| | | | | |
|---------------------|---------|------------|---------|------------|
| Finished Yarn (Kg) | 192,892 | 36,763,598 | 128,899 | 23,844,135 |
|---------------------|---------|------------|---------|------------|

Yarn (Kg)

| | | | | |
|------------|-----------|-------------|---------|------------|
| Yarn (Kg) | 1,394,884 | 130,155,107 | 426,566 | 39,399,300 |
|------------|-----------|-------------|---------|------------|

Grey Fabrics (Mtrs)

| | | | | |
|----------------------|-----------|-------------|---------|------------|
| Grey Fabrics (Mtrs) | 5,320,082 | 276,683,219 | 725,372 | 22,587,608 |
|----------------------|-----------|-------------|---------|------------|

E) Raw Material Consumed:

P.O.Y. (Kg)

| | | |
|--------------|---------|---------|
| P.O.Y. (Kg) | 195,219 | 131,430 |
|--------------|---------|---------|

(Note: Raw Material, Stores & Spare Parts consumed are 100% indigenous)

F) C.I.F. Value of Imports

Rs. NIL

G) Earning in Foreign Exchange

Rs. NIL

H) Expenditure in Foreign Currencies

Rs. NIL

I) Details of Foreign Share Holding & Dividend remitted thereon

Rs. NIL

9

(Amount in Rupees)

Audit Fees

| | <u>Current Yr.</u> | <u>Previous Yr.</u> |
|------------|--------------------|---------------------|
| Audit Fees | 44,120 | 20,226 |

Tax Audit Fees

| | | |
|----------------|--------|-------|
| Tax Audit Fees | 12,133 | 6,742 |
|----------------|--------|-------|

| | | |
|--|--------|--------|
| | 56,253 | 26,968 |
|--|--------|--------|



KIRAN SYNTEX LTD.

10

I) Registration Details:

Registration No. 9099 State Code : 04
Balance Sheet Date : 31.03.2009

II) Capital Raised during the year:
(Rs. in thousands)

| | | | | | |
|--------------|---|-----|-------------------|---|-----|
| Public Issue | : | NIL | Rights Issue | : | NIL |
| Bonus Issue | : | NIL | Private Placement | : | NIL |

III) Position of Mobilisation and Deployment of Funds:
(Rs. in thousands)

| | | | | | |
|-------------------|---|--------|--------------|---|--------|
| Total Liabilities | : | 257039 | Total Assets | : | 257039 |
|-------------------|---|--------|--------------|---|--------|

Sources of Funds:

| | | | | | |
|---------------|---|-------|-------------------|---|-----|
| Share Capital | : | 42365 | Reserve & Surplus | : | NIL |
| Secured Loans | : | 1641 | Unsecured Loans | : | NIL |

Application of Funds:

| | | | | | |
|--------------------|---|-------|---------------------|---|-------|
| Net Fixed Assets | : | 2078 | Net Current Assets | : | 17840 |
| Inv. In Shares | : | 2 | Misc. Expenditure | : | - |
| Accumulated Losses | : | 65331 | Deferred Tax Assets | : | 6319 |

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

| | | | | | |
|--------------------------|---|--------|-------------------|---|--------|
| Turnover | : | 443602 | Total Expenditure | : | 441497 |
| Other Income &- | | | | | |
| Increase in Stock | : | 169 | | | |
| Profit/(Loss) Before Tax | : | | | | 2273 |
| Profit/(Loss) after-tax | : | | | | 2273 |

V) Generic names of Principal Products of Company:
Item Code No.

SIGNATURES TO SCHEDULE '1' TO SCHEDULE "19"

As per our attached report of even date

For **MMS & ASSOCIATES**
Chartered Accountants

MURLI SOMANI
Partner
M.NO.36727

PLACE : SURAT

DATE : September 1, 2009

For **KIRAN SYNTEX LTD.**

M. M. Ganiwala
J. J. Kulkarni

DIRECTORS.