



Konark Group

**26th
Annual Report
2009-10**

Konark Synthetic Ltd.



Konark Synthetic Ltd.

BOARD OF DIRECTOR

Prakashchand Dalmia
Amitabh Kejriwal
Shonit Dalmia
Mahendra Bagaria
Mahendra Agarwal
Punit M. Desai

Chairman & Managing Director
Whole Time Director
Whole Time Director
Director
Director
Director

BANKERS

Indian Bank
Corporation Bank

AUDITORS

Bhuwania & Agrawal Associates
Chartered Accountants,
Mumbai

REGISTRAR & SHARE TRANSFER AGENT

Purva Shareregistry (India) Pvt. Ltd.
9, Shiv Shakti Industrial Estate,
J.R. Boricha Marg,
Lower Parel (E),
Mumbai - 400 011.

REGISTERED OFFICE

Bldg. No.7, Mittal Industrial Estate,
Andheri Kurla Road, Sakinaka,
Andheri (East),
Mumbai - 400 059.

PLANTS LOCATION

SILVASSA UNIT

Plot No.1, 2 & 25,
Silvassa Industrial Co-op. Soc.,
66 KVA Sub-Station Road,
Village:- Amlı, Dist.- Silvassa.
(UT of Dadra & Nagar Havelı) - 396 230

SARIGAM UNIT

Plot No. 13 To 20,
Opp. JBF Industries Limited,
G.I.D.C. Indl. Area, Village:- Sarıgam
Taluka - Umargam, Dist.- Valsad,
Gujarat - 396 155

BANGALORE UNIT

No. 62/4,13,14,15 Begur Road,
11th Cross, Ward No.-12,
Bommanahalli,
Bangalore - 560 068



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Konark Synthetic Ltd.

NOTICE

Notice is hereby given that the Twenty Sixth Annual General Meeting of the members of **KONARK SYNTHETIC LIMITED** will be held on Friday, the 24th day of September 2010 at 3.30 p.m. at the Registered Office of the Company at Mittal Industrial Estate, Bldg. No.-7, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai-400 059 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March 2010, the Balance Sheet as on that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend on Equity shares.
3. To appoint a Director in place of Mr. Mahendra Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Amitabh Kejriwal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Bhuwania & Agrawal Associates, Chartered Accountants, Mumbai as the Auditors of the Company 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:

6. **To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:**

"RESOLVED THAT in accordance with the provision of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded for increase / variation in remuneration of Mr. Shonit Dalmia, Whole Time Director of the Company with effect from 1st April 2010 for the remaining period of his tenure on the terms and conditions as set out in the explanatory statement, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year during the currency of tenure of service of Mr. Shonit Dalmia as a Whole Time Director, the payment of salary, perquisites and other allowances as approved by this resolution shall be payable as minimum remuneration.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to do all necessary act, deeds and things as may be necessary to carry on the purpose of this resolution".

7. **To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:**

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 and 310 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the company be and is hereby accorded for re-appointment of Mr. Amitabh Kejriwal as Whole Time Director of the Company for a period of 5 (Five) years with effect from 1st April 2010 on the terms and conditions as set out in the explanatory statement, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year during the currency of tenure of service of Mr. Amitabh Kejriwal as a Whole Time Director, the payment of salary, perquisites and other allowances as approved by this resolution shall be payable as minimum remuneration.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to do all necessary act, deeds and things as may be necessary to carry on the purpose of the aforesaid resolution"



8. **To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:**

“RESOLVED THAT in accordance with the provisions of Section 269, 198, 309, 314 and Schedule XIII and other applicable provisions if any, of the Companies Act, 1956, the consent of the company be and is hereby accorded for increase / variation in remuneration of Mr. Prakashchand Dalmia as a Managing Director of the Company for the remaining period of his tenure with effect from 1st April 2010 on the terms and conditions as set out in the explanatory statement, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year during the currency of tenure of service of Mr. Prakashchand Dalmia as a Managing Director, the payment of salary, perquisites and other allowances as approved by this resolution shall be payable as minimum remuneration.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to do all necessary act, deeds and things as may be necessary to carry on the purpose of this resolution.”

9. **To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 314(1)(b) and other applicable provisions, if any, of the Companies Act, 1956 consent of the Members of the Company be and is hereby accorded for the re-appointment of Ms. Smita Kejriwal, a relative of Directors of the Company, as an Executive for a period of 5 (five) years with effect from 1st April 2010 at a remuneration of Rs. 16,000/- (Rupees Sixteen Thousand only) per month with a liberty to the Board of Directors to revise the remuneration payable to Ms. Smita Kejriwal, from time to time as it may deem fit and proper, subject to overall remuneration shall not exceed Rs. 50,000/- (Rupees Fifty Thousand only) per month.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to do all necessary act, deeds and things as may be necessary to carry on the purpose of this resolution.”

10. **To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 314(1)(b) and other applicable provisions, if any, of the Companies Act, 1956 consent of the Members of the Company be and is hereby accorded for the re-appointment of Ms. Shikha Dalmia, a relative of Directors of the Company, as an Executive for a period of 5 (five) years with effect from 1st April 2010 at a remuneration of Rs. 18,000/- (Rupees Eighteen Thousand only) per month with a liberty to the Board of Directors to revise the remuneration payable to Ms. Smita Kejriwal, from time to time as it may deem fit and proper, subject to overall remuneration shall not exceed Rs. 50,000/- (Rupees Fifty Thousand only) per month.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to do all necessary act, deeds and things as may be necessary to carry on the purpose of this resolution.”

**By order of the Board of Directors
For Konark Synthetic Limited**

**Place: Mumbai
Date : 29th May 2010**

**Prakashchand Dalmia
Chairman & Managing Director**

Registered Office:
Bldg. No.- 7, Mittal Industrial Estate,
Andheri Kurla Road, Sakinaka,
Andheri (East),
Mumbai - 400 059.



Konark Synthetic Ltd.

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself / herself. A proxy need not be a member. Proxy form is enclosed herewith. Proxies to be effective should be deposited at the registered office of the company not less than 48 hours before the meeting.
2. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business is annexed herewith and forming part of this notice.
3. Members desirous of getting any information about the accounts of the Company are requested to send their queries so as to reach at-least ten days before the meeting at the Company's Registered Office, so that the information required can be made readily available at the meeting.
4. Members are requested to intimate change in their address immediately to the Company's Registrar and Share Transfer Agents, viz. Purva Shareregistry (India) Pvt. Ltd., 9, Shiv Shakti Industrial Estate, J. R. Boricha Marg, Lower Parel (East), Mumbai - 400 011.
5. In accordance with the provisions of Section 205A of the Companies Act, 1956 the Company has transferred unclaimed dividend for and up to the year ended 31st March 2002 to the Investors Education and Protection Fund of the Central Government.
6. The Register of Members and Share Transfer Register will remain closed from Monday, the 20th day of September 2010 to Friday, 24th September 2010 (both days inclusive).
7. Dividend on equity shares, as recommended by the Board of Directors for the year ended on 31st March 2010, if approved by the members at the Annual General Meeting, will be paid to those members whose names appear in the Register of members as on 24th September 2010.
8. Members holding shares in the same set of names under different folios are requested to apply for consolidation of such folios along with relevant Share Certificates at the Registered Office of the Company at the address given above.
9. Members are requested to bring copies of Annual Report to the Annual General Meeting.
10. The Members / Proxies should bring the attendance slip duly filed in and signed for attending the meeting.
11. Members are requested to quote Ledger Folio Number / Client/DP ID in their correspondence.
12. Details of directors seeking appointment / re-appointment at the ensuing Annual General Meeting to be held on 24th day of September 2010 (in pursuance of the Clause 49 of the Listing Agreement):

Name of Director	Mr. Amitabh Kejriwal	Mr. Mahendra Agarwal
Date of Birth	20/11/1965	07/04/1955
Nationality	Indian	Indian
Date of appointment as Director	28/02/1995	26/08/2005
Designation	Whole Time Director	Non-Executive/ Independent Director
Qualification	B.Com	Chartered Accountants
Experience/Expertise	He has over 18 years of experience in textile industries.	He is a Chartered Accountants having experience over 30 years.
Shareholding in the Company Equity shares of Rs. 10/- each	68,200 (1.17%)	Nil
Other directorships	Nil	Nil

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) of THE COMPANIES ACT, 1956

ITEM NO. 6

The Board of Directors of the Company at their meeting held on 25th March 2010 increased the remuneration payable to Mr. Shonit Dalmia, Whole Time Director of the Company with effect from 1st April 2010 for the remaining period of his tenure i.e. upto 31st January 2014 as mentioned here-in-below. The said terms was also approved by the Remuneration Committee in its meeting held on 25th March 2010:

Revised terms and conditions:

1. Remuneration: Salary - Rs. 50,000/- (Rupees Fifty Thousand only) per month.



2. Other benefits:

- a. Provision of a Car for Company's business will not be considered as perquisites. Use of car for private purpose shall be billed by the Company.
- b. Reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the company. This will not be considered as perquisites.

In the event of absence or inadequacy of profits in any financial year during the currency of tenure of service of Mr. Shonit Dalmia as a Whole Time Director, the payment of salary, perquisites and other allowances as above shall be payable as minimum remuneration.

None of the Directors, except Mr. Prakashchand Dalmia, Chairman & Managing Director, Mr. Amitabh Kejriwal, Whole Time Director and Mr. Shonit Dalmia, Whole Time Director are concerned and interested in the resolution.

Your directors recommend the Special Resolution as set out at Item No. 6 of the notice for your approval.

ITEM NO. 7

The Board of Directors of the Company at their meeting held on 25th March 2010 re-appointed Mr. Amitabh Kejriwal as Whole Time Director of the Company for a period of 5 (five) years with effect from 1st April 2010 on such terms and conditions as set out here-in-below. The said re-appointment was also approved by the Remuneration Committee at its meeting held on 25th March 2010.

Terms and conditions:

1. Tenure: 5 (five) years w.e.f. 1st April 2010 to 31st March 2015.
2. Remuneration:
 - a) Salary: Rs.50,000/- (Rupees Fifty Thousand only) per month
 - b) Perquisites: Perquisites will be allowed in addition to salary and shall restrict to an amount equal to the annual salary. The perquisites are classified into three categories A, B and C.:

Category A

1. Housing

- 1.1 The expenditure by the Company on hiring furnished accommodation for the Whole Time Director will be subject to a ceiling of Sixty percent.
- 1.2 The expenditure by the Company on hiring furnished accommodation for the Whole Time Director will be subject to a ceiling of Sixty Percent of the salary, over and above ten percent of salary payable by the Whole Time Director.
- 1.3 In case the Company provides no accommodation, the Whole Time Director shall be entitled to House Rent Allowance of Rs. 5,000/- per month.

2. Other perquisites

- 2.1 The expenditure by the Company on gas, electricity, water and furnishing shall be valued as per the Income Tax rules, 1962.
- 2.2 Medical Reimbursement : Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- 2.3 Leave travel concession: For self and family once in a year incurred in accordance with the rules specified by the Company.
- 2.4 Personal Accident Insurance: Of an amount, the annual premium which shall not exceed Rs. 15,000/- for the purpose of this category, family means spouse, the dependent children and dependent parents of the Whole Time Director.

Category - B

1. Provident Fund: Company's contribution to provident fund shall as per the scheme of the Company.
2. Superannuation / Annuity Fund: Company's contribution to superannuation / annuity fund shall be in accordance with the scheme of the Company. Contribution to Provident fund, superannuation fund or annuity fund will not be included in the Computation of the ceiling on perquisites to the extent such contribution either singly or put together are not taxable under the Income Tax Act.
3. Gratuity: As per the rules of the Company, payable in accordance with the approved gratuity fund and which shall not exceed half a month's salary for each completed year of service.



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Category - C

1. Car: Provision of car use on Company's business (not to be considered as perquisites).
2. Telephone: Telephone at the residence of Whole Time Director (not to be considered as perquisites).
3. The Whole Time Director shall be entitled to Annual privilege leave on full salary for a period of 30 days and shall be entitled to accumulate such leave. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

In the event of absence or inadequacy of profits in any financial year during the currency of tenure of service of Mr. Amitabh Kejriwal as a Whole Time Director, the payment of salary, perquisites and other allowances as above shall be payable as minimum remuneration.

None of the Directors, except Mr. Prakashchand Dalmia, Chairman & Managing Director, Mr. Shonit Dalmia, Whole Time Director and Mr. Amitabh Kejriwal, Whole Time Director are concerned and interested in the resolution.

Your Directors recommend the Special Resolution as set out at Item No. 7 of the notice for your approval.

ITEM NO. 8

The Board of Directors of the Company at their meeting held on 25th March 2010 increased the remuneration payable to Mr. Prakashchand Dalmia, Chairman & Managing Director of the Company with effect from 1st April 2010 for the remaining period of his tenure i.e. upto 30th June 2012 as mentioned here-in-below. The said terms was also approved by the Remuneration Committee in its meeting held on 25th March 2010:

Revised terms and conditions:

- a) Salary: Rs. 75,000/- (Rupees Seventy Five Thousand only) per month
- b) Perquisites: Perquisites will be allowed in addition to salary and shall restrict to an amount equal to the annual salary. The perquisites are classified into three categories A, B and C.:

Category A:

1. Housing

- 1.1 The expenditure by the Company on hiring furnished accommodation for the Whole Time Director will be subject to a ceiling of Sixty percent.
- 1.2 The expenditure by the Company on hiring furnished accommodation for the Whole Time Director will be subject to a ceiling of Sixty Percent of the salary, over and above ten percent of salary payable by the Managing Director.
- 1.3 In case the Company provides no accommodation, the Managing Director shall be entitled to House Rent Allowance of Rs. 25,000/- per month.

2. Other perquisites

- 2.1 The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the income tax rules, 1962.
- 2.2 Medical Reimbursement: Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of five years.
- 2.3 Leave Travel Concession: For self and family once in a year incurred in accordance with the rules specified by the Company.
- 2.4 Club Fees: Fees of club subject to a maximum of two clubs will be allowed. This will not include admission and life Membership fees.
- 2.5 Personal Accident Insurance: Of an amount, the annual premium of which not to exceed Rs. 15,000/- for the purpose of this category, family means the spouse, the dependent children and dependent parents of the Managing Director.

Category B:

1. Provident Fund: Company's contribution to provident fund shall be as per the Scheme of the Company.
2. Superannuation / annuity Fund: Company's contribution to Superannuation / Annuity Fund shall be in accordance with the Scheme of the Company. Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent such contribution either singly or put together are not taxable under the Income Tax Act.



3. Gratuity: As per the rules of the Company, payable in accordance with the approved Gratuity Fund and which shall not exceed half a month's salary for each complete year of service.

Category C:

1. Car: Provision of car use on Company's business (not to be considered as perquisite).
2. Telephone: Telephone at the residence of the Managing Director (not to be considered as perquisites).
3. Salary & Perquisites specified herein shall be payable to the Chairman & Managing Director notwithstanding the inadequacy or no profits in any financial year during the currency of tenure of his office as such.

In the event of absence or inadequacy of profits in any financial year during the currency of tenure of service of Mr. Prakashchand Dalmia as a Chairman & Managing Director, the payment of salary, perquisites and other allowances as above shall be payable as minimum remuneration.

None of the Directors, except Mr. Prakashchand Dalmia, Chairman & Managing Director, Mr. Shonit Dalmia, Whole Time Director and Mr. Amitabh Kejriwal, Whole Time Director are concerned and interested in the resolution.

Your Directors recommend the Special Resolution as set out at Item No. 8 of the notice for your approval.

ITEM NO. 9

The Board of Directors at its meeting held on 25th March 2010 appointed Ms. Smita Kejriwal as an Executive of the Company for a period of 5 (five) years with effect from 1st April 2010 at a remuneration of Rs. 16,000/- (Rupees Sixteen Thousand only) per month. Ms. Smita Kejriwal is relative of Mr. Prakashchand Dalmia, Chairman & Managing Director, Mr. Amitabh Kejriwal and Mr. Shonit Dalmia, Whole Time Directors of the Company.

As per the provisions of Section 314(1)(a) of the Companies Act, 1956, the appointment of a relative of Directors of the Company is required to be approved by members of the Company passing Special Resolution.

Ms. Smita Kejriwal is associated with the Company since last 3 years and has good experience in the field of marketing in textile industry. In order to avail her services, the resolution as set out at item No. 9 of the notice is proposed for your approval.

Mr. Prakashchand Dalmia, Chairman & Managing Director, Mr. Amitabh Kejriwal and Mr. Shonit Dalmia, Whole Time Directors, none of the Director of the Company is interested in the said resolution.

ITEM NO. 10

The Board of Directors at its meeting held on 25th March 2010 appointed Ms. Shikha Dalmia as an Executive of the Company for a period of 5 (five) years with effect from 1st April 2010 at a remuneration of Rs. 18,000/- (Rupees Eighteen Thousand only) per month. Ms. Shikha Dalmia is relative of Mr. Prakashchand Dalmia, Chairman & Managing Director, Mr. Amitabh Kejriwal and Mr. Shonit Dalmia, Whole Time Directors of the Company.

As per the provisions of Section 314(1)(a) of the Companies Act, 1956, the appointment of a relative of Directors of the Company is required to be approved by members of the Company passing Special Resolution.

Ms. Shikha Dalmia is associated with the Company since last 2 years and has experience in the field of designing. In order to avail her services, the resolution as set out at item No. 10 of the notice is proposed for your approval.

Mr. Prakashchand Dalmia, Chairman & Managing Director, Mr. Amitabh Kejriwal and Mr. Shonit Dalmia, Whole Time Directors, none of the Director of the Company is interested in the said resolution.

**By order of the Board of Directors
For Konark Synthetic Limited**

**Place : Mumbai
Date : 29th May 2010**

**Prakashchand Dalmia
Chairman & Managing Director**

Registered Office:

Bldg. No.7, Mittal Industrial Estate,
Andheri Kurla Road, Sakinaka,
Andheri (East),
Mumbai - 400 059.

Konark Synthetic Ltd.



DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 26th Annual Report together with the Audited Accounts of your Company for the financial year ended 31st March 2010:

FINANCIAL RESULTS

(Rupees in Lacs)

Particulars	For the year ended 31.03.2010	For the year ended 31.03.2009
Total Income	7795.84	6952.36
Earnings/ (Loss) before finance charges, Depreciation & Tax	730.30	722.51
Less: Finance charge	329.05	359.50
Earnings before depreciation, tax & Amortization (EBDTA)	401.25	363.01
Less: Depreciation	211.96	194.04
Earnings / (Loss) before Tax (EBTA)	189.29	168.97
Taxation : Current tax including F.B.T	34.00	24.05
: Deferred tax (Assets)	41.29	80.62
Profit / (Loss) After Tax (PAT)	114.00	64.30
Prior period adjustment	2.93	0.70
Short provision for income tax in earlier year	0.28	1.18
Balance in Profit /loss Account	701.26	638.84
Profit available for appropriation	812.05	701.26
Appropriation:		
Transfer to General Reserve	30.00	0.00
Proposed Dividend	29.04	0.00
Tax on Proposed Dividend	4.93	0.00
Balance carried to Balance Sheet	748.08	701.26

REVIEW OF BUSINESS OPERATIONS

During the year under review, the Company achieved a gross turnover of Rs. 7607.35 Lac as against Rs. 6785.64 Lac in the previous year recording a growth of 12.10%. The Profit before tax stood to Rs. 189.29 Lac as against Rs. 168.97 Lac in the previous year recording an increase by 12.02%.

The year under review was one of the most challenging years for the textile sector across the world. Even in the challenging situation, your Company managed to earn Foreign Exchange equivalent to Rs. 350.54 Lac as against Rs. 346.97 Lac in the previous year. Despite the extremely difficult business environment, the Company managed to endure this difficult period. Your Directors are optimistic about the future growth of the Company and are putting their best efforts to accelerate the growth speed.

DIVIDEND

Your Directors are pleased to recommend a dividend @ Re. 0.50 per Equity Share on 5808000 Equity Shares of Rs.10/- each aggregating Rs. 2904000/- for the financial year ended 31st March 2010 subject to the approval of Shareholders at the Annual General Meeting. The outgo on account of this dividend will absorb Rs. 33.98 Lac (including dividend tax payable of Rs. 4.94 Lac).

The dividend, if approved, shall be payable to those members whose names appears in the Register of members as on 24th September 2010.



Konark Synthetic Ltd.

DIRECTORS

In accordance with the provision of the Companies Act, 1956 and the Articles of Association of the Company Mr. Mahendra Agarwal and Mr. Amitabh Kejriwal retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Your Board recommends for their re-appointment.

Further, Mr. Amitabh Kejriwal was re-appointed as Whole Time Director of the Company for a further period of 5 (Five) years with effect from 1st April 2010 subject to the approval of the shareholders. Your Board recommends for your approval.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) In the preparation of the Annual Accounts for the year ended 31st March 2010 the applicable accounting standards (except AS- 15) have been followed and no material departures have been made from the same.
- ii) The Directors have 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 as at 31st March 2010 and Profit of the Company for the year ended on that date.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities.
- iv) The Directors have prepared the accounts for the financial year ended 31st March 2010 on a "going concern" basis.

STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956

A statement pursuant to Section 212 of the Companies Act, 1956 relating to the Subsidiary Company M/s. India Denim Limited is annexed to this report. The Audited Accounts alongwith the report of the Board of Directors, Auditors' Report thereon relating to said subsidiary for the year ended 31st March 2010 are attached to this report.

CONSOLIDATED FINANCIAL STATEMENT

In accordance with the requirements of Accounting Standard-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements of the Company with the subsidiary company M/s. India Denim Limited have been prepared and are annexed to the Annual Report.

PUBLIC DEPOSITS

The Company has neither accepted nor renewed any public deposits and as such, no amount of principal or interest was outstanding on the Balance sheet date.

AUDITORS

M/s. Bhuwania & Agrawal Associates, Chartered Accountants, Mumbai the Statutory Auditors of the Company holds the office upto the conclusion of the ensuing Annual General Meeting and being eligible offered for re-appointment.

The Company has received a letter from them to the effect that their re-appointment, if made would be in conformity with the limits prescribed under Section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of section 226 of the said Act.

The Board recommends their re-appointment.

AUDITORS' REPORT

In respect to the remarks made by the Auditors in their report relating to non-provision of Gratuity, your Directors would like to state that as a policy, the Company recognizes expenditure towards Gratuity only as and when liability for payment arises.



LISTING OF SECURITIES:

The Equity Shares of the Company are listed at Bombay Stock Exchange Limited and The Ahmedabad Stock Exchange Limited. The Company has paid the Annual listing fees for the year 2010 - 2011 to both the exchanges.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION:

The disclosure of particulars with respect to conservation of energy, research and development and technology absorption, adoption and innovation pursuant to the provisions of 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, is annexed hereto and forms part of this report.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year under review, the Company earned a foreign exchange equivalent to Rs. 350.54 Lac (Rs. 346.97 Lac) and used foreign exchange equivalent to Rs. 168.30 Lac (Rs. 22.20 Lac).

PARTICULARS OF EMPLOYEES

As per the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employee) Rules, 1975, as amended, no employees were in receipt of remuneration exceeding the limits as prescribed under that section and hence no such particulars are furnished.

CORPORATE GOVERNANCE

The Clause 49 of the listing agreement, being the Corporate Governance has become applicable to the Company with effect from 1st April 2009. The Company has complied with the provisions of the said Clause 49 during the year under review. A detailed report on compliance of the Corporate Governance along with certificate from Auditors and Management Discussion & Analysis Report are attached to this report.

ACKNOWLEDGEMENTS

Your Directors would take this opportunity to express its deep appreciation for the assistance and co-operation received from all the Government departments, Banks, Financial Institutions, other business constituents and members during the year under review and also looks forward to their continued support in the future.

Your Directors also wish to place on record their deep appreciation for the committed services of the employees of the Company.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 29th May 2010

Prakashchand Dalmia
Chairman & Managing Director



Konark Synthetic Ltd.

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March 2010.

CONSERVATION OF ENERGY:

A) Energy Conservation measures taken:

- Taking continuous steps to conserve the energy and minimize energy cost at all levels.
- Monitoring the overall energy consumption by reducing losses and improving efficiencies.

B) Impact of the above measures:

- Continuous Energy Audit at plant for further improvements.
- Reduction in the cost of production through minimizing breakdown by way of preventive maintenance and improvement in the product quality.

Total Energy consumption and Energy consumption per unit of production in Prescribed Form A is attached.

PARTICULARS AS PER FORM B

Research & Development:

(i) Specific areas in which R&D is carried out by the Company:

- New product being designed and developed by Company's in house R&D Centre.
- Process development and optimization with a view to increase productivity, improve efficiency and product quality, achieve cost reduction etc.
- Development of new products and find new applications for existing products.
- Import substitution.

(ii) Benefits derived as a result of the above R&D

- Increase in productivity and better consistent product quality.
- Introduction of several new products.
- Continued product development for specialized applications.

(iii) Future plan of action

- Increased efforts for the development of new type of yarn to meet changing requirements of customers located all over the country and abroad.

Expenditure on research and development

- | | |
|--------------------------|---------|
| - Capital Expenditure | Rs. Nil |
| - Recurring Expenditure | Rs. Nil |
| - Percentage of Turnover | Rs. Nil |

Technology Absorption, Adoption & Innovation:

(i) Efforts in brief made towards technology absorption, adaptation and innovation.

Modification of process, equipment and products are carried out to suit changes in market requirement and to improve operational efficiency.

(ii) Benefits derived as a result of above efforts:

- Increase in production, development of new products and cost reduction.
- Cost efficiency achieved with improvement in quality.
- New product introduced for suiting manufacturer.



FORM A
FORM FOR DISCLOSURE OF PARTICULARS TO CONSERVATION OF ENERGY

Particulars	31 st March 2010	31 st March 2009
A. POWER AND FUEL CONSUMPTION		
Electricity		
a. (i) Purchase (KWH) (Specialty Yarn)	5677538	4289880
Total Amount (Rs.)	21832638	16192794
Rate / Unit (Rs.)	3.84	3.77
(ii) Purchase (KWH) (Fabric)	1007549	708333
Total Amount (Rs.)	4786746	3484009
Rate / Unit (Rs.)	4.75	4.92
(iii) Purchase (KWH) – Garments	186256	170560
Total Amount (Rs.)	1018805	948118
Rate / Unit (Rs.)	5.46	5.56
b. Own Generation (Through Diesel) – Garments		
Generation (KWH) (Generator)	215101	156156
Total Amount (Rs.)	1574537	1135898
Rate / Unit (Rs.)	7.31	7.27
c. Furnance Oil	Nil	Nil
d. Other / Internal Generation	Nil	Nil
B Fabric		
Coal (used in Boiler)		
Qty. (In Metric Tons)	489.446	565.165
Total Cost (In Rs.)	2459261	2369026
Average Rate (Rs. Per Ton)	5024.58	4191.74
C. CONSUMPTION PER UNIT OF PRODUCTION (KWH)		
Yarn (Per Kg.)	4.63	4.38
Fabric (Per Mtr.)	0.26*	0.44
Garments (Per PC)	0.75	0.83

* The cost reduced as compared to previous year due to process of Grey Fabric during the year.



Konark Synthetic Ltd.

Statement pursuant to Section 212(1) (e) of the Companies Act, 1956 relating to Subsidiary Company

1.	Name of the Subsidiary Company	INDIA DENIM LIMITED
2.	Financial Year ended on	31st March 2010
3.	Date on which it became the Subsidiary of the Company	29th March 2008
4.	Shares of the Subsidiary held by the Company on 31 st March 2010 (a) Number and face value (b) Extent of holding	58,00,000 equity shares of Rs.10/- each 55.74%
5.	The net aggregate of Profit / (Loss) of the Subsidiaries so far as they concern the members of the Company: (a) Dealt within the accounts of the Company for the year ended 31 st March 2010 (b) Not dealt with in the accounts of the Company for the period ended 31 st March 2010	Nil Rs. 24,91,239/-
6.	The net aggregate of profit / (loss) of the subsidiaries for previous years, since it became subsidiary so far as they concern members of the Company: (a) Dealt within the accounts of the Company upto the year ended 31 st March 2009 (b) Not dealt with in the accounts of the Company upto the year ended 31 st March 2009	Nil Rs. 55,80,840/- (Loss)
7.	Changes in the holding Company's interest in the subsidiary between the end of the financial year of the subsidiary and the end of the holding Company's financial year.	N. A.
8.	Material changes which have occurred between the end of the aforesaid financial year of the subsidiary and the end of the holding Company's financial year in respect of: (a) the subsidiaries fixed assets (b) its investments (c) moneys lent by the Subsidiary Company (d) the money borrowed by it for any purpose other than that of meeting current liabilities	Nil

For and on behalf of the Board of Directors

Place: Mumbai
Date: 29th May 2010

PRAKASHCHAND DALMIA
Chairman & Managing Director

AMITABH KEJRIWAL
Whole Time Director



Konark Synthetic Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry structure and developments

The Indian Textile Industry is one of the leading textile industries in the world. The textiles and apparels sector is a major contributor to the Indian economy in terms of gross domestic product (GDP), industrial production and the country's total export earnings. India earns about 27 per cent of its total foreign exchange through textile exports. Besides, the Indian Textile industry contributes 14 per cent of the total industrial production of the Country. This sector provides employment to over 35 million people and it is expected that the textile industry will generate new jobs during the ensuing years. The industry went through a challenging FY 2010, with the global meltdown ravaging economies. The collapse in consumer sentiments, weak exports, noteworthy drop in discretionary spending in textiles/apparels and down trading by the consumers put immense pressure on both the top-line and the bottom-line of textile companies.

2. Opportunities and Threats

The global economy is showing signs of a turnaround with Asian economies experiencing a relatively stronger rebound. The global economic performance improved during the latter half of the calendar year 2009, prompting the IMF to reduce the projected rate of economic contraction in 2009 from 1.1 per cent to 0.8 per cent in January 2010. Consequently, the IMF also revised the projection of global growth for 2010 from 3.1 per cent to 3.9 per cent.

However, significant risks remain: (1) in many economies, the recovery is largely driven by government spending whilst consumer sentiments remain fragile; (2) high levels of global liquidity have led to steep increases in commodity prices; (3) emerging markets are likely to face increased inflationary pressures and (4) developed economies are facing large budget deficits.

3. Performance

Overall performance

The overall performance during the year 2009-10 has been reasonably satisfactory. This has been possible due to:

- a) Better asset utilization.
- b) Cost reduction measures involving focus on operational efficiencies, energy savings and control over administrative costs.
- c) Better working capital management.

Business Review

As compared to the earlier years, our Company is setting for the positive growth. Despite competition at global level, there are positive signs for efficient and innovative companies and your company is set to follow the best practices to perform well.

Financial Review

During the year under review, Company has managed better production activity by utilizing its capacities at optimum levels. The profit has also increased due to this reason along with other cost cutting major including better finance control, working capital management, etc.

4. Outlook

Demand (both domestic as well as international) for textiles remains healthy. The company has started showing better profitability on that basis, we are optimistic and confident about the prospects for the coming year. The Company has a clear objective to enhance the sales volumes in the domestic and international markets.

5. Risk and Concerns

The exercise for evaluating the potential risks for the organization is closely monitored by the management. All identified risks have been classified with respect to their seriousness, and probabilities of such risks getting materialized have also been ascertained. In formulating corporate strategies, these risks are duly considered and counter measures are adopted.

6. Internal Control System & Adequacy

The Company has proper and adequate system of internal control to ensure the all the assets are safeguarded from loss, damage or disposition. Checks and balances are in place to ensure that transactions are adequately authorized and recorded, and that they are reported correctly. The Board of Directors considers internal controls as adequate.



7. Human Resource Development

Over the years, your Company has developed an environment, which fosters excellence in performance by empowering its people, who are always on continuous improvement path with an ultimate aim to add value to their intellectual and knowledge resources. The key focus is to attract, retain and develop talent as a resource.

8. Cautionary Statement

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.



Konark Synthetic Ltd.

REPORT ON CORPORATE GOVERNANCE

In accordance with the Clause 49 of the Listing Agreement with the Stock Exchanges in India and some of the best practices followed on Corporate Governance, the report containing the details of governance systems and processes at **Konark Synthetic Limited** is as under:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy of Corporate Governance emphasizes on maintaining the highest level of accountability, highest standards of transparency in all its dealings, timely disclosures and dissemination of price sensitive information and matters of interests to its stakeholders, ensuring absolute compliance with all applicable laws and regulations and conducting business ethically. Corporate Governance is a voluntary code of self-discipline developed to ensure that the company abides by the ethical standards. The Company believes in maintaining highest standard of quality and ethical conduct.

2. BOARD OF DIRECTORS

a) Composition

The Board of Directors of the Company provides deliberate direction and driving force to the operations of the Company. The Board of Directors of the Company has an optimum combination of executive and non-executive Directors comprises of six Directors, out of which three are Non-Executive / Independent Directors and three are Executive / Promoter Directors. No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 1956, except Mr. Prakashchand Dalmia, Mr. Amitabh Kejriwal and Mr. Shonit Dalmia, who are related to each others and belong to the promoters group. The Company complies with the norms prescribed under Clause 49 of the Listing Agreement for constitution of Board of Directors.

b) Board Procedure

The agenda is prepared in consultation with the Chairman of the Board and the Chairman of the other committees. The agenda for the meetings of the board and its committees, together with the appropriate supporting documents, are circulated well in advance of the meeting.

Matter discussed at Board meeting generally relate to Company's performance, Operations, quarterly results of the Company, Audit Committee and compliance with their recommendation, suggestion, non compliance of any regulatory, statutory or listing requirements etc.

c) Attendance at Board meetings and the last AGM

During the year under review, the Board of Directors met 8 (eight) times viz. 29th April 2009, 30th June 2009, 31st July 2009, 28th August 2009, 31st October 2009, 25th January 2010, 30th January 2010 and 25th March 2010. As stipulated, the gap between two board meetings did not exceed 120 days.

Details of composition and category of Directors, their attendance at each Board meeting held during the financial year 2009-2010 and at the last Annual General Meeting, their directorships in other companies and membership / chairmanship in committees are as follows:

Name	Attendance at Board Meetings		Directorship in other Public Limited Companies	Membership / Chairmanship of Committees (including Company)		Attendance at A.G.M. held on 30 th September 2009
	Held	Attended		Chairman	Member	
1. Executive Director/ Promoters						
Mr. Prakashchand Dalmia (Chairman and Managing Director)	8	8	1	-	-	Yes
Mr. Amitabh Kejriwal (Whole Time Director)	8	8	1	-	-	Yes
Mr. Shonit Dalmia (Whole Time Director)	8	8	-	-	-	Yes
2. Non-Executive / Independent Directors						
Mr. Punit Desai	8	6	1	-	-	Yes
Mr. Mahendra Bagaria	8	6	-	-	-	Yes
Mr. Mahendra Agarwal	8	6	-	-	-	Yes

None of the Directors on the Board is a member of more than 10 Committees and Chairman in more than 5 Committees, across all Companies in which they are Director.



3. AUDIT COMMITTEE

The Audit Committee comprised of Independent / Non Executive Directors and Executive Director of the Company having financial background and knowledge in the business of the Company.

The Audit Committee met 5 (five) times viz. 29th April 2009, 30th June 2009, 31st July 2009, 31st October 2009 and 30th January 2010 during the year under review and the number of meetings attended by each member during the year ended 31st March 2010 is as follows:

Name of the member	Designation	No. of Meetings attended
Mr. Punit Desai	Chairman	5
Mr. Mahendra Agarwal	Member	5
Mr. Mahendra Bagaria	Member	5
Mr. Shonit Dalmia	Member	5

As stipulated, the gap between two committee meetings did not exceed 120 days.

The Company Secretary acts as Secretary to the Committee.

The scope of the activities and the terms of reference of the Audit Committee are vide as under:

1. Oversight of the company's financial reporting process.
2. Reviewing, with the management, the annual and quarterly financial statements.
3. Reviewing performance of statutory and of the internal audit systems.
4. Recommending appointment and removal of the statutory auditors and fixing of their fees.
5. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
6. Reviewing the adequacy of internal audit function/systems.
7. Reviewing the related party transactions
8. Reviewing periodically financial performance of subsidiary company.
9. Reviewing the compliance disclosure requirement under listing agreement with stock exchanges.

For Audit Committee meetings, the Statutory Auditors are invited and are generally attended by the Senior Management Executives of the Company.

4. REMUNERATION COMMITTEE

The broad terms of reference of the remuneration committee are to recommend the Company's policy on remuneration packages for the Managing Director / Executive Directors, reviewing the structures, design and implementation of remuneration policy in respect of key management personnel.

The Remuneration Committee met once on 25th March 2010 and the number of meeting attended by each member during the year ended 31st March 2010 is as follows:

Name of the member	Designation	No. of Meetings attended
Mr. Punit Desai	Chairman	1
Mr. Mahendra Agarwal	Member	1
Mr. Mahendra Bagaria	Member	1
Mr. Shonit Dalmia	Member	1

The Company Secretary acts as Secretary to the Committee

No sitting fee is paid to the Non-Executive Directors during the financial year and they do not hold any shares in the Company.

Details of remuneration paid to Executive Directors during the year ended 31st March 2010 is as follows:

(Amount in Rs.)

Name of the Directors	Salary	Perquisites or Allowances	Contribution to PF & others	Sitting fees	No. of Shares Held
Mr. Prakashchand Dalmia	600000	377938	Nil	Nil	57501
Mr. Shonit Dalmia	360000	Nil	Nil	Nil	26375
Mr. Amitabh Kejriwal	300000	161050	Nil	Nil	68200

Presently the Company does not have any scheme to grant stock options either to the Whole Time Directors or employees.



Konark Synthetic Ltd.

5. INVESTORS' GRIEVANCE COMMITTEE

The Company's securities are traded in the dematerialized form on the Stock Exchanges. The Investors' Grievance cum Share Transfer Committee met 4 (four) times viz. 29th April 2009, 31st July 2009, 31st October 2009 and 30th January 2010 during the year under review. The composition of the Investors' Grievance Committee as on 31st March 2010 and the number of meetings attended by each member during the year ended on that date is as follows:

Name of the member	Designation	No. of Meetings attended
Mr. Punit Desai	Chairman	4
Mr. Prakashchand Dalmia	Member	4
Mr. Amitabh Kejriwal	Member	4
Mr. Shonit Dalmia	Member	4

The Company Secretary acts as Secretary to the Committee.

Mr. Anand Krishan Singhal is Compliance Officer of the Company.

No complaints were received during the financial year under review.

6. GENERAL BODY MEETINGS

Details of location, time and date where last three Annual General Meetings were held are given below:

Financial Year	Date of AGM	Time	Location of the meeting
2006 - 07	07 th December 2007	2.30 p.m.	Building No.-7, Mittal Industrial Estate, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400059.
2007 - 08	31 st December 2008	3.30 p.m.	-do-
2008 - 09	30 th September 2009	3.30 p.m.	-do-

Special Resolutions

AGM held on 7th December 2007: For alteration in Articles of Association of the Company consequent upon increase in Authorized Share Capital of the Company.

AGM held on 31st December 2008: No special resolution was passed.

AGM held on 30th September 2009: No special resolution was passed.

No Special Resolution was passed through postal ballot during the financial year 2009-10.

The Company has proposed resolutions to be passed through postal ballot process for the following matters:

- i) To alter the Objects Clause of Memorandum of Association of the company.
- ii) To carry the business activity under section 149(2A) of the Companies Act, 1956.
- iii) To give authority to make investment in or to give guarantee or provide security to M/s. Konark Realty Pvt. Ltd., and M/s. Konark Infratech Pvt. Ltd. group companies.
- iv) To give authority to the Board of Directors of the Company u/s 293(1)(d) of the Companies Act, 1956.
- v) To give authority to the Board of Directors of the Company u/s 293(1)(a) to create charge on the assets / undertakings of the Company upto the limit as approved u/s 293(1)(d).

The Postal Ballot process will be conducted in accordance with provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001.



7. DISCLOSURES

a. Related Party Transactions

Transactions with related parties are disclosed in the Notes on Accounts at Note No. 12 to the Financial Statements in the Annual Report.

b. Disclosure of Accounting treatment

In the preparation of the financial statements, the Company has followed the accounting standards issued by the Institute of Chartered Accountants of India to the extent applicable, except non provision of gratuity (AS-15).

c. Disclosure of Risk Management

The Company has initiated the risk assessment and minimization procedure.

d. Compliance by the Company

The Company has complied with the requirements of the Stock Exchange, Securities and Exchange Board of India (SEBI) and other statutory authorities. No penalties or structures have been imposed on the Company by the Stock Exchanges, SEBI or other Statutory Authorities.

e. Code of Conduct

The Company has during the year laid down code of conduct on 30th June 2009 for the Directors, Senior Management and Employees of the Company. A declaration to the effect that the Directors and Senior Managerial personnel have adhered to the same, signed by the Executive Director & CEO of the Company, forms part of this report, which along with the Auditors' Certificate on compliance of clause 49 of the Listing Agreement by the Company.

f. Review of Directors' Responsibility Statement

The Board in its report has confirmed that the annual accounts for the year ended 31st March 2010 have been prepared as per applicable accounting standards (except AS-15) and policies and that sufficient care has been taken for maintaining adequate accounting records.

g. CEO / CFO Certification

In terms of the requirements of Clause 49(V) of the Listing Agreement, the CEO has submitted necessary certificate to the Board at its meeting held on 29th May 2010 stating the particulars specified under the said clause.

h. Code for Prevention of Insider Trading Practices

In compliance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), 1992 the Company has during the year revised a comprehensive Code of Conduct for prevention of Insider Trading for the Directors, Senior Management, Officers & Other Employees. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company.

i. Whistle Blower policy

The Company has no formal Whistle Blower policy, however it takes cognizance of complaint made and suggestions given by the employees and whenever necessary, suitable corrective steps are taken for it. Also employees have not been denied to access the audit committee for the same purpose.

8. MEANS OF COMMUNICATIONS

a) The quarterly, half-yearly and full year results of the Company are forwarded to The Bombay Stock Exchange Limited and The Ahmedabad Stock Exchange Ltd., where the Company's shares are listed and published in Financial Express and Mumbai Lakshadeep.

b) The audited financial results and the shareholding pattern are displayed on the Company's website at www.konarkgroup.co.in The Company also regularly provides information to the Stock Exchanges as per the requirement of Listing Agreement and updates the same on the Company's website periodically.

c) The Management Discussion and Analysis is a part of the Annual Report and annexed separately.

d) The Company has not made any presentations to institutional investors or to the analysts during the year under review.



Konark Synthetic Ltd.

SHAREHOLDER INFORMATION

a. Next Annual General Meeting

26th Annual General Meeting

Date : 24th September 2010

Time : 3.30 p.m.

Venue : Building No.- 7, Mittal Industrial Estate, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 059.

b. Financial Year: 1st April, 2010 to 31st March, 2011

c. Financial Calendar:

Subject Matter	Tentative Dates of the Board Meeting
Financial results for the quarter ending 30 th June 2010	By 14 th August 2010
Financial results for quarter ending 30 th September 2010	By 14 th November 2010
Financial Reporting of quarter ending 31 st December 2010	By 14 th February 2011
Financial Reporting of quarter / year ending 31 st March 2011	By 15 th May 2011 (in case Un-audited Results) or By 30 th May 2011 (in case Audited Results).

d. Date of Book Closure : 20th September 2010 to 24th September 2010 (both days inclusive)

e. Dividend payment date : on or after 24th September 2010

f. Listing on Stock Exchange : Bombay Stock Exchange Limited (BSE) and
The Ahmedabad Stock Exchange Limited (ASE)

g. Listing Fees: The Company has paid the necessary listing fees to both the exchanges for the year 2010 - 11.

h. Stock Code : 514128

Scrip Id: KONARKSY

ISIN: INE517D01019

i. Market Price Data: High & Low at BSE of the Equity Shares of the Company during each month for the year 2009 - 2010 as compared to BSE SENSEX.

Month	Volume (No. of Shares)	Price of shares of the Company at BSE (Rs.)		BSE Sensex	
		High	Low	High	Low
April 2009	2,935	18.90	15.90	11,492.10	9,546.29
May 2009	4,121	18.05	14.45	14,930.54	11,621.30
June 2009	838	19.00	16.45	15,600.30	14,016.95
July 2009	1	17.85	17.85	15,732.81	13,219.99
August 2009	316	25.25	18.65	16,002.46	14,684.45
September 2009	8,492	22.90	16.50	17,142.52	15,356.72
October 2009	10,333	18.20	13.60	17,493.17	15,805.20
November 2009	1,41,271	13.40	9.96	17,290.48	15,330.56
December 2009	51,167	15.25	12.36	17,530.94	16,577.78
January 2010	61,854	20.70	13.77	17,790.33	15,982.08
February 2010	34,377	20.35	16.65	16,669.25	15,651.99
March 2010	15,003	19.00	14.70	17,793.01	16,438.45

j. Registrar and Share Transfer Agents

Purva Shareregistry (India) Pvt. Ltd.

9, Shiv Shakti Industrial Estate, J R Boricha Marg, Lower Parel (E), Mumbai - 400 011

Tel No.: 2301 6761 and 2301 8261, Fax No.: 2301 2517

E-Mail: busicomp@vsnl.com



k. Share Transfer System

The share transfer is processed by the Registrar and Share Transfer Agent, Purva Sharegistry (India) Pvt. Ltd. and approved by Share Transfer Committee, if the documents are complete in all respects, within 15 days.

The Company obtains half yearly Transfer Audit and Quarterly Secretarial Audit certificates from an independent practicing Company Secretary in practice as required under clause 47(c) of the Listing Agreement and files the copy of the certificate with the Stock Exchanges.

l. Shareholding Pattern as on 31st March 2010

Sr. No	Category of Holders	No. of Shares held	% of Shares held
1.	Promoter and Promoter group	4,355,317	74.99
2.	Mutual Funds/UTI	-	-
3.	Banks / Financial Institutions / Insurance Companies (Central / State Govt. Institutions / Non Govt. Institutions)	-	-
4.	Venture Capital Funds	-	-
5.	FII's	-	-
6.	Bodies Corporate	250,248	4.31
7.	Individuals	1,189,564	20.48
8.	Clearing Member	-	-
9.	NRI / OCBs	12,871	0.22
10.	Trust	-	-
11.	Foreign Corporate Bodies	-	-
	TOTAL	5,808,000	100.00

m. The Distribution of Shareholding as on 31st March 2010:

Distribution of Share holding as on 31.03.2010					
Slab of Shares Holding		Share Holders	Percentage %	Amount Rs.	Percentage %
From	To				
1	5000	2256	91.89	3,183,090	5.48
5001	10000	98	3.99	798,530	1.37
10001	20000	36	1.47	522,200	0.90
20001	30000	18	0.73	476,550	0.82
30001	40000	6	0.24	207,480	0.36
40001	50000	2	0.08	95,000	0.16
50001	100000	11	0.45	668,980	1.15
100001 and above		26	1.14	52,128,170	89.75
TOTAL		2453	100.00	58,080,000	100.00

n. Dematerialization of Equity Shares and Liquidity

As on 31st March 2010, 35.51% of the equity shares of the Company are held in dematerialized form.

o. Outstanding ADRs, GDRs, Warrants or any convertible instruments, conversion date and impact on Equity:

Your company has not issued any ADRs, GDRs, warrants or any convertible instruments.

p. Plants location:

Silvassa unit	Sarigam unit	Bangalore unit
Plot No.1, 2 & 25, Silvassa Industrial Co-op. Soc., 66 KVA Sub-Station Road, Village: Amli, Dist. Silvassa. (UT of Dadra & Nagar Haveli) – 396 230	Plot No. 13 To 20, Opp. JBF Industries Ltd, G.I.D.C. Indl. Area, Village: Sarigam, Taluka – Umargam, Dist. Valsad, Gujarat – 396 155	No. 62/4,13,14,15, Begur Road, 11 th Cross, Ward No. 12, Bommanahalli, Bangalore – 560 068



Konark Synthetic Ltd.

q. Address for investor correspondence

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend or any address, non-receipt of dividend or any other query relating to shares, please write to:

Mr. Anand Krishan Singhal, Compliance Officer
Konark Synthetic Ltd.
Building No.-7, Mittal Industrial Estate,
Andheri Kurla Road, Sakinaka,
Andheri (East), Mumbai - 400 059.
Phone : (022) 40896300
Fax : (022) 40896322
E-mail : info@konarkgroup.co.in

Purva Sharegistry (India) Pvt. Ltd.
9, Shiv Shakti Industrial Estate,
J R Boricha Marg, Lower Parel (East),
Mumbai - 400 011
Tel No. : 022 - 2301 6761; 2301 8261
Fax No.: 022 - 2301 2517
E-Mail : busicomp@vsnl.com

CEO's DECLARATION ON CODE OF CONDUCT

To
The Members of
Konark Synthetic Ltd.

I, Prakashchand Dalmia, Chairman & Managing Director of the Company declare that all Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct during the year ended 31st March 2010.

For Konark Synthetic Ltd.

Place: Mumbai
Date : 29th May 2010

Prakashchand Dalmia
Chairman & Managing Director

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITION OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To,
The Members of
Konark Synthetic Limited

We have examined the records concerning Compliance of the conditions of Corporate Governance by **Konark Synthetic Limited** for the year ended 31st March 2010 as stipulated in clause 49 of the Listing Agreement of the said company with Bombay Stock Exchange Limited and The Ahmedabad Stock Exchange Limited.

The Compliance of conditions of Corporate Governance is the responsibility of management. Our Examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the Compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has, in all material respect, complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that in respect of Investor Grievances received, generally no Investor Grievances are pending for a period exceeding one month against the Company as per records maintained by the Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Bhuwania Agrawal & Associates
Chartered Accountants
(Firm Registration No. 101483W)

Place: Mumbai
Date : 29th May 2010

(N. K. AGRAWAL)
Partner
M. NO. 34659



AUDITORS' REPORT

TO THE MEMBERS OF KONARK SYNTHETIC LIMITED.

1. We have audited the attached Balance Sheet of **KONARK SYNTHETIC LIMITED** as at 31st March 2010 the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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 significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956. We enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
4. M/s India Denim Limited a subsidiary company of the Company has been audited separately by the Auditors appointed by the subsidiary company and their report of the same has been considered by us for the consolidated Balance Sheet and Profit & loss Account for the year ended as on 31st March 2010.
5. Further to our comments in the annexure referred to above, we report that: -
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper Books of Accounts as required by law have been kept by the Company, so far as appears from my examination of the books.
 - c. The Balance Sheet, the Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with Books of Account.
 - d. In our opinion the attached Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 to the extent applicable except non provision of Gratuity as referred in Note No. 2 of Schedule 17.
 - e. On the basis of written representations received from the Directors, as on March 31st, 2010 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on March 31st, 2010 from being appointing as Directors in term of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with significant accounting policies and along with Note No. 2 of the Notes on Accounts regarding non provision of Gratuity as the exact amount of such provision is not ascertainable due to unavailability of information required and other notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i. in case of Balance Sheet of the state of affairs of the Company as at 31st March 2010 ;
 - ii. in the case of Profit & Loss Account of the Profit for the year ended on that date ; and
 - iii. In the case of the Cash Flow Statement of the Cash Flow for the year ended on that date.

For, **BHUWANIA & AGRAWAL ASSOCIATES**
Chartered Accountants
(Firm Registration No. 101483W)

PLACE: MUMBAI.
DATE : 29th May 2010.

(**N. K. AGRAWAL**)
Partner
M. NO. 34659



Konark Synthetic Ltd.

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph (3) of the Auditors Report of even date to the Members of **KONARK SYNTHETIC LIMITED** on the accounts for the year ended 31st March 2010.

As required by the Companies (Auditor's Report) Order 2003, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as consider appropriate and as per the information and explanations given to us during the course of the audit.

1.
 - i) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - ii) As per the information and explanations given to us, physical verification of fixed assets has been carried out by the Company and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable and adequate in relation to the size of the Company and nature of its business.
 - iii) In our opinion and according to the information & explanation given to us, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2.
 - i) As per the information furnished, the inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable.
 - ii) In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - iii) The company is maintaining proper records of inventory. In our opinion, discrepancies noticed on physical verification of stocks were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
3.
 - a) As informed to us, during the year the Company has not given any secured / unsecured loans to the persons covered in the register maintained u/s 301 of the Companies Act 1956. Hence other sub-clause (b), (c) and (d) are not applicable for the year under review.
 - b) As per information furnished, during the year the company has taken interest free unsecured loans from companies under same management and the parties covered in the register maintained u/s 301 of The Companies Act, 1956. Details are as follows:

(Amt. in Lac)

No. of Accounts	Amount of Loan Taken	Maximum OutStanding	Cl. Balance
2	403.00	202.75	2.00

- c) Other terms & conditions of the loans taken are prima facie not prejudicial to the interest of the company.
 - d) The company is regular in repayments of principal dues if any.
 - e) There was no overdue amount of Rs. 1.00 Lac more than one year as stipulated if any.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
5. In respect of transaction entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956:
 - i) To the best of our knowledge & belief and according to the information and explanations given to us, transactions that need to be entered in the Register have been so entered.
 - ii) According to the information and explanations given to us, these contracts or transactions have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. According to the information and explanation given to us, the company has not accepted any deposits during the year from the public within the meaning of the provision of the Section 58 A and Section 58 AA of the Companies Act, 1956 and the rules framed there under. Hence clause 4(vi) of the Order is not applicable.
7. In our opinion, the company has an internal audit system commensurate with the size of the Company and the nature of its business.

Konark Synthetic Ltd.



8. The Central Government has prescribed maintenance of the cost records under section 209(1)(d) of the Companies Act, 1956 in respect of textile manufacturing activity of the company. We have broadly reviewed the books of accounts and records maintained by the Company in this connection and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
9. According to the information & explanation given to us in respect of statutory and other dues:
 - i) The company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education & Protection Fund, and Employee's State Insurance, Income Tax, Sales Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities during the year.
 - ii) According to the information and explanations given to us, no undisputed amount payable in respect of the aforesaid dues were outstanding as at 31st March 2010 for a period of more than six months from the date they became payable except C.S.T. amounting to Rs. 10800/- which was paid by company on 29.04.2010.
 - iii) According to the information and explanation given to us, that there is no disputed statutory dues outstanding as on 31st March 2010.
10. The Company does not have any accumulated losses at the end of the financial year. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanation given by the Management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders during the year.
12. In our opinion and according to the explanation given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or nidhi / mutual benefit fund / societies. Therefore clause 4 (xiii) of the Companies (Auditor report) order, 2003 is not applicable to the Company.
14. During the year the company has not made any dealing or trading in shares, securities, debentures and other investment.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institution.
16. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the term loan raised during the year were prima facie been either used for the purpose for which they were raised
17. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short term basis that have been used for long term investment.
18. During the year the Company has not made any preferential allotment of equity shares.
19. During the year covered by our audit report, the company has not issued any secured debentures.
20. The Company has not raised any money by public issues during the year covered by our report.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For BHUWANIA & AGRAWAL ASSOCIATES
Chartered Accountants
(Firm Registration No. 101483W)

PLACE: MUMBAI.
DATE : 29th May 2010.

(N. K. AGRAWAL)
Partner
M. NO. 34659



Konark Synthetic Ltd.

BALANCE SHEET AS AT 31ST MARCH 2010

PARTICULARS	SCHEDULE NO.	AS AT		AS AT	
		Amount (Rs.)	31.03.2010 Amount (Rs.)	Amount (Rs.)	31.03.2009 Amount (Rs.)
SOURCES OF FUNDS					
a) Share Capital	1	58,080,000		58,500,000	
b) Reserves & Surplus	2	<u>204,415,060</u>	<u>262,495,060</u>	<u>199,044,375</u>	257,544,375
Loan Funds					
Secured Loans	3	396,127,285		375,954,375	
Unsecured Loan	4	<u>107,860,675</u>	<u>503,987,960</u>	<u>77,403,319</u>	453,357,694
Provision for Deffered Taxation			<u>35,043,231</u>		30,914,136
	TOTAL		<u><u>801,526,251</u></u>		<u><u>741,816,205</u></u>
APPLICATION OF FUNDS					
Fixed Assets					
a) Gross Block	5	597,485,108		449,294,611	
b) Less : Depreciation		<u>150,371,050</u>	<u>447,114,058</u>	<u>129,481,806</u>	319,812,805
c) Capital Work In Progress			<u>696,000</u>		123,023,617
Investment (at cost)	6		84,503,100		88,707,100
Current Assets Loans and Advances					
a) Inventories		132,369,494		99,314,157	
b) Sundry Debtors		196,791,356		312,203,629	
c) Cash and Bank Balances		11,099,182		10,106,244	
d) Loans and Advances		<u>45,031,808</u>	<u>385,291,840</u>	<u>78,498,305</u>	500,122,335
Less : Current Liabilities and Provisions	8				
a) Current Liabilities		109,281,212		287,445,174	
b) Provisions		<u>6,797,535</u>	<u>116,078,747</u>	<u>2,404,478</u>	<u>289,849,652</u>
Net Current Assets			<u>269,213,093</u>		210,272,683
	TOTAL		<u><u>801,526,251</u></u>		<u><u>741,816,205</u></u>
NOTES TO THE ACCOUNTS	17				

As per our reports of even date attached

For and on behalf of the Board

For BHUWANIA & AGRAWAL ASSOCIATES
Chartered Accountants

PRAKASHCHAND DALMIA
Chairman & Managing Director

AMITABH KEJRIWAL
Whole Time Director

N. K. AGRAWAL
Partner
Membership No. 34659
Place : Mumbai.
Date : 29th May 2010

SHONIT DALMIA
Whole Time Director

MAHENDRA AGARWAL
Director

PUNIT M. DESAI
Director

Konark Synthetic Ltd.



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

PARTICULARS	SCHEDULE NO.	CURRENT YEAR		PREVIOUS YEAR	
		Amount (Rs.)	2009-2010 Amount (Rs.)	Amount (Rs.)	2008-2009 Amount (Rs.)
INCOME					
Gross Sales					
Domestic (Incl. Operational Income)		725,381,724		643,669,614	
Export		<u>35,353,177</u>	760,734,901	<u>34,894,405</u>	678,564,019
Less: Excise Duty			<u>57,981</u>		<u>250,740</u>
Net Sales			760,676,920		678,313,279
Other Incomes	9		4,667,103		11,071,180
Increase/(Decrease) in Stock	10		<u>14,240,778</u>		<u>5,851,238</u>
	TOTAL		<u>779,584,800</u>		<u>695,235,697</u>
EXPENDITURE					
Cost of Goods Consumed	11		542,629,732		424,243,338
Cost of Goods Sold	12		28,589,011		89,929,765
Manufacturing Expenses	13		69,216,367		46,586,505
Payment to Employees	14		47,562,492		46,172,712
Administration & Selling Expenses	15		18,414,260		15,770,827
Finance Expenses	16		32,904,655		35,950,231
Loss on sale of Plant & Machinery			143,436		281,239
Depreciation	5		<u>21,196,508</u>		<u>19,403,660</u>
	TOTAL		<u>760,656,460</u>		<u>678,338,277</u>
PROFIT BEFORE TAX					
			18,928,340		16,897,420
Provision For Current Tax (Inc W.T & F.B.T)			3,400,000		2,404,478
Provision for Deffered Tax			4,129,095		8,062,413
Prior Period Adjustments			292,641		70,343
Short provision of I.Tax Earlier Year			<u>28,388</u>		<u>117,770</u>
PROFIT AFTER TAX			11,078,217		6,242,416
Balance B/f from Previous Year			<u>70,126,069</u>		<u>63,883,651</u>
Amount available for appropriation			81,204,285		70,126,067
Transfer to General Reserve			3,000,000		-
Proposed Dividend			2,904,000		-
Tax on Proposed Dividend			<u>493,535</u>		-
BALANCE CARRY FORWARD TO BALANCE SHEET			<u>74,806,751</u>		<u>70,126,067</u>
Earning Per Share Basic & Diluted			1.91		1.07
NOTES TO THE ACCOUNTS	17				

As per our reports of even date attached

For and on behalf of the Board

For BHUWANIA & AGRAWAL ASSOCIATES
Chartered Accountants

PRAKASHCHAND DALMIA
Chairman & Managing Director

AMITABH KEJRIWAL
Whole Time Director

N. K. AGRAWAL
Partner
Membership No. 34659
Place : Mumbai.
Date : 29th May 2010

SHONIT DALMIA
Whole Time Director

MAHENDRA AGARWAL
Director

PUNIT M. DESAI
Director



Konark Synthetic Ltd.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

(Rupees in Lacs)

Particulars	31 ST MARCH 2010		31 ST MARCH 2009	
Cash flow from operating activity				
Net Profit before tax & Extra Ordinary Items		189.28		168.97
Adjustment for : Depreciation	211.97		194.04	
Interest paid	329.05		359.50	
Provision for Diminution in value of Investment	2.04		0.00	
Provision for Doubtful Advances	10.84		0.00	
(Profit)Loss on Sale of Fixed Assets	1.43		2.81	
(Profit)Loss on Sale of Investment	0.00		0.00	
Interest Income (considered Separately)	(8.78)	546.55	(20.00)	536.35
Operating Profit before working capital changes		735.83		705.33
WORKING CAPITAL CHANGES				
(Increase)Decrease in Sundry Debtors	1,154.12		(1,010.31)	
(Increase)Decrease in Loans & Advances	341.59		(242.91)	
(Increase)Decrease in Inventories	(330.55)		(29.16)	
Increase(Decrease) in Trade Payable(Incl.Work'g Cap.Fin)	(1,354.21)	(189.05)	1,347.78	65.40
Cash Generated From operations		546.78		770.73
Interest paid		(329.05)		(359.50)
Cash Flow Before Prior Period & Extra Ordinary Items		217.74		411.22
Prior Period & Extra Ordinary Items		3.21		1.88
Net Cash Flow From Operating Activities (I)		214.53		409.34
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(263.54)		(1,317.88)	
Interest Income	8.78		20.00	
Sale of Investment	0.00		0.00	
Tuf Subsidy Received on Fixed Assets	0.00		34.69	
Sale of fixed assets	0.40		2.58	
Net Cash Outflow for Investing Activities (II)		(254.36)		(1,260.61)
Cash flow after Investing Activities (III) = (I - II)		(39.83)		(851.27)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long term borrowing (Net of Repayments)	(248.97)		630.92	
Proceed from Equity shares	(4.20)		0.00	
Share Premium	(23.10)		0.00	
Unsecured Loan	304.57		250.52	
Investment	40.00		(0.02)	
Dividend paid	(0.77)		(0.73)	
Direct Tax Paid	(17.77)		(30.13)	
Net Cash Flow from Financing Activity (IV)		49.76		850.56
Cash Flow after Financing Activity (V) = (III - IV)		9.93		(0.71)
Opening Balance: Cash &Cash Equivalent		101.06		101.77
Cash &Cash Equivalent (Closing balance)		110.99		101.06
Increase in Cash & Cash Equivalent (VI)		9.93		(0.71)

As per our reports of even date attached

For BHUWANIA & AGRAWAL ASSOCIATES
Chartered Accountants

N. K. AGRAWAL
Partner
Membership No. 34659
Place : Mumbai.
Date : 29th May 2010

For and on behalf of the Board

PRAKASHCHAND DALMIA
Chairman & Managing Director

AMITABH KEJRIWAL
Whole Time Director

SHONIT DALMIA
Whole Time Director

MAHENDRA AGARWAL
Director

PUNIT M. DESAI
Director

Konark Synthetic Ltd.



SCHEDULES TO THE ACCOUNTS

PARTICULARS	AS AT		AS AT	
	AMOUNT (Rs.)	31.03.2010 AMOUNT (Rs.)	AMOUNT (Rs.)	31.03.2009 AMOUNT (Rs.)
SCHEDULE 1: SHARE CAPITAL				
AUTHORISED CAPITAL				
15000000 (15000000) Equity Shares of Rs. 10/- each		<u>150,000,000</u>		<u>150,000,000</u>
ISSUED & SUBSCRIBED CAPITAL				
5808000 Equity Shares of Rs 10/- each fully paid up (P.Y 5850000 Equity Shares of Rs. 10/- each fully paid up)		<u>58,080,000</u>		<u>58,500,000</u>
TOTAL		<u>58,080,000</u>		<u>58,500,000</u>
SCHEDULE 2: RESERVES & SURPLUS				
i) Capital Redemption Reserve		<u>4,000,000</u>		<u>4,000,000</u>
ii) Share Premium		<u>68,357,165</u>		<u>70,667,165</u>
iii) Capital Incentive Subsidy		<u>2,500,000</u>		<u>2,500,000</u>
iv) General Reserve - B/F	<u>51,751,143</u>		51,751,143	
Add transferred from Profit & Loss Accounts	<u>3,000,000</u>	<u>54,751,143</u>	-	<u>51,751,143</u>
v) Profit & Loss Account		<u>74,806,751</u>		<u>70,126,067</u>
TOTAL		<u>204,415,060</u>		<u>199,044,375</u>
SCHEDULE 3: SECURED LOANS				
I. TERM LOANS				
SICOM		-	5,500,000	
Indian Bank	<u>189,030,746</u>		200,455,881	
Corporation Bank	<u>13,648,870</u>	<u>202,679,616</u>	<u>19,106,735</u>	<u>225,062,616</u>
II. WORKING CAPITAL LOANS				
Indian Bank - Cash Credit (HYP) & Book Debts	<u>92,776,088</u>		81,525,249	
Indian Bank/ Corp. Bank LC Discounting	<u>50,542,888</u>		27,288,940	
Corporation Bank - Cash Credit (HYP) & Book Debts	<u>44,911,743</u>	<u>188,230,719</u>	<u>34,346,522</u>	<u>143,160,711</u>
III. OTHER SECURED LOANS				
Loan Against Motor Car		<u>5,216,950</u>		<u>7,731,048</u>
TOTAL		<u>396,127,285</u>		<u>375,954,375</u>
Notes :				
a) Term Loans from Indian Bank are secured by Equitable Mortgage of Factory Land & Building at Sarigam, hypothecation of entire Plant & Machinery of Silvassa and Sarigam and Land & Building at Plot No. 1 & 2 at Silvassa.				
b) Term Loan from Corporation Bank are secured by hypothecation of all the immovable and movable assets at Bangalore and situated at Plot No. 25 at Silvassa (Unit - Excel)				
c) All working Capital Loans are secured by Hypothecation on Stock of Raw Materials, Semi-Finished, Finished Goods, Store & Spare, Packing Materials, Consumables & Book Debts and second charge on Land & Building and Plant & Machinery of the company.				
d) All loans are personally guaranteed by the Managing Director and two other Director.				
SCHEDULE 4: UNSECURED LOANS				
Kotak Mahindra Bank Ltd.		<u>392,406</u>		<u>1,619,665</u>
IDBI Bank Ltd.#		<u>40,000,000</u>		-
Inter Corporate Loans		<u>67,468,269</u>		<u>75,783,654</u>
#(The short term loan has been taken by the company against the pledge of 533000 Equity shares belonging to the Promoters' Group.)				
TOTAL		<u>107,860,675</u>		<u>77,403,319</u>



Konark Synthetic Ltd.

SCHEDULE - 5 FIXED ASSETS STATEMENT OF FIXED ASSETS & DEPRECIATION AS PER COMPANY'S ACT AS ON 31.03.2010

DESCRIPTION	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK	
	Balance as on 01.04.2009	Additions During the Period	Sold During the Period	Balance as on 01.04.2009	On Sold Machinery Period	During the Period	Balance as on 31.03.2010	Balance as on 31.03.2009
A. PLANTS (S.L.M. Method)								
Free Hold Land	1,069,088	-	-	-	-	-	1,069,088	1,069,088
Lease Hold Land	6,180,340	-	-	179,910	-	62,421	5,938,009	6,000,430
Factory Building	75,232,496	-	-	9,535,240	-	2,512,765	63,184,491	65,697,256
Plant & Machinery	321,178,205	146,692,571	-	103,802,509	-	15,445,349	348,622,918	217,375,697
Electric Installation	13,063,756	35,100	490,696	2,079,546	307,260	606,723	10,229,151	10,984,211
Equipment	993,315	12,138	-	573,121	-	53,074	379,258	420,192
Fire Fighting Equipments	51,874	-	-	51,874	-	-	-	-
Colling Tower	321,083	-	-	156,272	-	15,250	149,562	164,811
Office Equipments	668,036	36,696	-	121,139	-	40,247	543,346	546,899
Furniture & Fixture	4,631,555	60,664	-	1,556,326	-	270,444	2,865,449	3,075,229
Veehicles	15,071,573	-	-	3,716,319	-	1,323,301	10,031,953	11,355,254
Computers	1,035,165	76,239	-	654,866	-	130,402	326,136	380,299
Computer Software	160,000	4,800	-	65,005	-	30,736	69,059	94,995
TOTAL (A) ==>	439,656,487	146,918,208	490,696	122,492,128	307,260	20,490,714	443,408,420	317,164,358
B. HEAD OFFICE (W.D.V. Method)								
Office Equipment	890,761	98,771	-	596,367	-	59,176	333,989	294,395
Furniture & Fixture	2,861,833	-	-	2,302,359	-	101,265	458,209	559,473
Veehicles	1,745,996	-	-	1,114,804	-	163,416	467,776	631,192
Computers	1,213,010	96,596	-	1,150,432	-	52,892	106,282	62,578
Computers Software	177,960	1,567,616	-	96,286	-	187,284	1,462,006	81,674
Plant & Machinery (R&D)	2,748,566	-	-	1,729,429	-	141,762	877,375	1,019,137
TOTAL (B) ==>	9,638,126	1,762,983	-	6,989,677	-	705,794	3,705,638	2,648,449
GRAND TOTAL (A+B)	449,294,613	148,681,191	490,696	129,481,805	307,260	21,196,508	447,114,058	319,812,807
PREVIOUS YEAR	401,939,756	52,805,873	5,451,018	111,521,483	1,443,335	19,403,659	319,812,808	290,418,276

Konark Synthetic Ltd.



SCHEDULES TO THE ACCOUNTS

PARTICULARS	AS AT		AS AT	
	AMOUNT (Rs.)	31.03.2010 AMOUNT (Rs.)	AMOUNT (Rs.)	31.03.2009 AMOUNT (Rs.)
SCHEDULE 6: INVESTMENT				
Long Term Investment In Shares				
Quoted				
6800 Equity Shares of Sun Earth Ceramics Ltd. Rs. 10/-	204,000		204,000	
Less Provision for Diminution in the Value of Inv.	204,000	-	-	204,000
Unquoted				
10 Shares of Silvassa Co-Op. Society Ltd. Rs. 100/-	1,100		1,100	
40 Shares of The City Co-Op Bank Ltd, Rs. 25/-	2,000		2,000	
5800000 Equity Shares of India Denim Limited Rs. 10/-	58,000,000	58,003,100	58,000,000	58,003,100
Share Application Money		26,500,000		30,500,000
TOTAL		84,503,100		88,707,100
SCHEDULE 7: CURRENT ASSETS, LOANS & ADVANCES				
a) Inventories (Valued taken and certified by the management)				
i) Raw Materials		23,337,046		5,476,348
ii) Work in Process		65,460,717		48,650,719
iii) Finished Goods / Traded Goods		33,017,470		35,586,690
iv) Stores, Spares & others		10,554,261		9,600,400
TOTAL - A		132,369,494		99,314,157
b) Sundry Debtors, (Unsecured & Considered Good)				
i) Over Six months		18,494,082		11,154,260
ii) Others		178,297,274		301,049,369
TOTAL - B		196,791,356		312,203,629
c) Cash & Bank Balances				
i) Cash in hand		530,453		2,400,346
ii) Balances with Schedule Bank				
In Fixed Deposits		8,679,136		6,680,772
In Current Accounts		1,889,593		1,025,126
TOTAL - C		11,099,182		10,106,244
d) Loans and Advances (Unsecured and considered Good)				
i) Short Term Loan				
a) Given to Companies under same management		-		19,850,000
b) Others		-		13,457,441
ii) Deposits with Govt. & Others*		7,771,393		7,860,893
iii) Advances recoverable in cash or in kind or for value to be received				
- Advance to Suppliers		1,260,434		1,730,542
- Advance to Government		14,251,087		12,651,976
- Advance to Others - Consider Good	21,748,894		22,947,453	
Doubtful	1,084,180		-	
	22,833,074		22,947,453	
Less Provision made	1,084,180	21,748,894	-	22,947,453
*(Includes Rs.35.00 Lacs (P.Y.Rs 35.00 Lacs) due to firm and relative in which Directors are interested)				
TOTAL - D		45,031,808		78,498,305
TOTAL (A+B+C+D)		385,291,840		500,122,335



Konark Synthetic Ltd.

SCHEDULES TO THE ACCOUNTS

PARTICULARS	AS AT		AS AT	
	AMOUNT (Rs.)	31.03.2010 AMOUNT (Rs.)	AMOUNT (Rs.)	31.03.2009 AMOUNT (Rs.)
SCHEDULE 8: CURRENT LIABILITIES & PROVISIONS				
a. CURRENT LIABILITIES				
i) Sundry Creditors				
For Trade Goods & Expenses		91,290,688		262,254,377
For Others		17,793,979		24,899,200
Investor Education and Protection Fund		196,545		273,834
Bank Over Draft		-		17,763
TOTAL-A		109,281,212		287,445,174
b. PROVISIONS				
i) Proposed Dividend		2,904,000		-
ii) Corporate Dividend Tax		493,535		-
iii) Provision for Taxation		3,400,000		2,404,478
TOTAL -B		6,797,535		2,404,478
TOTAL (A+B)		116,078,747		289,849,652

The Company has not received information from the vendor's regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 hence disclosure required by notification dated 16th November 2007 issued by Ministry of Company Affairs have not been given.

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	AMOUNT (Rs.)	2009-10 Amount (Rs.)	AMOUNT (Rs.)	2008-09 Amount (Rs.)
SCHEDULE 9 : OTHER INCOME				
Interest Income (T.D.S. Rs.93639/- P.Y.Rs.424291/-)		878,203		2,000,429
Late Payment charges		111,865		100,731
Insurance Claim Received		27,800		-
DEPB / Drawback Incentive		2,947,159		3,093,184
Foreign Exchange Fluctuation		380,056		1,750,631
Miscellaneous Income & Others		322,020		626,205
Management Consultancy Services		-		3,500,000
TOTAL		4,667,103		11,071,180
SCHEDULE 10 : INCREASE / (DECREASE) IN STOCK				
Closing Stock				
Work in process	65,460,717		48,650,719	
Finished Goods	<u>32,821,537</u>	<u>98,282,254</u>	<u>35,390,757</u>	84,041,476
Less: Opening Stock				
Work in process	48,650,719		51,374,824	
Finished Goods	<u>35,390,757</u>	<u>84,041,476</u>	<u>26,815,414</u>	78,190,238
TOTAL		14,240,778		5,851,238

Konark Synthetic Ltd.



PARTICULARS	CURRENT YEAR 2009-10 Amount (Rs.)	PREVIOUS YEAR 2008-09 Amount (Rs.)
SCHEDULE 11 : COST OF GOODS CONSUMED		
Opening Stock	5,476,348	9,686,677
Add : Purchases	<u>560,490,430</u>	<u>420,033,009</u>
	565,966,778	429,719,686
Less: Closing Stock	<u>23,337,046</u>	<u>5,476,348</u>
TOTAL	<u>542,629,732</u>	<u>424,243,338</u>
SCHEDULE 12: COST OF GOODS SOLD		
Opening Stock	195,933	195,933
Add: Purchases - Yarn (Import)	8,388,061	1,693,740
- Fabrics (Domestic)	20,200,950	88,236,025
Less Closing Stock	<u>195,933</u>	<u>195,933</u>
TOTAL	<u>28,589,011</u>	<u>89,929,765</u>
SCHEDULE 13: MANUFACTURING EXPENSES		
Stores, Spares, Packing Material & Oils Consumed	14,107,162	9,632,399
Labour Charges	6,364,030	4,445,527
Job Work Charges	7,879,710	2,909,380
Freight, Octroi & Cartage	1,288,652	874,477
Repairs & Maintainance		
Plant & Machinery	2,498,654	1,039,496
Building	21,522	24,556
Others	306,569	296,232
Power & Fuel	30,688,209	24,131,906
Security Charges	785,080	679,479
Water Charges	902,511	876,246
Dyes & Chemicals	4,344,992	1,651,216
Factory Expenses	<u>29,276</u>	<u>25,591</u>
TOTAL	<u>69,216,367</u>	<u>46,586,505</u>
SCHEDULE 14: PAYMENTS TO EMPLOYEES		
Salaries & Wages	36,449,596	34,721,131
Staff Welfare	655,425	589,035
House Rent Allowance & Others	5,002,457	6,011,661
Employer's contribution to ESIC & PF.	3,189,211	3,239,565
Labour Compensation / Bonus	<u>2,265,803</u>	<u>1,611,320</u>
TOTAL	<u>47,562,492</u>	<u>46,172,712</u>



Konark Synthetic Ltd.

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	2009-10 Amount (Rs.)	2008-09 Amount (Rs.)
SCHEDULE 15: ADMINISTRATION & SELLING EXP.		
Advertisement Expenses	56,633	44,693
Auditor's Remuneration	242,660	220,600
Conveyance Expenses	548,909	379,074
Director's Remuneration & Perquisites	1,584,410	1,780,690
Donation	31,000	42,000
Electricity Expenses	352,583	409,520
Export Clearing & Forwarding	305,666	373,937
Export Freight	298,809	195,533
Filling Fees	24,430	64,940
Guest House Expenses	7,980	21,700
Insurance Charges	778,279	689,657
Marketing Expenses & Brokerage	1,115,583	1,147,480
Membership & Subscription	82,021	653,417
Miscellaneous Expenses / General Expenses	742,907	331,863
Outward Freight & Octroi	566,018	278,424
Postage Telegram	271,039	275,705
Printing & Stationery	639,265	602,346
Professional Fees / Legal Expenses	733,437	1,308,829
Provision for Doubtful Advances	1,084,180	-
Provision of Diminution in the Value of Investments	204,000	-
Rent, Rates, Fees & Taxes	3,774,399	2,773,691
Repairs & Maintenance	138,337	132,984
Sales Promotion Expenses	832,463	237,375
Sample & Development Expenses	835,326	412,711
Stamp & Hundi Paper	12,130	1,043,920
Sundry Balance W/Off	591,076	-
Telephone Expenses	1,057,485	1,069,915
Travelling Expenses - Directors	158,383	150,062
- Others	327,404	333,880
- Foreign Travelling	437,232	421,391
Vehicle Expenses	580,216	374,490
TOTAL	18,414,260	15,770,827

SCHEDULE 16: FINANCE EXPENSES

Bank Interest on Term Loan	11,607,732	14,188,718
Interest on Working Capital	14,150,577	14,748,413
Interest to Other	1,821,636	1,871,392
Bank Charges	5,324,710	5,141,708
TOTAL	32,904,655	35,950,231



SCHEDULE 17: NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2010

1. SIGNIFICANT ACCOUNTING POLICIES

A. GENERAL

Financial statements have been prepared under historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the company.

B. USE OF ESTIMATE

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumption to be made that affect the reported amount of assets and liabilities on the date of the financial statement and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

C. FIXED ASSETS

(a) Fixed assets are stated at cost of acquisition or construction, less accumulated depreciation. All costs, including trial run production and financing cost till commencement of commercial production are capitalized net of cenvat.

(b) **Capital Work in Progress:**

Capital work in progress includes cost of assets at sites, Construction expenditure, advances made for acquisition of capital assets and interest on the funds deployed.

D. DEPRECIATION

i) Depreciation on the fixed assets at Mumbai Office has been provided on written down value method, Depreciation on fixed assets located at Silvassa, Sarigam and Bangalore Units has been provided on straight line method at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.

ii) Depreciation on fixed assets addition / deletion during the year has been provided on pro-rata basis with reference to the day of addition / deletion.

E. IMPAIRMENT OF ASSETS:

An assets is treated as impaired, when the carrying cost of assets exceeds its recoverable value. An impairment loss, if any, charged to profit and loss account, in the year in which an asset is identified as impaired. The impairment less recognized is prior accounting period is reversed if there has been a change in estimate of recoverable amount.

F. INVESTMENT

Long-term investments are stated at the cost of acquisition. Provision for diminution in the value of Long term investment has been made during the year whenever there is decline other than temporary in the opinion of the Management.

G. INVENTORIES:

In general, all inventories of finished, work-in-progress etc. are stated at lower of cost or net realizable value. Cost of inventories comprise of all cost of purchase, cost of conversion and other cost incurred in bringing the inventory to their present location and condition. Raw materials & Stores and Spares are stated at cost on FIFO basis. Waste and by product are valued at net realizable value. Inventory of finished goods and waste include excise duty, wherever applicable.

H. TRANSACTIONS IN FOREIGN EXCHANGE

Transactions denominated in foreign currency are normally recorded at the customs exchange rate prevailing at the time of transaction.



Konark Synthetic Ltd.

Monetary Items denominated in foreign currencies at the year end are restated at year end rates.

Revenue from sale of goods is recognized when significant risk and rewards of ownership of goods have passed to the buyer.

I. SALES & PURCHASE

Sales are recorded inclusive of excise duty, net of return, rate difference and sales claim. Purchases are recorded net of excise duty if cenvat taken.

J. BORROWING COST

Borrowing cost that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying assets is one that necessary takes substantial period of the time to get ready for intended use. All other cost is charged to revenue.

K. EXPORT INCENTIVES

Benefit on account of entitlement of Duty Draw Back and others are recognized as and when right to receive is established as per the terms of the scheme.

L. EMPLOYEES RETIREMENT BENEFIT

Contribution to Provident fund, ESIC and leave encashment benefits are charged to profit and loss account on actual basis. Gratuity and other retirement benefits have been recorded on cash basis.

M. PROVISION FOR CURRENT AND DEFERRED TAX

Provision for Taxation has been made in the accounts under Minimum Alternate Tax (MAT) as per provision of Section 115JB of the Income Tax Act, 1961.

Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and loss that have been enacted or substantially enacted as on the Balance Sheet date. The deferred tax Assets is recognized and carried forwarded only to the extent that there is a reasonable certainty that the assets will be realized in future.

N. PROVISION, CONTINGENT LIABILITY AND CONTINGENT ASSETS.

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

NOTES ON ACCOUNTS:

2. No provision for gratuity has been made during the year as the amount is unascertained. It will be accounted as and when paid.
3. Contingent Liability (As Certified by management)

The Banker of the Company has given Guarantee to various Government Authorities amounting to Rs. 76.55 Lacs (P.Y.Rs.76.10 Lacs) for which the Company has given counter guarantee and margin money to the bankers amounting to Rs.31.72 Lacs (P.Y. Rs. 31.28 Lacs).
4. In the opinion of the Board, the current assets, loans and advances are approximately of the value stated in the Balance Sheet realizable in the ordinary course of business. Sundry Debtors, Creditors & Advances are subject to reconciliation with parties.



Konark Synthetic Ltd.

	31 st March 2010			31 st March 2009		
	Quantity (Mtrs.)		Amount (Rs.)	Quantity (Mtrs.)		Amount (Rs.)
d) Closing Stock						
Fabric	Mtrs	*238.020	195.79	*156.158		278.26
e) Raw Material (Yarn)						
Consumption - Imported	KG.	-	100.00%	-	100.00%	-
Indigenous	KG.	2952.790	100.00%	1534.794	100.00%	1206.13
		2952.790	100.00%	1534.794	100.00%	1206.13
* Includes Stock in Process						
iii) Garments - Bangalore						
a) Opening Stock		6.25	18.19	0.64		1.92
b) Productions		109.41	-	111.90		--
c) Sales		109.38	353.53	106.29		363.84
d) Closing Stock						
Garments PCS.		6.19	18.44	6.25		18.19
e) Consumption of Fabric in Mtrs						
Imported		0.00	0.00%	0.00	100.00%	0.00
Indigenous		229.69	100.00%	230.56	100.00%	129.93
		229.69	100.00%	230.56	100.00%	129.93
f) Job Work of Garments		193576	128.26	283973		187.28
B. Auditor's Remuneration		31st March, 2010		31st March 2009		
		(Rs.)		(Rs.)		
For Audit Fees		170,000		150,000		
For Tax Audit Fees		50,000		50,000		
For Others		70,133		59,926		
Total		290,133		259,926		
C. Director's Remuneration & Perquisites						
Remuneration & Allowance		1,260,000		1,428,000		
Perquisites		538,988		567,268		
Total		1,798,988		1,995,268		
D. Income in Foreign Currency during the year (F.O.B. Basis)		35,054,368		34,697,254		
E. CIF value of Imports						
a. Raw Material		8,042,992		1,693,740		
b. Capital Goods		8,642,302		281,736		

Konark Synthetic Ltd.



	31 st March 2010 (Rs.)	31 st March 2009 (Rs.)
F. Expenditure in Foreign Currency during the year		
For Travelling	<u>144,670</u>	<u>244,475</u>
	<u>144,670</u>	<u>244,475</u>
11. The components of deferred tax assets / liability as at 31 st March 2010 in accordance with the Accounting Standard 22 "Accounting for Taxes on Income" are as under:		
	As at 31st March 2010	As at 31st March 2009
A. Deferred Tax Liability		
Due to Depreciation Difference	<u>6,262,574</u>	<u>4,266,727</u>
B. Deferred Tax Asstes		
Credit under u/s 43B & 40 (a)	(298,039)	(513,957)
Unabsorbed Depreciation	(638,656)	(2,341,838)
MAT Credit available for the year	<u>3,070,174</u>	<u>(939,890)</u>
Total	<u>2,133,479</u>	<u>(3,795,686)</u>
Net Deferred Tax Liability	<u>4,129,095</u>	<u>8,062,413</u>

12. As per Accounting Standard - 18 issued by the Institute of Chartered Accountants of India, the disclosure of transactions with related parties as defined in the Accounting Standard are given below:

Related Party Disclosures (AS - 18)

Expenditure:

(Rs. In Lacs)

Name of the Party	Nature of Transaction	Amount Rs.	Outstanding Dr./Cr.
Key Managerial Person			
Mr. Prakashchand Dalmia	Remuneration & Perquisites	9.78	0.45 Cr.
Mr. Amitabh Kejriwal	Remuneration & Perquisites	4.61	0.35 Cr.
Mr. Shonit Dalmia	Remuneration & Perquisites	3.60	0.26 Cr.
Associates Concern			
Konark Silk Mills	Office Rent	1.08	2.16 Cr.
S.J. Financial Services Pvt. Ltd.	Service Charges	0.17	0.03 Cr.
Relative of Key Managerial Person			
Smt. Raka Devi Dalmia	Rent	1.80	0.00
Miss. Shikha Dalmia	Salary	1.80	0.15 Cr.
Miss. Smita Kejriwal	Salary	1.44	0.12 Cr.

Unsecured Loans Taken:

(Rs. in Lacs)

Name of the Party	Opening Balance	Amount of Loan Taken	Amount of repayment of Loan	Outstanding Dr./Cr.
Associates Concern				
Fillmore Trading & Investment Pvt. Ltd.	0.00	17.50	17.50	0.00
Konark Realtech Pvt. Ltd	0.00	385.50	383.50	2.00 Cr.



Konark Synthetic Ltd.

Unsecured Loans Given :

(Rs. In Lacs)

Name of the Party	Relation	Op. Balance	Amount of Loan Given	Amount Received	Outstanding Dr./Cr.
India Denim Limited	Subsidiary	198.50	0.00	198.50	0.00

13. Earning Per Share (EPS) (AS - 20)

Rupees in Lac
2009 - 2010 2008 - 2009

Net Profit / (Loss) after Current and Deferred Tax	110.78	62.43
Number of Equity Shares	5808000	5850000
EPS (Rs.) Basic and Diluted	1.91	1.07

14. Disclosure as per the clause 32 of the Listing Agreement:

Loans and Advances in the nature of loans and advances given to Subsidiary are given below. The previous year figures are shown in brackets:

Name of the Company	Amount Outstanding as on 31st March 2010 (Rs. In lacs)	Maximum Outstanding during the Year (Rs. In lacs)
India Denim Limited	NIL (198.50)	198.50 (198.50)

15. Previous year figures have been regrouped / rearranged wherever necessary to make them comparable with those of the Current year.

As per our reports of even date attached

For BHUWANIA & AGRAWAL ASSOCIATES
Chartered Accountants

N. K. AGRAWAL
Partner
Membership No. 34659
Place : Mumbai.
Date : 29th May 2010.

For and on behalf of the Board

PRAKASHCHAND DALMIA
Chairman & Managing Director

SHONIT DALMIA
Whole Time Director

AMITABH KEJRIWAL
Whole Time Director

MAHENDRA AGARWAL
Director

PUNIT M. DESAI
Director

Konark Synthetic Ltd.



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details:	
Registration No	33451
State Code	11
Balance Sheet Date	31.03.2010
2. Capital raised during the year (Rs. in Thousands)	
Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL
3. Position of Mobilisation and Deployment of Funds (Rs. in Thousands)	
Total Liabilities	801526
Total Assets	801526
Sources of Funds	
Paid-Up Capital	58080
Reserve & Surplus	204415
Secured Loans	396127
Unsecured Loan	107861
Provision for deferred Tax	35043
Application of Funds	
Net Fixed Assets	447810
Investments	84503
Net Current Assets	269213
4. Performance of Company (Rs. in Thousands)	
Turnover (including other income)	779584
Total Expenditure	760656
Profit / (Loss) before tax & Extraordinary items	18928
Profit / (Loss) after tax	11078
Earning per share Basic	1.91
5. Generic Names of Two Principle International Codes of the Company	
Synthetic Multifold Yarn	5402.62
Home furnishing Fabric	6303.99
Readymade Garments	6203.42

For and on behalf of the Board

PRAKASHCHAND DALMIA
Chairman & Managing Director

AMITABH KEJRIWAL
Whole Time Director

SHONIT DALMIA
Whole Time Director

MAHENDRA AGARWAL
Director

PUNIT M. DESAI
Director

Place : Mumbai
Date : 29th May 2010.

DIRECTORS' REPORT TO SHAREHOLDERS

Dear Members,

Your Directors have pleasure in presenting the 5th Annual Report of the Company along with the Audited Statement of Accounts for the year ended 31st March 2010.

FINANCIAL RESULTS

(Rs. in Lacs)

PARTICULARS	For the year ended 31.03.2010	For the year ended 31.03.2009
Gross Income	3961.10	703.81
Profit before Interest, Depreciation and Tax	456.61	105.51
Less: Finance Charges	199.56	84.53
Profit before Depreciation, Tax & Amortization (EBDTA)	257.05	20.98
Depreciation	204.19	74.32
Profit before Tax	52.86	(53.34)
APPROPRIATIONS:		
Provision for Tax	8.16	Nil
Fringe Benefit Tax	Nil	0.65
PROFIT AFTER TAX	44.69	(53.99)

REVIEW OF OPERATIONS

During the year under review, the Company achieved a Gross Turnover of Rs. 3455.93 Lacs as against 597.83 Lacs in the previous year. The Profit after Tax stood to Rs. 44.69 Lacs as against Loss of Rs. 53.99 Lacs in the previous year.

The company is putting all hard efforts to neutralize cost increase and improve margin improvement in manufacturing yield / usage and expenses control to increase the profitability.

DIVIDEND

In order to conserve the resources, your Directors do not recommended any payment of dividend on equity shares for the financial year ended on 31st March 2010

DIRECTORS

In accordance with the Companies Act, 1956 read with the Article of Associations of the Company, Mr. Sarvapriya Bansal, Mr. Shivkumar Choudhary and Mr. Sushil Kejriwal Directors of the Company will retire by rotation at this meeting and being eligible offer themselves for re-appointment. Your Board recommends the re-appointment for shareholders approval.

Further, the Board of Directors of the Company at its meeting held on 31st July 2009 appointed Mr. Punit M. Desai as and Additional Director on the Board of the Company, pursuant to provision of section 260 of the Companies Act, 1956 and he holds the office upto the conclusion of ensuing Annual General Meeting of the Company. Your Directors recommended his appointment for your approval.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements specified under Section 217 (2AA) of the Companies Act, 1956 your Directors hereby state and confirmed that:

- i) In the preparation of annual accounts for the financial year ended 31st March 2010, the applicable Accounting Standards have been followed and no material departures have been made from the same.
- ii) The Directors have 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 as at 31st March 2010 and Profit or Loss of the Company for the year ended on that date:

- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities: and
- iv) The Directors have prepared the accounts for the financial year ended 31st March 2010 on a "going concern" basis.

AUDITORS

M/s Raj K. Agarwal & Co, Chartered Accountants, Ahmedabad, the Statutory Auditors of the Company holds the office upto the conclusion of the ensuing Annual General Meeting and eligible for re-appointment.

The Company has received a letter from them to the effect that their re-appointment, if made, would be in conformity with the limits prescribed under Section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of section 226 of the said Act. The Board recommends their re-appointment.

PUBLIC DEPOSITS

The company has not accepted any Deposit from Public under Section 58A and 58AA of the Companies Act, 1956 during the financial year ended on 31st March 2010.

PARTICULARS OF EMPLOYEE

As per the provision of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employee) Rules 1975, as amended, no employees were in receipt of remuneration exceeding the limit prescribed under Section 217 (2A) of the Companies Act, 1956 and hence no such statement is furnished.

DISCLOSURE OF PARTICULARS WITH RESPECT TO:-

1. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION, ADOPTION INNOVATION:

The Disclosure of particulars with respect to conservation of energy pursuant to the provisions of 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, is annexed hereto and forms part of this report.

2. FOREIGN EXCHANGE EARNINGS AND OUT GO :

Total foreign exchange earned and used:

(Amount in Rs.)

Particulars	2009-10	2008-09
Foreign exchange earned	Nil	Nil
Expenditure in foreign currency	Nil	Nil

ACKNOWLEDGEMENT

Your Directors wish to thank and record their appreciation to all the Bankers of the Company for their valuable financial support extended to the Company. Your Directors also wish to thank the suppliers and all others who have continued their support either directly or indirectly to the Company's growth and prosperity.

Your Directors record their appreciation of the co-operation and contribution made by the employees at all levels towards the progress of the Company.

For and on behalf of the Board of Directors

Place: Ahmedabad
Date: 28th May 2010

PRAKASHCHAND DALMIA
Chairman

SAJJAN KEJRIWAL
Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March 2010.

FORM A
(See Rule 2)**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

	2009-2010	2008-2009
A) Power and Fuel Consumption		
Electricity~		
Purchased Unit (KWH)	6459492	2535048
Total Amount (in Lacs)	387.99	145.40
Rate / Unit (Rs.)	6.01	5.73
B) Consumption per unit of production standards (if any) Products -	NOT APPLICABLE	
Cotton Yarn (Kgs)		
Consumption (Units)		

FORM B**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION****Research and Development (R & D)**

No research and development activities were carried on during the financial year.

Technology absorption, adoption and innovation

- (a) There is no major technology development at spinning sector. Spinning technology developed by textile machinery sector alone adopted at the spinning sector.
- (b) Spinning technology developed by textile machinery sector and absorbed and adopted by the company has the positive effect on product improvement, cost reduction, product development and import substitution.
- (c) Indigenous technology alone used.

For and on behalf of the Board of Directors

Place: Ahmedabad
Date: 28th May 2010

PRAKASHCHAND DALMIA
Chairman

SAJJAN KEJRIWAL
Managing Director

AUDITORS' REPORT

1. We have audited the attached Balance Sheet of **M/S INDIA DENIM LIMITED**, Ahmedabad, as at 31st March 2010 and the relative Profit and Loss Account of the company for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended), issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by the law have been kept by the company so far as appears from our examination of those books.
 - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of Accounts.
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report have been prepared, in all material respects, in compliance with the Accounting Standards referred to in sub-section (3c) of Section 211 of the Companies Act, 1956.
 - (e) On the basis of written representations received from all the directors and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31.03.2010 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account together with the notes thereon and attached thereto given in the prescribed manner the information required by the Companies Act, 1956 and together with the Cash Flow Statement also give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of Balance Sheet, of the state of affairs of the company as on 31st March 2010.
 - (ii) In the case of Profit and Loss Account, of the Profit of the company for the year ended on that date.

For **Raj K. Agarwal & Co.**,
Chartered Accountants

Place : Ahmedabad
Date : 28th May 2010

RAJENDRAKUMAR AGARWAL
Proprietor
Regn No. 108306W
Membership No.70635

ANNEXURE REFERRED TO THE AUDITORS' REPORT

(Referred to in paragraph (3) of our report of even date on the financial statements for the year ended 31st March 2010 to the members of India Denim Limited)

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

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) The Fixed Assets of the Company have been physically verified by the management during the year. No material discrepancies between the book records and the physical inventory have been noticed. No substantial part of Fixed Assets of the Company has been disposed off during the year and the going concern concepts are not affected.
2. (a) As explained to us, inventories of the Company at all its locations have been physically verified by the management during the year.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of its inventories. As explained to us there were no material discrepancies noticed on physical verification of inventory as compared to book records.
3. According to the information and explanations given to us, the Company has taken loans, secured or unsecured from Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, where the rate of interest and other terms and conditions are prima facie not prejudicial to the interest of the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchase of inventory and Fixed Assets and for the sale of goods.
5. (a) In our opinion and according to the information and explanations given to us, the transactions that needed to be entered in the Register maintained under Section 301 of the Act have been so entered.
- (b) In our opinion and according to the explanations given to us, the transactions made in pursuance of contracts or arrangements exceeding the value of Rs.5 lacs in respect of any party during the year have been made at prices which are reasonable having regard to the market prices prevailing at that time.
6. According to the information and explanations given to us, the Company has not accepted any deposits during the year from the public within the meaning of the provisions of section 58A and Section 58AA of the Companies Act, 1956 and the rules made there under hence clause 4(vi) of the order is not applicable.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. On the basis of the records produced, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Government of India under Section 209 1 (d) of the Act in respect of textile divisions have been maintained. However we are not required to and have not carried out any detailed examination of such accounts and records.
9. (a) According to the records of the Company, it has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities during the year.
- (b) At the end of the financial year there were no dues of Sales Tax, Customs Duty, Wealth Tax, Excise Duty, Cess which have not been paid for a period of more than 6 months from the date they become payable.
10. The Company has accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by the audit.

11. On the basis of the records examined by us and the information and explanations given to us, the Company has regularly paid its repayment & Interest to the financial institutions / banks.
12. As explained to us the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a Nidhi / mutual benefit fund society. Therefore, the provisions of clause (xiii) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
14. On the basis of records examined by us, the Company has not traded in shares, securities, debentures or other investments. Therefore Clause (xiv) of the Companies (Auditors Report) Order, 2003 is not applicable to the Company
15. According to the information and explanations given to us, the Company has not granted any guarantee for loans taken by employees from banks and financial institutions.
16. On the basis or review of utilization of funds on an overall basis, in our opinion, the term loans taken by the Company were applied for the purposes for which the loans were obtained.
17. According to the information and explanations given and on an overall examination of the Balance Sheet of the Company, no funds raised on short-term basis have been used for long-term investments by the Company.
18. The Company has not made preferential allotment of shares during the year to parties and Companies covered in the register maintained under Section 301 of the Act.
19. The Company has not issued any debentures.
20. The Company has not raised funds through public.
21. During the course of our examination of the books of accounts, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across any instance of fraud on or by the Company nor have been informed by the management of any such instance being noticed or reported during the year.

For **Raj K. Agarwal & Co.**,
Chartered Accountants

Place : Ahmedabad
Date : 28th May 2010

RAJENDRAKUMAR AGARWAL
Proprietor
Regn No. 108306W
Membership No.70635

BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	SCH. NO	As At 31.03.2010 Amount (Rs.)	As At 31.03.2009 Amount (Rs.)
SOURCES OF FUNDS			
a) Share Capital	1	152,644,000	141,579,000
b) Reserves & Surplus	2	-	-
Loan Funds			
Secured Loans	3	366,033,902	226,301,380
Unsecured Loan	4	43,422,838	49,220,838
Provision for Deferred Taxation		1,350,966	1,350,966
TOTAL		<u>563,451,706</u>	<u>418,452,184</u>
APPLICATION OF FUNDS			
Fixed Assets			
a) Gross Block	5	440,112,437	124,344,600
b) Less : Depreciation		<u>31,854,331</u>	<u>11,642,157</u>
c) Net Block		408,258,106	112,702,443
d) Capital Work In Progress		16,126,434	264,853,375
Current Assets Loans and Advances			
a) Inventories	6	96,750,120	18,479,399
b) Sundry Debtors		103,751,037	10,381,901
c) Cash and Bank Balances		4,271,068	10,185,340
d) Loans and Advances		<u>32,007,867</u>	<u>41,683,626</u>
		236,780,092	80,730,266
Less : Current Liabilities and Provisions			
a) Current Liabilities	7	102,582,575	49,885,461
b) Provisions		<u>816,701</u>	<u>123,270</u>
		103,399,276	50,008,731
Net Current Assets		133,380,816	30,721,535
Miscellaneous Expenditure (to the extent not written off or adjusted)	8	142,240	162,560
Profit & Loss Account	2	<u>5,544,110</u>	<u>10,012,271</u>
TOTAL		<u>563,451,706</u>	<u>418,452,184</u>
NOTES TO THE ACCOUNTS	17		

Vide our report of Even Date
For **Raj K. Agrawal & Co.**,
Chartered Accountants

For and on behalf of the Board of Directors

RAJENDRAKUMAR AGRAWAL
Proprietor
Membership No. 70635
Place : Ahmedabad
Date : 28th May 2010

PRAKASHCHAND DALMIA
Chairman

SAJJAN KEJRIWAL
Managing Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

PARTICULARS	SCH. NO	CURRENT YEAR 2009-10 Amount (Rs.)	PREVIOUS YEAR 2008-09 Amount (Rs.)
INCOME			
Gross Sales			
- Domestic (Incl. Operational Income)	9	345,593,281	59,782,819
Less: Excise Duty		-	-
Net Sales		345,593,281	59,782,819
Other Incomes	10	566,064	1,026,874
Increase / (Decrease) in Stock	11	49,950,833	9,571,430
	TOTAL	<u>396,110,178</u>	<u>70,381,123</u>
EXPENDITURE			
Cost of Goods Consumed	12	285,503,815	44,669,804
Cost of Goods Sold		-	-
Manufacturing Expenses	13	41,213,245	7,436,015
Payment to Employees	14	13,743,495	3,835,250
Administration & Selling Expenses	15	9,790,254	3,868,948
Finance Expenses	16	19,956,248	8,452,660
Loss on sale of Vehicle		177,279	-
Depreciation	5	20,419,430	7,432,540
Preliminary Expenses Written Off		20,320	20,320
	TOTAL	<u>390,824,086</u>	<u>75,715,537</u>
PROFIT FOR THE YEAR		5,286,092	(5,334,414)
Provision For Current Tax		816,701	-
Fringe Benefit Tax		-	65,444
PROFIT AFTER TAX		4,469,391	(5,399,858)
Prior Period Adjustments		-	-
Short provision of I.Tax Earlier Year		1,230	-
Balance As per Last Balance Sheet		(10,012,271)	(4,612,413)
Amount available for appropriation		(5,544,110)	(10,012,271)
Transfer to General Reserve		-	-
Proposed Dividend		-	-
Tax on Proposed Dividend		-	-
BALANCE OF PROFIT CARRIED OVER TO BALANCE SHEET		<u>(5,544,110)</u>	<u>(10,012,271)</u>
Earning Per Share Basic & Diluted			
NOTES TO THE ACCOUNTS	17		

Vide our report of Even Date
For **Raj K. Agrawal & Co.**,
Chartered Accountants

For and on behalf of the Board of Directors

RAJENDRAKUMAR AGRAWAL
Proprietor
Membership No. 70635
Place : Ahmedabad
Date : 28th May 2010

PRAKASHCHAND DALMIA
Chairman

SAJJAN KEJRIWAL
Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

(Amount in Rs.)

Particulars	31st MARCH 2010		31ST MARCH 2009	
A CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT BEFORE TAX & EXTRA ORDINARY ITEMS		5,286,092		(5,334,414)
Depreciation	20,419,430		7,432,540	
Interest Expenses	19,956,248		8,452,660	
Interest & Other Non Operative Income	(252,574)		(816,099)	
Loss On Sale Of Fixed Assets	177,279		0	
Preliminary Exp. Written Off	20,320		20,320	
		40,320,703		15,089,421
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		45,606,795		9,755,007
Adjustment For :-				
Decrease / (Increase) In Trade Receivables	(93,369,136)		(8,483,387)	
Decrease / (Increase) In Inventories	(78,270,721)		(14,151,476)	
(Decrease) / Increase In Loans And Advances	9,705,997		(9,390,551)	
(Decrease) / Increase In Working Capital Finance	84,142,960		17,334,290	
(Decrease) / Increase In Trade Payables	52,573,844	(25,217,056)	10,601,023	(4,090,101)
CASH GENERATED FROM OPERATION		20,389,739		5,664,906
Direct Tax Paid (Net of Refund)	(31,468)	(31,468)	(37,008)	(37,008)
NET CASH FROM OPERATING ACTIVITIES		20,358,271		5,627,898
B CASH FLOW FROM INVESTING ACTIVITIES				
(Increase) / Decrease In Fixed Assets	(316,329,372)		(54,600)	
(Increase) / Decrease In Capital Work In Progress	248,726,941		(25,238,948)	
Interest & Non Operative Income Received	252,574		816,099	
Sale Of Fixed Assets	177,000		-	
Misc. Expenditure / Capital Issue Expenses (advances)	-		-	
(Decrease) / Increase In Short-term Loan	-		-	
NET CASH FROM INVESTING ACTIVITIES		(67,172,857)		(24,477,449)
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds From Issuance Of Equity Shares	-		-	
Proceeds From Share Application	11,065,000		4,020,000	
Proceeds / Repayment of Long Term Borrowings (Net)	55,589,562		(5,765,858)	
Proceeds From Unsecured Loans	(5,798,000)		29,511,838	
Interest Paid	(19,956,248)		(8,452,660)	
NET CASH FROM FINANCING ACTIVITIES		40,900,314		19,313,320
Net Change in Cash And Cash Equivalents (A+B+C)		(5,914,272)		463,769
Cash And Cash Equivalents - Opening Balance		10,185,340		9,721,571
Cash And Cash Equivalents - Closing Balance		4,271,068		10,185,340

 Vide our report of Even Date
 For **Raj K. Agrawal & Co.**,
 Chartered Accountants

For and on behalf of the Board of Directors

RAJENDRAKUMAR AGRAWAL
 Proprietor
 Membership No. 70635
 Place : Ahmedabad
 Date : 28th May 2010

PRAKASHCHAND DALMIA
 Chairman

SAJJAN KEJRIWAL
 Managing Director

SCHEDULES TO THE ACCOUNTS

PARTICULARS	AS AT	
	31.03.2010	31.03.2009
	AMOUNT (Rs.)	AMOUNT (Rs.)
SCHEDULE 1: SHARE CAPITAL		
AUTHORISED CAPITAL		
10500000 Equity Shares of Rs. 10/- each (Last year 10500000 Equity Shares)	105,000,000	105,000,000
ISSUED & SUBSCRIBED CAPITAL		
10405900 Equity Shares of Rs 10/- each fully paid up(Previous year 10405900 Equity Shares of Rs.10/-each fully paid up)	104,059,000	104,059,000
Share Application Money	48,585,000	37,520,000
TOTAL	152,644,000	141,579,000
SCHEDULE 2: RESERVES & SURPLUS		
i) Capital Incentive Subsidy	-	-
ii) General Reserve	-	-
iii) Capital Redemption Reserve	-	-
iv) Share Premium	-	-
v) Profit & Loss Account	(5,544,110)	(10,012,271)
TOTAL	(5,544,110)	(10,012,271)
SCHEDULE 3: SECURED LOANS		
I. TERM LOANS		
State Bank of India	132,500,000	134,932,821
Bank of Baroda	42,459,281	25,861,296
State Bank of Indore	14,240,484	18,778,669
Punjab National Bank	12,812,603	17,016,997
State Bank of Travancore	11,699,007	12,377,307
Indian Bank	49,999,034	-
TOTAL	263,710,409	208,967,090
II. WORKING CAPITAL LOANS		
State Bank of India - Cash Credit	49,530,880	12,268,694
Indian Bank - Cash Credit	29,198,543	-
Bank of Baroda - Cash Credit	9,922,133	-
State Bank of India - LC Discounting	5,053,972	5,065,596
Indian Bank - LC Discounting	7,771,722	-
TOTAL	101,477,250	17,334,290
III. OTHER SECURED LOANS		
Loan Against Motor Car	846,243	-
TOTAL	366,033,902	226,301,380
Notes :		
1. Term Loan from SBI, BOB, SBIN, PNB, SBT & Indian Bank are secured by first charge ranking pari-passu on all immovable properties (Equitable mortgage of deposit of title deed) both present and future and first charge by way of hypothecation of all movable properties including movable plant & machinery, tools and accessories and other movable present and future (save and except stock & Book Debts). Second charge by way of Hypothecation on the stock of Raw Material, Semi-Finished, Finished Goods, Stores & Spares, Packing Material, consumables & Book Debts.		
2. All working Capital Loans are secured by Hypothecation on the stock of Raw Materials, Semi-Finished, Finished Goods, Stores & Spares, Packing Material, Consumables & Book Debts and second charge on Land & Building and Plant & Machinery of the Company.		
3. All above Loans are personally guaranteed by Directors & Promoters.		
SCHEDULE 4: UNSECURED LOANS		
Inter Corporate Loans	26,913,838	28,478,838
From Directors and Shareholders	16,509,000	20,742,000
TOTAL	43,422,838	49,220,838



SCHEDULE - 5 FIXED ASSETS
STATEMENT OF FIXED ASSETS & DEPRECIATION AS PER COMPANY'S ACT AS ON 31.03.2010
(Amount in Rs.)

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	Balance as on 01.04.2009	Additions During the Period	Sold During the Period	Balance as on 31.03.2010	Balance as on 01.04.2009	On Sold Machinery Period	During the Period	Balance as on 31.03.2010	Balance as on 31.03.2010	Balance as on 31.03.2009
FACTORIES UNITS (S.L.M.Method)										
Lease Hold Land	-	-	-	-	-	-	-	-	-	-
Land & Site Development	9,238,461	238,618	-	9,477,079	-	-	-	-	9,477,079	9,238,461
Factory Building	28,728,741	79,163,386	-	107,892,127	1,440,624	-	2,668,367	4,108,991	103,783,136	27,288,117
Plant & Machinery	83,221,232	235,381,417	-	318,602,649	9,285,241	-	17,454,777	26,740,018	291,862,631	73,935,991
Equipment	147,078	64,963	-	212,041	17,491	-	8,187	25,678	186,363	129,587
Furniture & Fixture	881,263	131,535	-	1,012,798	137,149	-	56,983	194,132	818,666	744,114
Vehicles	1,594,578	1,325,503	561,535	2,358,546	505,464	207,256	143,920	442,128	1,916,418	1,089,114
Computers	533,247	23,950	-	557,197	256,188	-	87,195	343,383	213,814	277,059
Computer Software	-	-	-	-	-	-	-	-	-	-
Electric Installation	-	-	-	-	-	-	-	-	-	-
Cooling Tower	-	-	-	-	-	-	-	-	-	-
TOTAL (A) ==>	124,344,600	316,329,372	561,535	440,112,437	11,642,157	207,256	20,419,430	31,854,331	408,258,106	112,702,443
PREVIOUS YEAR	124,290,000	54,600	-	124,344,600	4,209,617	-	7,432,540	11,642,157	112,702,443	120,080,383

PARTICULARS	AS AT 31.03.2010 AMOUNT (Rs.)	AS AT 31.03.2009 AMOUNT (Rs.)
SCHEDULE 6: CURRENT ASSETS, LOANS & ADVANCES		
a) Inventories (Valued taken and certified by the management)		
i) Raw Materials	31,535,435	5,077,450
ii) Work in Process	26,833,632	11,821,718
iii) Finished Goods	36,205,910	1,266,991
iv) Stores, Spares & others	<u>2,175,143</u>	<u>313,240</u>
TOTAL	<u>96,750,120</u>	<u>18,479,399</u>
b) Sundry Debtors, (Unsecured & Considered Good)		
i) Over Six months	1,166,422	-
ii) Others	<u>102,584,615</u>	<u>10,381,901</u>
TOTAL	<u>103,751,037</u>	<u>10,381,901</u>
c) Cash & Bank Balances		
i) Cash in hand	1,201,919	1,066,586
ii) Balances with Schedule Bank		
In Fixed Deposits	3,012,500	8,945,000
In Current Accounts	<u>56,649</u>	<u>173,754</u>
TOTAL	<u>4,271,068</u>	<u>10,185,340</u>
d) Loans and Advances (Unsecured and considered Good)		
i) Short Term Loan		
a) Given to Companies under same management	-	-
b) Others	-	-
ii) Deposits with Govt. & Others*	22,023,795	31,501,272
iii) Advances recoverable in cash or in kind or for value to be received		
- Advance to Suppliers	9,523,773	9,523,773
- Advance to Others	<u>460,299</u>	<u>658,581</u>
TOTAL	<u>32,007,867</u>	<u>41,683,626</u>
SCHEDULE 7: CURRENT LIABILITIES & PROVISIONS		
a. CURRENT LIABILITIES		
i) Sundry Creditors		
For Trade Goods	13,090,095	18,303,502
For Capital Goods & Expenses	5,142,410	12,687,343
For Others	<u>84,350,070</u>	<u>18,894,616</u>
TOTAL	<u>102,582,575</u>	<u>49,885,461</u>
b. PROVISIONS		
i) Provision for Taxation	816,701	-
ii) Provision for Fringe Benefit Tax	-	123,270
TOTAL	<u>816,701</u>	<u>123,270</u>
SCHEDULE 8: MISCELLANEOUS EXPENDITURE		
Incorporate Expenses	162,560	182,880
Lees: W/Off During The Year	<u>20,320</u>	<u>20,320</u>
TOTAL	<u>142,240</u>	<u>162,560</u>

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	AMOUNT (Rs.)	2009-10 AMOUNT (Rs.)	2008-09 AMOUNT (Rs.)	AMOUNT (Rs.)
SCHEDULE 9: SALES				
Sales of Cotton Yarn		343,794,994		57,128,134
Sales of Cotton Silver		84,392		333,919
Sales of Cotton Waste		1,713,895		2,320,766
TOTAL		345,593,281		59,782,819
SCHEDULE 10 : OTHER INCOME				
Interest Income (T.D.S. Rs.47147/- P.Y.Rs.171003/-)		252,574		816,099
Late Payment charges		-		-
Sale of Job Work		-		-
Insurance Claim Received		209,632		-
DEPB Incentive / Drawback Incentive		-		-
Foreign Exchange Fluctuation		-		-
Miscellaneous Income & Others		103,858		210,775
TOTAL		566,064		1,026,874
SCHEDULE 11: INCREASE / (DECREASE) IN STOCK				
Closing Stock				
Work in process	26,833,632		11,821,718	
Finished Goods	36,205,910	63,039,542	1,266,991	13,088,709
Less: Opening Stock				
Work in process	11,821,718		2,445,618	
Finished Goods	1,266,991	13,088,709	1,071,661	3,517,279
TOTAL		49,950,833		9,571,430
SCHEDULE 12 : COST OF GOODS CONSUMED				
Opening Stock		5,077,450		696,497
Add : Purchases (Domestic)		311,961,800		49,050,757
		317,039,250		49,747,254
Less: Closing Stock		31,535,435		5,077,450
TOTAL		285,503,815		44,669,804
SCHEDULE 13: MANUFACTURING EXPENSES				
Stores, Spares,Packing Material & Oils Consumed		1,158,507		845,975
Repairs & Maintainance				
Plant & Machinery		1,039,350		470,307
Building		-		-
Others		137,554		59,421
Power & Fuel		35,242,377		5,943,771
Factory Expenses		392,471		116,541
Other Manufacturing Expenses		3,242,986		-
TOTAL		41,213,245		7,436,015

PARTICULARS	CURRENT YEAR 2009-10 Amount (Rs.)	PREVIOUS YEAR 2008-09 Amount (Rs.)
SCHEDULE 14: PAYMENTS TO EMPLOYEES		
Salaries & Wages	12,722,301	3,134,499
Staff Welfare	257,120	122,444
House Rent Allowance & Others	-	-
Employer's contribution to ESIC & PF.	59,970	62,581
Labour Compensation / Bonus	240,842	182,173
Shift Transportation Charges	463,262	333,553
TOTAL	13,743,495	3,835,250
SCHEDULE 15: ADMINISTRATION & SELLING EXP.		
Auditor's Remuneration	35,000	20,000
Claim & Discount	3,910,770	687,601
Conveyance Expenses	52,635	88,080
Director's Remuneration & Perquisites	240,000	240,000
Donation	8,450	22,000
Electricity Expenses	71,231	78,201
Insurance Charges	528,469	237,197
Marketing Expenses & Brokerage	17,700	13,489
Membership & Subscription	5,100	3,500
Miscellaneous Expenses / General Expenses	443,119	125,944
Outward Freight & Octroi	2,111,978	999,503
Postage Telegram	48,916	161,160
Printing & Stationery	221,277	88,112
Professional Fees / Legal Expenses	911,937	175,662
Rent,Rates,Fees & Taxes	434,848	390,419
Repairs & Maintanance	-	-
Sample & Development Expenses	2,426	113
Telephone Expenses	148,850	-
Travelling Expenses:		
Directors	270,949	75,478
Others	122,752	291,250
Vehicle Expenses	203,847	171,239
TOTAL	9,790,254	3,868,948
SCHEDULE 16: FINANCE EXPENSES		
Interest on Term Loan	12,112,428	6,690,793
Interest on Working Capital (Net)	4,929,815	277,178
Interest to Other	661,366	913,578
Bank Charges	2,252,639	571,111
TOTAL	19,956,248	8,452,660

SCHEDULE -17:**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2010.****A. SIGNIFICANT ACCOUNTING POLICIES****(a) BASIS OF ACCOUNTING**

- i) The financial statements are prepared on the basis of historical cost convention based on the accrual concept and in accordance with applicable Accounting Standards referred under Section 211 (3C) of the Companies Act, 1956. The accounting is on the basis of going concern concept.
- ii) Income and expenditure are recognized and accounted on accrual basis. Revenue for sale transaction is recognized as and when the property in the goods sold is transferred to the buyer for a definite consideration.

(b) INVENTORIES

Inventories are valued as under (As furnished, valued and certified by the Management)

- i) Raw Materials - At cost
- ii) Process Stock - At Cost or net realizable value whichever is lower
- iii) Finished Goods - At Cost or net realizable value whichever is lower
- iv) Waste - At net realizable value
- v) Stores Consumables and Spares - At cost

(c) FIXED ASSETS

Fixed Assets are stated at cost and includes all expenditure of capital nature including the cost of borrowings and net of Cenvat Credit wherever applicable. The pre-operative expenses and the loss / Profit during trial production are capitalized as Fixed Assets wherever applicable.

(d) DEPRECIATION

Depreciation has been provided on Straight Line Method in accordance with the rates specified under schedule XIV of the Companies Act, 1956. Depreciation on additions during the year is provided on pro-rata basis with reference to the date of installation and period of use. In respect of assets upto Rs 5000/- each, the policy of the Company is to charge 100% depreciation in the year in which such assets are installed or put to use.

(e) IMPAIRMENTS OF ASSETS

The Company has internal system to assess their impairment of assets. Appropriate disclosure on material impairment of losses and their treatment in Profit & Loss Account classes of Assets and nature of impairment will be made in the year in which the impairment is recognized.

(f) INVESTMENTS

No investments is made.

(g) RETIREMENT BENEFITS

The retirement benefit of employees is not applicable to the company.

(h) FOREIGN CURRENCY TRANSACTIONS

Transactions arising in Foreign Currency for Spares and Fixed Assets during the year are converted at exchange rates prevailing on the date of transaction.

(i) INTEREST ON BORROWINGS

Borrowings cost is charged to the Profit and Loss Account for the year in which it is incurred except for Capital Assets which is not capitalized till the date the asset is put to commercial use. During the current financial year the Company has capitalized interest on Term Loan in different stages depending upon the completion of the project.

(j) TAXES ON INCOME

Deferred tax is recognized, subject to consideration of prudence on all timing differences between taxable income and accounting income that originate in one period and are capable of being reversed in one or more subsequent periods. The accumulated deferred tax liability is adjusted by applying applicable tax rates under relevant tax laws.

(k) MISCELLANEOUS EXPENDITURE

Preliminary expenses are amortized over a period of 10 years.

(l) CONTINGENT LIABILITIES

Contingent liabilities are not provided for and are disclosed by way of notes.

(m) INCOME TAX

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. MAT credit becomes eligible to be recognized as an asset in accordance with the recommendation contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the Profit and Loss Account and shown as MAT credit entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

B. OTHER NOTES ON ACCOUNTS

- (1). Secured loans from Banks have been guaranteed by the Director of the Company. No guarantee commission has been paid to any Director in this connection.
- (2). Contingent liabilities not provided for in the accounts:
Estimated amount of contracts remaining to be executed on capital accounts - Rs. 51.42 Lacs (Previous year Rs. 921.08 Lacs), Advance given Rs. 95.24 (Previous years Rs. 95.24 Lacs).
- (3) i) In the opinion of the Board of Directors, Current Assets, Loans and Advances will fetch the amount stated, if realized in the normal course of business.
ii) The balance due to / due from parties and loans and advances are subject to confirmation.
- (4) The provision for all liabilities is neither inadequate nor more than what is reasonably necessary.
- (5) Transactions of Related Parties (AS - 18)

Rs. in Lacs

PARTICULARS	ASSOCIATES	KEY MANAGEMENT	RELATIVES OF KEY MANAGEMENT PERSONNEL	TOTAL
	31.03.2010	31.03.2010	31.03.2010	31.03.2010
FOR SERVICES FINANCE				
a) Loans accepted	-	-	-	-
b) Salary	-	2.40	5.70	8.10
c) Rent	-	1.56	-	1.56
d) Purchase	-	-	-	-
OUTSTANDING BALANCE				
Debits	-	-	-	-
Credits	58.64	9.44	10.75	78.83

(6)

Associates Concern	Relative Key Management	
Pratibha Syntex Ltd.	1	Indu Kejriwal
	2	Manju Kejriwal
	3	Preeti Kejriwal
Key Management	4	Savitridevi Kejriwal
1 Shri Sajjan Kejriwal	5	Shikha Kejriwal
2 Shri Sushil Kejriwal	6	Shilpa Kejriwal
3 Shri Sachin Kejriwal	7	Ronak Kejriwal

In compliance with AS - 22 relating to 'Taxes on Income' issued by the Institute of Chartered Accountants of India, the Company is accounting for deferred tax.

Based on General Prudence, the company has not recognized the deferred tax liability on account of accumulated unabsorbed depreciation nor written back excess deferred tax liability.

(7) Breakup of Audit Fees	2009-10	2008-09
For Statutory Audit	25,000	20,000
For Tax Audit	10,000	10,000
In other capacity	15,000	11,000

(8) Statistical information

	2009-2010		2008-2009	
	Qty. Kgs.	Value Rs.in Lacs	Qty. Kgs.	Value Rs.in Lacs
(a) Capacity	Not Applicable		Not Applicable	
i) Licensed (Rotors/ Spindles/ Looms/Processing Capacity)				
ii) Installed				
- Rotors (Nos)	288		288	
- Spindles (Nos)	15120		6048	
(b) Turnover				
i) Cotton Yarn (Kgs)	3045861	3437.95	611813	574.62
ii) Waste (Kgs)	112,330	19.03	110928	23.21
(c) Raw Materials Consumed				
i) Cotton and Cotton Waste (Kgs)	3414968	2855.04	691568	446.70
(d) Production				
i) Cotton Yarn (Kgs)	3260821	-	612597	-
ii) Waste (Kgs)	119495		71523	-
(e) Stock				
i) Raw Materials - Cotton and Cotton Waste (Kgs)				
Opening Stock	86604	50.77	11621	6.96
Closing Stock	397301	322.09	86604	50.77
ii) Finished Goods Yarn (Kgs)				
Opening Stock	13327	12.67	12543	10.72
Closing Stock	228287	362.06	13327	12.67
iii) Semi Finished Goods (Kgs)				
Opening Stock	144804	118.22	71140	24.46
Closing Stock	229617	268.33	144804	118.22
(f) Value and percentage of imported and indigenous raw materials and stores consumed				
i) Raw materials				
- Indigenous	100%	2855.04	100%	446.70
- Imported	Nil	Nil	Nil	Nil
i) Packing materials				
- Indigenous	100%	11.59	100%	8.46
- Imported	Nil	-	Nil	-
(g) I CIF Value of Imports				
i) Capital Goods	-	-	-	-
ii) On Stores Spares	-	-	-	-
II Expenditure in foreign currency				
i) On Business Travel	-	-	-	-
III Earnings in foreign Exchange				
i) FOB Value of Exports	-	-	-	-

- (9) Previous year figures have been regrouped / rearranged wherever necessary to make there comparable with those of the current year
- (10) The Company has eligible for 5% TUFS Interest Subsidy. During the year, the company has received interest subsidy of Rs. 2,67,13,379 and also made provision for Interest subsidy receivable of Rs. 1,19,45,630 for the current financial year.
- (11) Information Pursuant to the Provisions of Part IV of Schedule of the Companies Act, 1956.
Balance Sheet Abstract & Company's General Business Profit.

Vide our report of Even Date
For **Raj K. Agrawal & Co.**,
Chartered Accountants

For and on behalf of the Board of Directors

RAJENDRAKUMAR AGRAWAL
Proprietor
Membership No. 70635
Place : Ahmedabad
Date : 28th May 2010

PRAKASHCHAND DALMIA
Chairman

SAJJAN KEJRIWAL
Managing Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details:		
Registration No		U17110GJ2005PLC46159
State Code		04
Balance Sheet Date		31.03.2010
2. Capital raised during the year (Rs. in Thousands)		
Public Issue		NIL
Right Issue		NIL
Bonus Issue		NIL
Private Placement		NIL
3. Position of Mobilisation and Deployment of Funds (Rs. in Thousands)		
Total Liabilities		563451
Total Assets		563451
Sources of Funds		
Paid-Up Capital		104059
Share Application		48585
Reserve & Surplus		-
Secured Loans		366034
Unsecured Loan		43423
Provision for deferred Tax		1351
Application of Funds		
Net Fixed Assets		424385
Investments		-
Net Current Assets		133380
Miscellaneous Expenditure		142
Accumulated Losses		5544
4. Performance of Company (Rs. in Thousands)		
Turnover (including other income)		396110
Total Expenditure		390824
Profit / (Loss) before tax & Extraordinary items		5286
Profit / (Loss) after tax		469
Earning per share Basic		0.43
Earning per share Diluted		0.43
5. Generic Names of Two Principle International Codes of the Company		
Cotton Yarn (Not Sewing thread) 85% or		5205.00
More cotton, not retail		

Vide our report of Even Date
For **Raj K. Agrawal & Co.**,
Chartered Accountants

For and on behalf of the Board of Directors

RAJENDRAKUMAR AGRAWAL
Proprietor
Membership No. 70635
Place : Ahmedabad
Date : 28th May 2010

PRAKASHCHAND DALMIA
Chairman

SAJJAN KEJRIWAL
Managing Director

Konark Synthetic Ltd.



AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

TO THE MEMBERS
KONARK SYNTHETIC LIMITED
Mumbai.

We have audited the attached Consolidated Balance Sheet of **KONARK SYNTHETIC LIMITED** as at 31st March 2010, the Consolidated Profit & Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto.

The 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 the 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 significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiary Company M/s. India Denim Limited, these financial statements and the other financial information have been audited by other auditors. Whose audit report has been furnished to us, and our opinion is based solely on the report of the other auditors. The said subsidiary is having the total assets of Rs. 6611.65 Lacs, total revenue of Rs. 3461.59 Lacs and net cash outflow amounting to Rs. 59.14 Lacs.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with requirements the Accounting Standards (AS - 21) "Consolidated Financial Statements" as notified pursuant to the Companies (Accounting Standard) Rules 2006 (as amended).

Based on our audit and on consideration of the audit reports of other auditors on separate audited financial statements and on the financial information of the components, and to the best of our information and according to the explanation given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, except non provision of gratuity, as the exact quantum of the same are not ascertainable as referred in point no. 2 of the notes to the accounts :

- i. in case of Consolidated Balance Sheet of the state of affairs of the Company as at 31st March 2010;
- ii. in the case of Consolidated Profit & Loss Account of the Profit for the year ended on that date ; and
- iii. In the case of the consolidated Cash Flow Statement, of the cash flow of the Company for the year ended on that date.

For, **BHUWANIA & AGRAWAL ASSOCIATES**
Chartered Accountants
(Firm Registration No. 101483W)

N. K. AGRAWAL
Partner
M. NO. 34659

PLACE : MUMBAI.
DATE : 28th May 2010



Konark Synthetic Ltd.

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2010

PARTICULARS	SCHEDULE NO.	AS AT 31.03.2010		AS AT
		Amount (Rs.)	Amount (Rs.)	31.03.2009 Amount (Rs.)
SOURCES OF FUNDS				
a) Share Capital	1	80,165,000		65,520,000
b) Reserves & Surplus	2	<u>201,324,773</u>	<u>281,489,773</u>	<u>193,463,538</u>
Loan Funds				
Secured Loans	3	762,161,187		602,255,755
Unsecured Loan	4	<u>151,283,513</u>	<u>913,444,700</u>	<u>106,774,157</u>
Minority Interest			<u>43,605,177</u>	41,627,569
Provision for Deferred Taxation			<u>36,394,197</u>	32,265,102
	TOTAL		<u><u>1,274,933,847</u></u>	<u><u>1,041,906,121</u></u>
APPLICATION OF FUNDS				
Fixed Assets				
a) Gross Block	5	1,037,597,545		573,639,211
b) Less : Depreciation		<u>182,225,381</u>	<u>855,372,164</u>	<u>141,123,962</u>
c) Capital Work In Progress			<u>16,822,434</u>	387,876,992
Investment (at cost)	6		3,100	207,100
Current Assets Loans and Advances				
a) Inventories		229,119,614		117,793,556
b) Sundry Debtors		300,542,393		317,205,188
c) Cash and Bank Balances		15,370,250		20,291,584
d) Loans and Advances		<u>77,039,675</u>	<u>622,071,932</u>	<u>100,161,762</u>
Less : Current Liabilities and Provisions	8			
a) Current Liabilities		211,863,787		331,780,122
b) Provisions		<u>7,614,236</u>	<u>219,478,023</u>	<u>2,527,748</u>
Net Current Assets			<u>402,593,909</u>	221,144,220
Miscellaneous Expenditure (to the extent not written off or adjusted)	9		142,240	162,560
	TOTAL		<u><u>1,274,933,847</u></u>	<u><u>1,041,906,121</u></u>
NOTES TO THE ACCOUNTS	18			

As per our reports of even date attached

For and on behalf of the Board

For BHUWANIA & AGRAWAL ASSOCIATES
Chartered Accountants

PRAKASHCHAND DALMIA
Chairman & Managing Director

AMITABH KEJRIWAL
Whole Time Director

N. K. AGRAWAL
Partner
Membership No. 34659

SHONIT DALMIA
Whole Time Director

MAHENDRA AGARWAL
Director

Place : Mumbai.
Date : 29th May 2010

PUNIT M. DESAI
Director

Konark Synthetic Ltd.



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

PARTICULARS	SCHEDULE NO.	CURRENT YEAR		PREVIOUS YEAR	
		2009-10	2008-09	2009-10	2008-09
		Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
INCOME					
Gross Sales					
Domestic (Incl. Operational Income)		1,070,975,005		703,452,433	
Export		<u>35,353,177</u>	1,106,328,182	<u>34,894,405</u>	738,346,838
Less: Excise Duty			<u>57,981</u>		<u>250,740</u>
Net Sales			<u>1,106,270,201</u>		<u>738,096,098</u>
Other Incomes	10		5,233,167		12,098,054
Increase / (Decrease) in Stock	11		<u>64,191,611</u>		<u>15,422,668</u>
TOTAL			<u><u>1,175,694,978</u></u>		<u><u>765,616,820</u></u>
EXPENDITURE					
Cost of Goods Consumed	12		828,133,547		468,913,142
Cost of Goods Sold	13		28,589,011		89,929,765
Manufacturing Expenses	14		110,429,612		54,022,520
Payment to Employees	15		61,305,987		50,247,962
Administration & Selling Expenses	16		28,224,834		19,420,095
Finance Expenses	17		52,860,903		44,402,891
Loss on sale of Plant & Machinery			320,715		281,239
Depreciation	5		<u>41,615,937</u>		<u>26,836,200</u>
TOTAL			<u><u>1,151,480,546</u></u>		<u><u>754,053,814</u></u>
Profit Before Tax			<u>24,214,433</u>		<u>11,563,006</u>
Provision for Current Tax (Inc W.T & F.B.T)			4,216,701		2,469,919
Provision for Deferred Tax			4,129,095		8,062,413
Prior Period Adjustments			293,871		70,343
Short provision of I.Tax Earlier Year			<u>28,388</u>		<u>117,770</u>
Profit After Tax			<u>15,546,378</u>		<u>842,561</u>
Add / Less Minority Interest			<u>(1,977,608)</u>		<u>2,389,977</u>
Profit After Minority Interest			<u>13,568,770</u>		<u>3,232,538</u>
Balance B/f from Previous Year			<u>64,545,229</u>		<u>61,312,695</u>
Amount available for appropriation			78,113,999		64,545,233
Transfer to General Reserve			3,000,000		-
Proposed Dividend			2,904,000		-
Tax on Proposed Dividend			<u>493,535</u>		<u>-</u>
Balance carry forward to Balance Sheet			<u><u>71,716,464</u></u>		<u><u>64,545,233</u></u>
Earning Per Share Basic & Diluted			2.34		0.55
NOTES TO THE ACCOUNTS	18				

As per our reports of even date attached

For and on behalf of the Board

For BHUWANIA & AGRAWAL ASSOCIATES
Chartered Accountants

PRAKASHCHAND DALMIA
Chairman & Managing Director

AMITABH KEJRIWAL
Whole Time Director

N. K. AGRAWAL
Partner
Membership No. 34659

SHONIT DALMIA
Whole Time Director

MAHENDRA AGARWAL
Director

Place : Mumbai.
Date : 29th May 2010

PUNIT M. DESAI
Director



Konark Synthetic Ltd.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

(Rupees in Lacs)

Particulars	31 ST MARCH 2010		31 ST MARCH 2009	
Cash flow from operating activity				
Net Profit before tax & Extra Ordinary Items		242.14		115.63
Adjustment for : Depreciation	416.16		268.36	
Interest paid	528.61		444.03	
Miscellaneous expenses written off	0.20		0.20	
Provision for Doubtful Advances	10.84		0.00	
Provision for Diminution in value of Investment	2.04		0.00	
(Profit) Loss on Sale of Fixed Assets	3.21		2.81	
Interest Income (considered Separately)	(11.31)	949.75	(28.16)	687.24
Operating Profit before working capital changes		1,191.90		802.87
WORKING CAPITAL CHANGES				
(Increase) Decrease in Sundry Debtors	166.63		(1,095.15)	
(Increase) Decrease in Loans & Advances	238.15		(136.63)	
(Increase) Decrease in Inventories	(1,113.26)		(170.67)	
Increase (Decrease) in Trade Payable (Incl.Work'g Cap.Fin)	68.46	(640.02)	1,625.43	222.98
Cash Generated From operations		551.88		1025.85
Interest paid		(528.61)		(444.03)
Cash Flow Before Prior Period & Extra Ordinary Items		23.27		581.82
Prior Period & Extra Ordinary Items		3.22		1.88
Net Cash Flow From Operating Activities	(I)	20.04		579.94
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(939.56)		(1,570.82)	
Interest Income	11.31		28.16	
Sale of Fixed Assets	2.17		37.27	
Net Cash Outflow for Investing Activities	(II)	(926.08)		(1,505.39)
Cash Flow after Investing Activities	(III) = (I - II)	(906.04)		(925.45)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long term borrowing (Net Of Repayments)	306.92		573.26	
Proceed from Equity shares	(4.20)		0.00	
Proceeds from Share Application	150.65		40.20	
Share Premium	(23.10)		0.00	
Unsecured Loan	445.09		347.14	
Investment	0.00		(0.02)	
Refund of Share Application Money	0.00		0.00	
Dividend paid	(0.77)		(0.73)	
Direct Tax Paid	(17.77)		(30.46)	
Net Cash Flow from Financing Activity	(IV)	856.83		929.39
Cash Flow after Financing Activity	(V) = (III - IV)	(49.21)		3.94
Cash & Cash Equivalent (Opening balance)		202.92		198.98
Cash & Cash Equivalent (Closing balance)		153.70		202.92
Increase in Cash & Cash equivalent	(VI)	(49.21)		3.94

As per our reports of even date attached

For and on behalf of the Board

For BHUWANIA & AGRAWAL ASSOCIATES

Chartered Accountants

PRAKASHCHAND DALMIA
Chairman & Managing Director

AMITABH KEJRIWAL
Whole Time Director

N. K. AGRAWAL
Partner
Membership No. 34659

SHONIT DALMIA
Whole Time Director

MAHENDRA AGARWAL
Director

Place : Mumbai.
Date : 29th May 2010

PUNIT M. DESAI
Director

Konark Synthetic Ltd.



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

PARTICULARS	AS AT		AS AT	
	31.03.2010		31.03.2009	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
SCHEDULE 1: SHARE CAPITAL				
AUTHORISED CAPITAL				
15000000 (15000000) Equity Shares of Rs. 10/- each		<u>150,000,000</u>		<u>150,000,000</u>
ISSUED & SUBSCRIBED CAPITAL				
5808000 Equity Shares of Rs 10/- each fully paid up (P.Y 5850000 Equity Shares of Rs. 10/- each fully paid up)		<u>58,080,000</u>		58,500,000
Share Application Money		<u>22,085,000</u>		7,020,000
TOTAL		<u>80,165,000</u>		<u>65,520,000</u>
SCHEDULE 2: RESERVES & SURPLUS				
i) Capital Redemption Reserve		<u>4,000,000</u>		4,000,000
ii) Share Premium		<u>68,357,165</u>		70,667,165
iii) Capital Incentive Subsidy		<u>2,500,000</u>		2,500,000
iv) General Reserve - B/F	51,751,143		51,751,143	
Add transferred from Profit & Loss Accounts	<u>3,000,000</u>	<u>54,751,143</u>	-	51,751,143
v) Profit & Loss Account		<u>71,716,464</u>		64,545,230
TOTAL		<u>201,324,772</u>		<u>193,463,538</u>
SCHEDULE 3: SECURED LOANS				
I. TERM LOANS				
SICOM		-	5,500,000	
Indian Bank	239,029,780		200,455,881	
Corporation Bank	13,648,870		19,106,735	
State Bank of India	132,500,000		134,932,821	
Bank of Baroda	42,459,281		25,861,296	
State Bank of Indore	14,240,484		18,778,669	
Punjab National Bank	12,812,603		17,016,997	
State Bank of Travancore	<u>11,699,007</u>	<u>466,390,025</u>	<u>12,377,307</u>	434,029,706
II. WORKING CAPITAL LOANS				
Indian Bank - Cash Credit (HYP) & Book Debts	121,974,631		81,525,249	
Indian Bank / Corp. Bank LC Discounting	58,314,610		27,288,940	
Corporation Bank - Cash Credit (HYP) & Book Debts	44,911,743		34,346,522	
State Bank of India - Cash Credit	49,530,880		12,268,694	
Bank of Baroda - Cash Credit	9,922,133		-	
State Bank of India - LC Discounting	<u>5,053,972</u>	<u>289,707,969</u>	<u>5,065,596</u>	160,495,001
III. OTHER SECURED LOANS				
Loan Against Motor Car		<u>6,063,193</u>		7,731,048
TOTAL		<u>762,161,187</u>		<u>602,255,755</u>

Notes :

- Term Loans from Indian Bank are secured by Equitable Mortgage of Factory, Land & Building at Sarigam, hypothecation of entire Plant & Machinery of Silvassa and Sarigam and Land & Building at Plot No. 1 & 2 at Silvassa.
- Term Loan from Corporation Bank are secured by hypothecation of all the immovable and movable assets at Bangalore and situated at Plot No. 25 at Silvassa (Unit - Excel)
- Subsidiary Term Loan from BOB, SBI, INDIAN BANK, SBIN, PNB and SBT are secured by first charge ranking parri passu on all immovable properties (Equitable Mortgage of deposit of the deed) both present and future and first charge by way of Hypothecation of all movable properties including movable Plant and Machinery, Tools and Accessories and other movable present and future (save and except Stock and Book Debts). Second charge by way of Hypothecation on the stock of Raw material, Semi Finished, Finished Goods, Stores & Spares, Packing Materials, Consumables and Book Debts.
- All working Capital loans of subsidiary are secured by Hypothecation on the Stock of Raw Material, Semi Finished, Finished goods, Stores & Spares, Packing Material, Consumables and Book Debts and second charge on Land & Building and Plant & Machinery of the Company.
- All loans are personally guaranteed by the Managing Director and Promoters.



Konark Synthetic Ltd.

PARTICULARS	AS AT	AS AT
	31.03.2010	31.03.2009
	Amount (Rs.)	Amount (Rs.)
SCHEDULE 4: UNSECURED LOANS		
Kotak Mahindra Bank Ltd.	392,406	1,619,665
IDBI Bank Ltd.#	40,000,000	-
Inter Corporate Loans	94,382,107	105,154,492
From Directors & Share Holders	16,509,000	
#(The short term loan has been taken by the company against the pledge of 533000 Equity shares belonging to the Promoters' Group.)		
TOTAL	151,283,513	106,774,157

SCHEDULE 5 : FIXED ASSETS

Consolidated Statement of Fixed Assets & Depreciation as per Company's Act:

(Amount in Rupees)

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	Balance As on 01.04.2009	Additions During the Period	Sold During the Period	Balance As on 31.03.2010	Balance As on 01.04.2009	On Sold Machinery During the Period	Balance As on 31.03.2010	Balance As on 31.03.2010	Balance As on 31.03.2009	
A. HEAD OFFICE (W.D.V. Method)										
Office Equipment	890,761	98,771	-	989,532	596,367	-	59,176	655,543	333,989	294,394
Furniture & Fixture	2,861,833	-	-	2,861,833	2,302,359	-	101,265	2,403,624	458,209	559,474
Vehicles	1,745,996	-	-	1,745,996	1,114,804	-	163,416	1,278,220	467,776	631,192
Computers	1,213,010	96,596	-	1,309,606	1,150,432	-	52,892	1,203,324	106,282	62,578
Computers Software	177,960	1,567,616	-	1,745,576	96,286	-	187,284	283,570	1,462,006	81,674
Plant & Machinery (R&D)	2,748,566	-	-	2,748,566	1,729,429	-	141,762	1,871,191	877,375	1,019,137
TOTAL (A) ==>	9,638,126	1,762,983	-	11,401,109	6,989,677	-	705,794	7,695,471	3,705,638	2,648,449
B. FACTORIES UNITS (S.L.M.Method)										
Lease Hold Land	6,180,340	-	-	6,180,340	179,910	-	62,421	242,332	5,938,008	6,000,430
Land	10,307,549	238,618	-	10,546,167	-	-	-	-	10,546,167	10,307,549
Factory Building	103,961,237	79,163,386	-	183,124,623	10,975,864	-	5,181,132	16,156,997	166,967,627	92,985,373
Plant & Machinery	404,451,311	382,073,988	-	786,525,299	113,139,624	-	32,900,126	146,039,750	640,485,549	291,311,688
Equipment	1,808,429	113,797	-	1,922,226	711,751	-	101,509	813,259	1,108,967	1,096,678
Furniture & Fixture	5,512,818	192,199	-	5,705,017	1,693,475	-	327,427	2,020,902	3,684,115	3,819,343
Vehicles	16,666,151	1,325,503	561,535	17,430,119	4,221,783	207,256	1,467,221	5,481,748	11,948,371	12,444,368
Computers	1,568,412	100,189	-	1,668,601	911,054	-	217,598	1,128,652	539,949	657,358
Computer Software	160,000	4,800	-	164,800	65,005	-	30,736	95,741	69,059	94,995
Electric Installation	13,063,756	35,100	490,696	12,608,160	2,079,546	307,260	606,723	2,379,009	10,229,151	10,984,211
Cooling Tower	321,083	-	-	321,083	156,272	-	15,250	171,522	149,561	164,811
TOTAL (B) ==>	564,001,087	463,247,580	1,052,231	1,026,196,436	134,134,285	514,516	40,910,144	174,529,913	851,666,523	429,866,802
GRAND TOTAL (A+B)	573,639,213	465,010,563	1,052,231	1,037,597,545	141,123,962	514,516	41,615,937	182,225,384	855,372,161	432,515,251
PREVIOUS YEAR	526,229,756	52,860,473	5,451,018	573,639,211	115,731,100	1,443,335	26,836,199	141,123,962	432,515,248	410,498,657

PARTICULARS	AS AT	AS AT
	31.03.2010	31.03.2009
	Amount (Rs.)	Amount (Rs.)

SCHEDULE 6: INVESTMENT

Long Term Investment in Shares

Face Value

Quoted

6800 Equity Shares of Sun Earth Ceramics Ltd.	Rs. 10/-	204,000	204,000	
Less Provision for Diminution in Value of Inv.		204,000	0	204,000

Unquoted

10 Shares of Silvassa Co-op. Society Ltd.	Rs. 100/-	1,100	1,100	
40 Shares of The City Co-op Bank Ltd,	Rs. 25/-	2,000	2,000	3,100
5800000 Equity Shares of India Denim Limited	Rs. 10/-		0	0
Share Application Money			0	0

TOTAL

3,100

207,100

Konark Synthetic Ltd.



PARTICULARS	AS AT		AS AT	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
SCHEDULE 7: CURRENT ASSETS, LOANS & ADVANCES				
a) Inventories (Valued taken and certified by the management)				
i) Raw Materials	54,872,481			10,553,798
ii) Work in Process	92,294,349			60,472,437
iii) Finished Goods / Traded Goods	69,223,380			36,853,681
iv) Stores, Spares & others	12,729,404			9,913,640
TOTAL	229,119,614			117,793,556
b) Sundry Debtors,(Unsecured & Considered Good)				
i) Over Six months	19,660,504			11,154,260
ii) Others	280,881,889			306,050,928
TOTAL	300,542,393			317,205,188
c) Cash & Bank Balances				
i) Cash in hand	1,732,372			3,466,932
ii) Balances with Schedule Bank				
In Fixed Deposits	11,691,636			15,625,772
In Current Accounts	1,946,242			1,198,880
TOTAL	15,370,250			20,291,584
d) Loans and Advances (Unsecured and considered Good)				
i) Short Term Loan				
Given to Companies under same management				
Others				13,457,441
ii) Deposits with Govt. & Others*	29,795,188			39,362,165
iii) Advances recoverable in cash or in kind or for value to be received				
- Advance to Suppliers	10,784,207			11,254,315
- Advance to Government	14,251,087			12,651,976
- Advance to Others - Consider Good	22,209,193		23,435,865	
Doubtful	1,084,180		-	
	23,293,373		23,435,865	
Less Provision made	1,084,180	22,209,193	-	23,435,865
*(Includes Rs.35.00 Lacs (P.Y.Rs 35.00 Lacs) due to firm and relative in which Directors are interested)				
TOTAL	77,039,675			100,161,762
TOTAL	622,071,932			555,452,090
SCHEDULE 8: CURRENT LIABILITIES & PROVISIONS				
a. CURRENT LIABILITIES				
i)Sundry Creditors				
For Trade Goods & Expenses	104,380,783			275,177,536
For Capital Goods	5,142,410			12,687,343
For Others	102,144,049			43,623,647
Investor Education and Protection Fund	196,545			273,834
Bank Over Draft	-			17,763
TOTAL	211,863,787			331,780,122
b. PROVISIONS				
i) Proposed Dividend	2,904,000			-
ii) Corporate Dividend Tax	493,535			-
iii) Provision for Taxation	4,216,701			1,914,478
iv) Provision for Fringe Benefit Tax	-			613,270
TOTAL	7,614,236			2,527,748
TOTAL	219,478,023			334,307,870

The Company has not received information from the vendor's regarding their status under the Micro, Small and Medium Enterprises Development Act , 2006 hence disclosure required by notification dated 16th November 2007 issued by Ministry of Company Affairs have not been given.



Konark Synthetic Ltd.

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	Amount (Rs.)	2009-10 Amount (Rs.)	Amount (Rs.)	2008-09 Amount (Rs.)
SCHEDULE 9: MISCELLANEOUS EXPENDITURE				
Incorporate Expenses		162,560		182,880
Lees: W/Off During The Year		<u>20,320</u>		<u>20,320</u>
TOTAL		<u>142,240</u>		<u>162,560</u>
SCHEDULE 10: OTHER INCOME				
Interest Income (T.D.S. Rs. 140786/- P.Y.Rs. 595294/-)		1,130,777		2,816,528
Late Payment charges		111,865		100,731
Insurance Claim Received		237,432		-
DEPB / Drawback Incentive		2,947,159		3,093,184
Foreign Exchange Fluctuation		380,056		1,750,631
Miscellaneous Income & Others		425,878		836,980
Management Consultancy Services		-		3,500,000
TOTAL		<u>5,233,167</u>		<u>12,098,054</u>
SCHEDULE 11 : INCREASE / (DECREASE) IN STOCK				
Closing Stock				
Work in process	92,294,349		60,472,437	
Finished Goods	<u>69,027,447</u>	161,321,796	<u>36,657,748</u>	97,130,185
Less: Opening Stock				
Work in process	60,472,437		53,820,442	
Finished Goods	<u>36,657,748</u>	97,130,185	<u>27,887,075</u>	81,707,517
TOTAL		<u>64,191,611</u>		<u>15,422,668</u>
SCHEDULE 12 : COST OF GOODS CONSUMED				
Opening Stock		10,553,798		10,383,174
Add : Purchases - Domestic		<u>872,452,230</u>		<u>469,083,766</u>
		883,006,028		479,466,940
Less: Closing Stock		<u>54,872,481</u>		<u>10,553,798</u>
TOTAL		<u>828,133,547</u>		<u>468,913,142</u>
SCHEDULE 13: COST OF GOODS SOLD				
Opening Stock		195,933		195,933
Add: Purchases - Yarn (Import)		8,388,061		1,693,740
- Fabrics (Domestic)		20,200,950		88,236,025
Less Closing Stock		<u>195,933</u>		<u>195,933</u>
TOTAL		<u>28,589,011</u>		<u>89,929,765</u>
SCHEDULE 14: MANUFACTURING EXPENSES				
Stores, Spares, Packing Material & Oils Consumed		15,265,669		10,478,374
Labour Charges		6,364,030		4,445,527
Job Work Charges		7,879,710		2,909,380
Freight, Octroi & Cartage		1,288,652		874,477
Repairs & Maintenance				
Plant & Machinery		3,538,004		1,509,803
Building		21,522		24,556
Others		444,123		355,653
Power & Fuel		65,930,586		30,075,677
Security Charges		785,080		701,836
Water Charges		902,511		876,246
Dyes & Chemicals		4,344,992		1,651,216
Factory Expenses		421,747		119,775
Other Manufacturing Expenses		3,242,986		-
TOTAL		<u>110,429,612</u>		<u>54,022,520</u>

Konark Synthetic Ltd.



PARTICULARS	CURRENT YEAR 2009-10 Amount (Rs.)	PREVIOUS YEAR 2008-09 Amount (Rs.)
SCHEDULE 15: PAYMENTS TO EMPLOYEES		
Salaries & Wages	49,171,897	38,095,630
Staff Welfare	912,545	711,479
House Rent Allowance & Others	5,002,457	6,345,214
Employer's Contribution to ESIC & PF.	3,249,181	3,302,146
Labour Compensation / Bonus	2,506,645	1,459,940
Shift Transportation Charges	463,262	333,553
TOTAL	61,305,987	50,247,962
SCHEDULE 16: ADMINISTRATION & SELLING EXP.		
Advertisement Expenses	56,633	44,693
Auditor's Remuneration	277,660	270,600
Claim & Discount	3,910,770	-
Conveyance Expenses	601,544	467,154
Director's Remuneration & Perquisites	1,824,410	1,780,690
Donation	39,450	64,000
Electricity Expenses	423,814	487,721
Export Clearing & Forwarding	305,666	373,937
Export Freight	298,809	195,533
Filling Fees	24,430	64,940
Guest House Expenses	7,980	21,700
Insurance Charges	1,306,748	926,854
Marketing Expenses & Brokerage	1,133,283	1,848,570
Membership & Subscription	87,121	657,132
Miscellaneous Expenses / General Expenses	1,186,026	457,592
Outward Freight & Octroi	2,677,996	1,277,927
Postage Telegram	319,955	436,865
Printing & Stationery	860,542	690,458
Professional Fees/ Legal Expenses	1,645,374	1,454,491
Provision for Doubtful Advances	1,084,180	-
Provision of Diminution in the Value of Investments	204,000	-
Rent, Rates, Fees & Taxes	4,209,247	3,164,110
Repairs & Maintenance	138,337	132,984
Sales Promotion Expenses	832,463	237,375
Sample & Development Expenses	837,752	412,824
Stamp & Hundi Paper	12,130	1,043,920
Sundry Balance W/Off	591,076	-
Telephone Expenses	1,206,335	1,069,915
Traveling Expenses - Directors	429,332	225,540
- Others	450,156	458,889
- Foreign Travelling	437,232	421,391
Vehicle Expenses	784,063	711,970
Priliminary Expenses Written Off	20,320	20,320
TOTAL	28,224,834	19,420,095
SCHEDULE 17: FINANCE EXPENSES		
Bank Interest on Term Loan	23,720,160	20,879,511
Interest on Working Capital	19,080,392	15,025,591
Interest to Other	2,483,002	2,133,612
Bank Charges	7,577,349	6,364,178
TOTAL	52,860,903	44,402,891



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SCHEDULE 18: NOTES FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2010

1. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Significant accounting policies

A. GENERAL

The accompanying consolidated financial statements (CFS) for Konark Synthetic Limited (KSL) ("the company") and its domestic subsidiary India Denim Limited (IDL) have been prepared and presented under historical cost convention, in accordance with the Generally Accepted Accounting Principles (Indian GAAP) in India and the Accounting Standard 21 on the consolidation of the financial statement, issued by The Institute of Chartered Accountants of India (ICAI). Specifically, the recognition, measurement and disclosure provision of AS - 21 to the extent possible in the same formats that adopted by the Company for its separate financial statements.

B. PRINCIPLES OF CONSOLIDATION

- a) The consolidated financial statements include the financial statement of KSL and its subsidiary.
- b) The consolidation financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the parents company's separate financial statements except otherwise stated elsewhere in this schedule.
- c) Minority Interest in the consolidated financial statements is identified & recognized after taking into consideration:
 - The amount of equity attributable to minorities at the date on which investments in subsidiary is made.
 - The minority's share of movement in equity since the date of subsidiary company came into existence.
 - The losses attributable to the minorities are adjusted against the minority interest in the equity of the subsidiary company.
 - The excess of profit over the minority interest in the equity is adjusted against Profit and Loss of the Parent Company.

C. The details of the subsidiary in the consolidated financial statement is as follows:

Name of the subsidiary Company	Financial Year of the subsidiary company ended on	Extent of Holding Company's Interest	Country of Incorporation
India Denim Limited	March 31, 2010	55.74%	India

D. USE OF ESTIMATE

The preparation of financial statements, in conformity with the generally accepted accounting principles requires estimates and assumption to be made that affect the reported amount of assets and liabilities on the date of the financial statement and the reported amount of revenues and expenses during the reporting period. Actual result could differ from those estimates.

E. FIXED ASSETS

Fixed assets are stated at historical cost of acquisition or construction, less accumulated depreciation. All costs including financing cost till the date of capitalization.

F. DEPRECIATION

Depreciation on the Fixed Assets has been provided on pro-rata basis on straight line method at the rates prescribed by Schedule XIV of the Companies Act, 1956 from the date of purchase or install or acquisition of Assets and except in case of Mumbai (Head Office) where same has been provided on written down value method.

G. INVENTORIES

In general, all inventories of finished, work-in-progress etc. are stated at lower of cost or net realizable value. Cost of inventories comprise of all cost of purchase, cost of conversion and other cost incurred in bringing the inventory to their



present location and condition. Raw materials & Stores and Spares are stated at cost on FIFO basis. Waste and by product are valued at net realizable value. Inventory of finished goods and waste include excise duty, wherever applicable.

H. INVESTMENT

Investments other than in subsidiary have been accounted as per accounting standard (AS - 13) on "Accounting for Investments". Long-term investments are stated at the cost of acquisition. Provision for diminution in the value of Long term Investment has been made during the year as there is decline other than temporary in the opinion of the management.

I. TRANSACTION IN FOREIGN EXCHANGE

Transactions denominated in foreign currency are normally recorded at the customs exchange rate prevailing at the time of transaction. Monetary Items denominated in foreign currencies at the year end are restated at year end rates.

J. TAXATION

Current Tax

Provision for Taxation has been made in the accounts under Minimum Alternate Tax (MAT) as per provision of Section 115JB of the Income Tax Act, 1961.

Deferred Tax

Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and loss that have been enacted or substantively enacted as on the Balance Sheet date. The deferred tax assets is recognized and carried forwarded only to the extent that there is a reasonable certainty that the assets will be realized in future.

K. SALES & PURCHASE

Sales are recorded inclusive of Excise Duty if any net of return, rate difference and sales claim. Purchases are recorded net of Excise Duty if Cenvat taken.

L. EXPORT INCENTIVES.

Benefit on account of entitlement of Duty Draw Back and others are recognized as and when right to receive is established as per the terms of the scheme.

M. EMPLOYEES RETIREMENT BENEFIT

Contribution to Provident Fund, ESIC and Leave Encashment benefits are charged to Profit and Loss Account on actual basis. Gratuity and other retirement benefits have been recorded on cash basis.

N. PROVISION, CONTINGENT LIABILITY AND CONTINGENT ASSETS.

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

2. No provision for gratuity has been made during the year it will be accounted as and when paid. Amounts of same are as unascertained.

3. Income Tax Assessment of the holding company has been completed up to the accounting year ended on 31.03.2007.

4. Contingent Liability

- i. The Banker of the Company has given Guarantee to various government Authorities amounting to Rs. 76.55 Lacs (P.Y.Rs.76.10 Lacs) for which the Company has given counter guarantee. Company has given margin money to banker amounting to Rs.31.72 Lacs (P.Y. Rs. 31.28 Lacs).



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- ii The estimated amount of contracts remaining to be executed in the nature of capital account amounting to Rs. 921.08 Lacs (Previous Year Rs. 921.08 Lacs), Advances given Rs. 95.24 Lacs (Previous Year Rs. 95.24 Lacs).

5. EARNING PER SHARE:

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to the equity shareholders by the number of the equity shares outstanding during the period.

Profit after Tax and Adjustment of the minority Interest	Rs. 13,891,029/-
Less: Prior period expenses	Rs. 322,259/-
Net Profit after tax	Rs. 13,568,770/-
Basic Earning per share (5808000 Equity shares)	Rs. 2.34/-

6. The components of deferred tax assets / liability as at 31st March 2010 in accordance with the Accounting Standard 22 "Accounting for Taxes on Income" are as under:

	As at 31st March 2010	As at 31st March 2009
A. Deferred Tax Liability		
Due to Depreciation Difference	6,262,574 =====	4,089,877 =====
B. Deferred Tax Assets		
Credit under u/s 43B & 40(a)	(298,039)	(513,957)
Unabsorbed Depreciation	(638,656)	(2,518,688)
MAT Credit available for the year	3,070,074	(939,890)
Total	2,133,479 =====	(3,972,536) =====
Net Deferred Tax Liability.	4,129,095	8,062,413

7. As per Accounting Standard - 18 issued by The Institute of Chartered Accountants of India, the disclosure of transactions with related parties as defined in the Accounting Standard are given below:

Related Party Disclosures Expenditure:

(Rs. In Lacs)

Name of the Party	Nature of Transaction	Amount Rs.	Outstanding Dr./Cr.
Key Managerial Person			
Mr. Sajjan Kejriwal	Rent	0.78	0.59 Cr.
Mr. Sushil Kejriwal	Rent	0.78	0.59 Cr.
Mr. Prakashchand Dalmia	Remuneration	9.78	0.45 Cr.
Mr. Amitabh Kejriwal	Remuneration	4.61	0.35 Cr.
Mr. Shonit Dalmia	Remuneration	3.60	0.26 Cr.
Mr. Sushil Kejriwal	Remuneration	1.20	0.79 Cr.
Mr. Sachin Kejriwal	Remuneration	1.20	0.83 Cr.
Associates Concern			
Konark Silk Mills	Office Rent	1.08	2.16 Cr.
S.J. Financial Services Pvt. Ltd.	Service Charges	0.17	0.03 Cr.
Relative of Key Managerial Person			
Smt. Raka Devi Dalmia	Rent	1.80	0.00
Ms. Shikha Dalmia	Salary	1.80	0.15 Cr.
Ms. Smita Kejriwal	Salary	1.44	0.12 Cr.
Ms. Shikha Kejriwal	Salary	1.50	1.07 Cr.
Ms. Shilpa Kejriwal	Salary	2.34	1.69 Cr.
Mr. Ronak Kejriwal	Salary	1.86	1.39 Cr.

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Unsecured Loans Taken:

(Rs. In Lacs)

Name of the Party	Opening Balance	Amount of Loan Taken	Amount of repayment of Loan	Outstanding Dr./Cr.
Key Managerial Person				
Mr. Sajjan Kejriwal	7.25	0.00	5.25	2.00 Cr.
Mr. Sushil Kejriwal	12.24	0.00	8.00	4.24 Cr.
Mr. Sachin Kejriwal	0.40	0.00	0.00	0.40 Cr.
Associates Concern				
Fillmore Trading & Investment Pvt. Ltd.	0.00	17.50	17.50	0.00 Cr.
Konark Realtech Pvt. Ltd.	0.00	385.50	376.50	2.00 Cr.
Ambika Taptex Pvt. Ltd.	15.65	0.00	15.65	0.00 Cr.
Pratibha Syntex Ltd.	58.64	0.00	0.00	58.64 Cr.
Relative of Key Managerial Person				
Ms. Indu Kejriwal	1.65	0.00	0.00	1.65 Cr.
Ms. Manju Kejriwal	2.90	0.00	1.50	2.90 Cr.
Ms. Preeti Kejriwal	1.60	0.00	0.00	1.60 Cr.
Ms. Savitridevi Kejriwal	4.70	0.00	4.55	0.15 Cr.
Ms. Shilpa Kejriwal	3.53	0.00	3.53	0.00 Cr.
Ms. Shikha Kejriwal	0.30	0.00	0.00	0.30 Cr.

8. Previous Year's figures:

Previous year figures have been regrouped / rearranged wherever necessary to make them comparable with those of the current year.

As per our reports of even date attached

For and on behalf of the Board

For BHUWANIA & AGRAWAL ASSOCIATES
Chartered Accountants

PRAKASHCHAND DALMIA
Chairman & Managing Director

AMITABH KEJRIWAL
Whole Time Director

N. K. AGRAWAL
Partner
Membership No. 34659
Place : Mumbai.
Date : 29th May 2010.

SHONIT DALMIA
Whole Time Director

MAHENDRA AGARWAL
Director

PUNIT M. DESAI
Director

KONARK SYNTHETIC LIMITED

Regd. Office : Bldg. No.-7, Mittal Industrial Estate, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 059.

PROXY FORM

Regd. Folio No.....

No. of Shares held

Client DP ID No.

I/We.....of..... in the district of being a Member / Members of **KONARK SYNTHETIC LIMITED** hereby appointofin the district of.....or failing him.....of..... as my / our proxy to vote for me / us on my / our behalf of at the 26th Annual General Meeting of the Company to be held on Friday, the 24th day of September, 2010 at 3.30 P.M. at Registered Office of the Company at Bldg. No.-7, Mittal Industrial Estate, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai- 400 059 and at any adjournment thereof.

Signed: _____ day of _____ 2010

Revenue Stamp of Re. 1/-

KONARK SYNTHETIC LIMITED

Regd. Office : Bldg. No.-7, Mittal Industrial Estate, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 059.

ATTENDANCE SLIP

Regd. Folio No.....

No. of Shares held

Client DP ID No.

I (Name of the attending member / proxy), hereby record my presence at the **26th Annual General Meeting** of the Company to be held on Friday, the 24th day of September, 2010 at 3.30 P.M. at the Bldg. No.-7, Mittal Industrial Estate, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 059.

Member's / Proxy's Signature

Notes:

1. Interested Joint Members may obtain Attendance Slips from the Registered Office of the Company.
2. Members' / Joint Members' Proxies are requested to bring the Attendance Slips with them. Duplicate slips will not be issued at the venue.

BOOK-POST

If undelivered please return to:

KONARK SYNTHETIC LIMITED

Registered Office : Bldg. No.7, Mittal Indl. Estate,
Andheri Kurla Road, Sakinaka,
Andheri (East), Mumbai - 400 059.