

BOARD OF DIRECTOR

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

Chairman & Managing Director
Whole Time Director
Whole Time Director (upto 31st March 2011)
Director (upto 27th May 2011)
Director
Director (upto 21st June 2011)
Director (w.e.f 30th May 2011)

BANKERS

Indian Bank
Corporation Bank

AUDITORS

Bhuwania & Agrawal Associates
Chartered Accountants,
Mumbai

REGISTRAR & SHARE TRANSFER AGENT

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

REGISTERED OFFICE

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

PLANTS LOCATION

SILVASSA UNIT

Plot No. 25,
Silvassa Industrial Co-op. Soc.,
66 KVA Sub-Station Road,
Village - Amla,
Dist. - Silvassa - 396 230.
(UT of Dadra & Nagar Haveli)

SARIGAM UNIT

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

BENGALURU UNIT

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

CONTENTS	PAGE NO.
Notice	3-12
Directors' Report	13-17
Statement Pursuant to Section 212 of the Companies Act, 1956	18
Management Discussion & Analysis	19-20
Report on Corporate Governance	21-29
Auditors' Report	30-32
Balance Sheet	33
Profit & Loss Account	34
Cash Flow Statement	35
Schedules Forming Part of Accounts	36-41
Significant Accounting Policies and Notes on Accounts	42-47
Balance Sheet Abstract & Business Profile	48
Auditors' Report on Consolidated Financial Statements	50
Consolidated Balance Sheet	51
Consolidated Profit & Loss Account	52
Consolidated Cash Flow Statement	53
Schedule Forming Part of Consolidated Accounts	54-59
Significant Accounting Policies and Notes on Consolidated Accounts	60-63
Proxy Form and Attendance Slip	
Members Feedback Form	

NOTICE

Notice is hereby given that the Twenty Seventh Annual General Meeting of the members of **KONARK SYNTHETIC LIMITED** will be held on Monday, the 26th day of September 2011 at 3.30 p.m. at the Registered Office of the Company at Mittal Industrial Estate, Building 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 Balance Sheet as at 31st March 2011 and the Profit & Loss Account for the year ended as on that date and Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares for the year ended on 31st March 2011.
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 M/s. Bhuwania & Agrawal Associates, Chartered Accountants, Mumbai as the Statutory 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:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. Satish Deshmukh, who was appointed as an Additional Director of the Company w.e.f. 30th May 2011 pursuant to the provisions of Article 84 of the Articles of Association of the Company and in terms of Section 260 of the Companies Act, 1956 (the Act) holds the office up to the date of this Annual General Meeting, and in whose respect the Company has received a notice along with requisite deposit from a member under Section 257 of the Act, proposing the candidature of Mr. Satish Deshmukh for the office of Director of the Company, be and is hereby appointed as Director of Company, who shall be liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby amended as follows:

I. By insertion of the following Articles as new Article Nos. 9A to 9S after the existing Article 9:

9A: Dematerialisation of Securities:

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in the Depositories and / or offer its fresh securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.

9B: Option to receive Securities Certificates or hold Securities with Depository:

Every person subscribing to or holding Securities of the Company shall have the option to receive Security Certificates or to hold the Securities with a Depository.

9C: If a person opts to hold his Security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its records the name of the allottees as the Beneficial Owner of the Security.

9D: Securities in Depositories:

All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act, shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owner.

9E: Rights of Depositories and Beneficial Owners:

Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner.

9F: Save as otherwise provided here in above, the Depository, as the Registered Owner of the Securities, shall not have any voting rights or any other rights in respect of the security held by it.

9G: Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his Securities, which are held by a Depository.

9H: Beneficial Owner deemed as absolute owner:

Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of Shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be entitled at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

9I: Depository to furnish information:

Every Depository shall furnish to the Company information about the transfer of Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

9J: Cancellation of certificates upon surrender by a person:

Upon receipt of Certificate of Securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly

9K: Option to opt out in respect of any security:

If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly.

9L: The Depository shall, on receipt of information as above, make appropriate entries in its records and subsequently inform the Company.

9M: The Company shall within thirty (30) days of the receipt of the intimation from the Depository and on fulfilment of such conditions and payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.

9N: Service of Documents:

Notwithstanding anything in the Act, or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

9O: Provisions of Articles to apply to Shares held in Depository:

Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares in physical form subject to the provisions of the Depository Act.

9P: Allotment of Securities dealt with in a Depository:

Notwithstanding anything in the Act, or these Articles where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

9Q: Distinctive number of securities held in a Depository:

The shares in the capital shall be numbered progressively according to their several denominations provided, however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

9R: Register and Index of Beneficial Owners:

The Company shall cause to keep a Register and Index of Members and a Register and Index of Debenture holders in accordance with Section 151 and 152 of the Act, respectively, and the Depositories Act, with details of shares and debentures held in material/physical and dematerialised form in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall be deemed to be Register and Index of Members and Register and Index of Debenture holders, as the case may be, for the purpose of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country.

9S: The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form.

II. By insertion of the following new Article as Article No. 52A after the existing Article 52:

52A. Buy-Back of shares

Subject to the provisions of sections 77A, 77AA, 77B and 217 (2B) of the Act, the Company is hereby authorised to buy-back the Company's shares or other specified securities out of its free reserves or its securities premium account or from the proceeds of any shares or other specified securities; provided that no buy-back of any kind of shares or other specified securities shall be made out of the proceeds of an earlier issue of the same kind of shares or the same kind of other specified securities.

III. By insertion of the following new Articles as Article Nos. 53A and 53B after the existing Article 53:

Article 53A: Notice of Meeting

- (i) Every General Meeting can be called by giving notice of at least twenty one specifying the day, place and hour of the meeting and the general nature of the business to be transacted thereat;
- (ii) Notice for the General Meeting shall be provided to the persons specified in Section 172;
- (iii) The Notice of the General Meeting will inform the shareholders regarding availability of participation in the meeting through Video Conferencing ;
- (iv) In case of an Annual General Meeting, with the consent of all the members (100%) or in case of other general meetings, with the consent of the members holding not less than 95 per cent (95%) of such part of

the paid up capital of the Company as gives a right to vote at the meeting, a general meeting may be convened by a shorter notice;

- (v) Any notice to be given by the Company shall be signed by the Chairman/Managing Director or such other officers as may be authorized by the Board of Directors and the signature thereto may be written, printed, lithographed or stamped;

Article 53B: Dispatch of Notice of General Meeting:

Notice and other documents of General Meeting of the company can be given to shareholders even by email provided every shareholder should be given advanced opportunity to register their email address and changes therein from time to time with the company. In case any member has not registered his email address with the company, the service of notice and documents should be in accordance with the provisions of section 53 of the Companies Act, 1956. The Notice of the General Meeting must inform the shareholders regarding availability of participation in the meeting through Video Conferencing and must provide necessary information to shareholders to access the available facility of video conferencing.

IV. By substituting the existing Article No. 55 (a) with the following new Article 55(a):

Article 55 (a) Quorum

The Quorum for the Meeting shall be as provided in Section 174 of the Act. Members attending the meeting through the Video conferencing will not be counted for the purpose of ascertaining the quorum of the meeting and no business shall be transacted at any general meeting unless the requisite quorum be present at the commencement of the business.

V. By insertion of the following new Article as Article No. 55(e) after the existing Article 55 (d):

Article 55 (e) Mode of Participation of Members:

Every Member of the Company shall be entitled to attend either in person or by proxy or to participate through video conferencing or other audio visual electronic modes and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as a Auditor.

VI. By insertion of the following new Article as Article No. 62(i) after the existing Article 62:

Article 62(i) VOTING THROUGH POSTAL BALLOT PROCESS

Resolutions to be passed by Postal Ballot

Company being a listed company shall pass such resolutions by way of postal ballot process as may be required under Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2011, or such rules as may be for the time being in force.

The company shall follow the procedure for conducting the postal ballot process as may be provided under such rules as may be for the time being in force.

VII. By insertion of the following new Articles as Article Nos. 85(iii) to 85 (v) after the existing Article 85(ii):

Article 85 (iii) Notice of Board Meeting

Notice of every meeting of the Board shall be given in writing to every Director whether in or outside India or through written communication sent electronically, and otherwise regulate their meetings, as they think fit Notice of the Board Meeting must inform Directors regarding availability of participation through video conferencing and should also provide necessary information to enable the Directors to access the available facility of Video conferencing. Notice of the meeting shall also seek confirmation from the Director as to whether

he will attend the meeting physically or through electronic mode and shall also contain contact number (s), email addresses of the Secretary / designated officer to whom the Director shall confirm in this regard.

Article 85 (iv) Participating through video conferencing

The Directors may meet either in person or through video conferencing, capable of recording and recognizing the participation of the Directors, for the dispatch of business from time to time and shall so meet at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings, as they think fit.

The provisions relating to notice, agenda, quorum and minutes stated hereinafter shall mutates mutandis apply to the meetings held through such video conferencing.

Article 85 (v) Quorum

Subject to Section 287 of the Act the quorum for a meeting of the Board shall be one third of its total strength (any fraction contained in that one third being rounded off as one) or two Directors present in person or attending through video-conferencing, whichever is higher, provided that where at any time the number of interested Directors exceeds or is equal to two thirds of the total strength, the number of the remaining Director that is to say, the number of Directors who are not interested shall be the quorum during such time provided such number is not less than two.

Provided that any Director participating through video conferencing shall attend in person at least one Board Meeting held every year.

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(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any modification or re - enactment thereof, for the time being in force), subject to all applicable laws and in accordance with all relevant provisions of the Memorandum and Articles of Association of the Company and subject to the provisions of listing agreements entered into by the Company with the Stock Exchange(s) where the Company's shares are listed and subject to any other necessary approval, consent, permission and/or sanction of the Central Government, Reserve Bank of India, Ministry of Finance, and/or any other appropriate authorities, including banks, financial institutions or other creditors; subject to the provisions of the Foreign Exchange Management Act, 1999 (FEMA), Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000 as amended and all applicable regulations framed and notifications issued there under; Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, including the guidelines for Qualified Institutional Placement prescribed in Chapter VIII thereof; subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission or sanction and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any committee(s) constituted /to be constituted by the Board to exercise its powers including powers conferred by this resolution and/or by duly authorized persons thereof for the time being exercising the powers conferred on the Board by this resolution, consent and approval of the members of the Company be and is hereby accorded to create, issue, offer and allot, in the course of one or more public / private offerings in domestic and /or in the course of an international offering with or without green shoe options, equity shares (including Qualified Institutions Placement (QIP's) under ICDR Regulations) and/ or equity shares through Depository Receipts and / or convertible bonds and/or other securities convertible into equity shares at the option of the Company and / or holder (s) of such securities , and/or securities linked to equity shares and /or securities including non convertible debentures with warrants or other securities with or without warrant, which may be either detachable or linked and which warrant has a right exercisable by the warrant holder to subscribe for equity shares and/ or any instruments or securities representing either equity shares and/ or convertible securities linked to equity shares (including the issue & allotment of equity shares pursuant to a green shoe option , if any) , (all of which are hereinafter

collectively referred as “securities”) to eligible investors under applicable laws , regulations & guidelines whether residents or non residents and / or institutions/ banks and / or incorporated bodies, mutual funds, venture capital funds, and /or multi lateral financial institutions and / or individuals and/ or trustees and/ or stabilizing agents or otherwise , and whether or not such investors are members of the Company , through Prospectus and / or Letter of Offer or Circular and/or on public and/or private/preferential basis, such issue and allotment to be made at such times/ intervals in one or more tranches, for cash, at such price or prices, in such manner and where necessary , in consultation with the Book Running Lead Managers and/or other Advisors or otherwise , on such terms & conditions as the Board, may, in its absolute discretion , decide at the time of issue of securities provided that the total amount raised through the issuance of such securities shall not exceed ₹ 500 Crores (Five Hundred Crores) or its equivalent in one or more currencies, including premium if any, as may be decided by the Board, to investors mentioned above.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid securities may have all or any terms & conditions or combination of terms in accordance with applicable Regulations, prevalent market practices etc.

RESOLVED FURTHER THAT the Company and/or any agency or body or person authorized by the board, may issue Depository Receipts representing the underlying equity shares in the Capital of the Company or such other securities in negotiable , registered or bearer form (as may be permissible) with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per the market practices and regulations (including listing on one or more stock exchange(s) in or outside India)

RESOLVED FURTHER THAT the relevant date for the determination of applicable price for the issue of the Depository Receipts and/or securities issued pursuant to QIP shall be the date on which the Board of the Company decides to open the proposed issue, or the date on which the holder of securities which are convertible into or exchangeable with equity shares at a later date becomes entitled to apply for the said equity shares, as the case may be (“Relevant Date”).

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any securities or as may be necessary in accordance with the terms of the offering, all such equity shares shall rank *pari passu* with the then existing equity shares of the Company in all respects.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of securities or securities representing the same or equity shares, as described herein above, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may at their discretion deem necessary or desirable for such purpose, including without limitation the utilization of issue proceeds, entering into of underwriting and marketing arrangements and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit.”

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

**Prakashchand Dalmia
Chairman & Managing Director**

**Place: Mumbai
Date : 28.06.2011**

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

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 can 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 Sharegistry (India) Pvt. Ltd., 9, Shiv Shakti Industrial Estate, J. R. Boricha Marg, Lower Parel (East), Mumbai - 400011.
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 on 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 Thursday, the 22nd day of September 2011 to Monday, 26th day of September 2011 (both days inclusive).
7. Dividend on Equity Shares, as recommended by the Board of Directors for the year ended on 31st March 2011, if approved by the members at the Annual General Meeting, will be credited/dispatch between 3rd October 2011 and 7th October 2011 to those members whose names shall appear on the Companies Register of members on 26th day of September 2011; in respect of the shares held in dematerialized form the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) limited as beneficial owner as on that day.
8. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents cannot act on any request received directly from the members holding shares in electronic form for any changes of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members.

Members holding shares in electronic form are requested to intimate immediately any changes in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any changes of address immediately to the company/ Registrar and Transfer Agents, Purva Sharegistry (India) Pvt. Ltd. 9, Shiv Shakti Industrial Estate, J. R. Boricha Marg, Lower Parel (E), Mumbai - 400 011.
9. 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.
10. Members are requested to bring copies of Annual Report to the Annual General Meeting.
11. The Members / Proxies should bring the attendance slip duly filed in and signed for attending the meeting.
12. Members are requested to quote Ledger Folio Number / Client/DP ID in their correspondence.

13. Details of Directors seeking appointment /re-appointment at the ensuing Annual General Meeting to be held on 26th day of September 2011 (in pursuance of the Clause 49 of the Listing Agreement):

Name of Director	Mr. Satish Deshmukh	Mr. Mahendra Agarwal
Date of Birth	09/08/1950	07/04/1955
Nationality	Indian	Indian
Date of appointment as Director	30/05/2011	26/08/2005
Designation	Non-Executive/ Independent Director	Non-Executive/ Independent Director
Qualification	Engineering, Finance and IT background	Chartered Accountants
Experience/Expertise	He has over 35 years of experience in airline and automobile industry.	He is a Chartered Accountants having experience over 30 years.
Shareholding in the Company Equity shares of Rs. 10/- each	Nil	Nil
Other Directorships	Nil	Nil

Green Initiative in the Corporate Governance

The Ministry of Corporate Affairs (MCA), vide its Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 has taken a "Green Initiative" by allowing paperless compliances by the companies to serve the requisite documents (including notice calling of Annual General Meeting alongwith Annual Report) to its members vide e-mode in pursuance to Section 53 of the Companies Act, 1956. Accordingly, the Company shall be required to update its database by incorporating your designated e-mail ID in its records.

You are thus requested to join with us in Green Initiative in the Corporate Governance of your Company and kindly submit your e-mail ID vide the e-mail updation form attached with the Annual Report and send back to us in the attached **FORM** (Inland Letter). The same could be done by filling up and signing at the appropriate place in the said form and by returning this letter by post or by sending scan copy through e-mail either at mail@purvashare.com or aksinghal@konarkgroup.co.in.

The e-mail ID provided shall be updated subject to successful verification of your signatures as per record available with the RTA of the Company.

Kindly note that if you still wish to get hard copy/physical copy of all the communications, the request of the same should be made in writing and through e-mail also on or before 30th day of September 2011 and the Company undertakes to provide the same at no cost to you.

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

ITEM NO.5

Mr. Satish Deshmukh was appointed as an Additional Director on 30th May 2011 by the Board of Directors of the Company. He holds the office up to the date of ensuing Annual General Meeting of the Company. He is having an engineering, finance and IT background and has over 35 years of experience in airline and automobile industry. He has strong ability in managing multiple engagements simultaneously with solid integration and implementation experience. He retired from NACIL as General Manager (O) GH- Western Region on 31st August 2008.

The Company has received a notice along with requisite deposit under section 257 of the Companies Act, 1956 proposing the candidature of Mr. Satish Deshmukh for the office of Director of the Company at the ensuing Annual General Meeting.

The Board of Directors recommends the Ordinary Resolution as set out at item no. 5 for the members' approval.

None of the Directors except Mr. Satish Deshmukh is interested or concerned in the ordinary resolution.

ITEM NO. 6

- I. To have provisions in Articles of Association of the Company in tendum with applicable provisions regarding holding of shares of the Company in dematerialized form, it is proposed to insert new Articles 9A to 9S after the existing Article 9 of the Articles of Association of the Company.
- II. To have provisions in Articles of Association of the Company in tendum with applicable provisions of sections 77A, 77AA, 77B and all other applicable provisions of the Companies Act, 1956 regarding the Buy-Back of its own Securities, it is proposed to insert new Article 52A after the existing Article 52 of the Articles of Association of the Company.

III, IV, V
The Ministry of Corporate Affairs, as a matter of Green Initiative has come out with the General Circular No. 27/2011 dated May 20, 2011 whereby participation by shareholders in general meeting under the Companies Act, 1956 is allowed through electronic mode. In view of availing the said facilities it is necessary to make the suitable alteration in the existing provisions of the Articles of Association of the Company.

Therefore it is propose to insert the suitable para after the existing Article and to substitute Article as set out at Item No. 7(III), 7(IV) & 7 (V) to enable the Company to hold shareholders meeting and sending the requisite documents through e-mode.

VI The Ministry of Corporate Affairs has come out with the amendment to the postal ballot rules and now said rules be called as the Companies (passing of the resolution by postal ballot), Rules, 2011 vide notification dated 30th May 2011 with changes in mode of sending notices and voting through e-mode, etc. to hold the postal ballot process in more in transparent manner.

Therefore it is proposed to insert Article Nos. 62(i) after the existing Article 62, as Set out at Item No. 7(VII) to enable the Company to hold the postal ballot process according to the Companies (passing of the resolution by postal ballot), Rules, 2011.

VII The Ministry of Corporate Affairs, as a matter of Green Initiative has come out with the another General Circular No. 28/2011 dated May 20, 2011 whereby participation by directors in meeting of Board / Committee of Directors under the Companies Act, 1956 is also allowed through electronic mode. In view of availing the said facility it is necessary to make the suitable alteration in the existing provisions of the Articles of Association of the Company.

Therefore it is proposed to inset Article Nos. 85(iii) to 85 (v) after the existing Article 85(ii), as Set out at Item No. 7 (VI)

to enable the Company to hold Directors meeting through electronic mode.

Consent of the Members by way of Special Resolution is required to carry out the proposed alterations in the Articles of Association of the Company.

Your Directors recommend to pass the Special Resolution as set out in Item No. 6 of the Notice.

None of the directors of the Company are concerned or interested in the above said resolution.

A copy of the Articles of Association of the Company together with the proposed alterations would be available for inspection by the member at the Registered Office of the Company during business hours on any working days.

ITEM NO. 7

Presently, the Company is engaged in the business of manufacturing and dealing in textile products and is endeavoring in the field of Real Estate and Property Development Business, Power Industry and in the business of Power Generation and distribution and other related activities through its subsidiary/step down subsidiary companies. In order to meet the capital expenditure, long term working capital requirements, other requirements arising out of expansion of business activities, and for general corporate purposes including but not limited to repayment or prepayment of loans taken, the Company proposes to mobilize the funds by way of offer / issue and allot in the course of international/ domestic offering (s) in one or more tranches to foreign investors/ domestic financial institution/ mutual funds/ other eligible entities, equity shares of nominal value of ₹ 10/- each or equity shares underlying securities in the form of QIPs / GDRs / ADRs / FCCBs and/ or any other permitted instruments/ securities convertible into equity shares (at a later date as may be determined by the Board of Directors) for an aggregate value not exceeding ₹ 500 Crores (₹ Five Hundred Crores) or its equivalent in one or more currencies, including premium.

The detailed terms and conditions of the offer will be determined in consultation with Advisors, Lead Managers and Underwriters and such other authority or authorities as may be required to be consulted by the company considering the prevailing market conditions and other relevant factors.

The proposed resolution is an enabling resolution conferring authority on the board of directors to cover all the present and future contingencies and corporate requirements in terms of Section 81(1A) of the Companies Act, 1956 and the listing agreement entered into with stock exchange, which requires that new shares are first to be offered on pro-rata basis to the existing shareholders of the Company, unless the shareholders at a general meeting decides otherwise by passing a special resolution. Accordingly, consent of the shareholders is being sought pursuant to the provisions of Section 81 (1A) and all other applicable provisions of the Companies Act, 1956 and in terms of the listing agreement executed by the company with the stock exchange where its shares are listed.

Your Directors recommend to pass the Special Resolution as set out in Item No. 7 of the Notice.

None of the directors of the Company are concerned or interested in the above said resolution.

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

**Prakashchand Dalmia
Chairman & Managing Director**

**Place: Mumbai
Date : 28.06.2011**

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

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 27th Annual Report together with the Audited Accounts of your Company for the financial year ended 31st March 2011:

FINANCIAL RESULTS

Particulars	(₹ in Lacs)	
	For the year ended 31.03.2011	For the year ended 31.03.2010
Total Income	8993.63	7795.84
Earnings/ (Loss) before finance charges, Depreciation & Tax	987.53	730.30
Less: Finance charge	469.69	329.05
Earnings before depreciation, tax & Amortization (EBDTA)	517.84	401.25
Less: Depreciation	278.38	211.96
Earnings / (Loss) before Tax (EBTA)	239.46	189.29
Taxation : Current tax including F.B.T	48.31	34.00
: Deferred tax (Assets)	7.67	41.29
Profit / (Loss) After Tax (PAT)	183.48	114.00
Prior period adjustment	0.10	2.93
Short provision for income tax in earlier year	12.82	0.28
Balance in Profit /loss Account	748.07	701.26
Profit available for appropriation	918.63	812.05
Appropriation:		
Transfer to General Reserve	50.00	30.00
Proposed Dividend	43.56	29.04
Tax on Proposed Dividend	7.23	4.93
Balance carried to Balance Sheet	817.84	748.06

REVIEW OF BUSINESS OPERATIONS

During the year under review, the Company achieved a gross turnover of ₹ 8749.14 Lac as against ₹ 7607.35 Lac in the previous year recording a growth of 15.01%. The Profit before tax stood to ₹ 239.46 Lac as against ₹ 189.29 Lac in the previous year recording an increase by 26.51%.

The year under review was one of the most challenging years for the textile sector across the world. Despite the extremely difficult business environment, the Company could manage to show better results in domestic market. 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. 0.75 per Equity Share on 5808000 Equity Shares of ₹10/- each for the financial year ended 31st March 2011, subject to the approval of Shareholders at the Annual General Meeting. The outgo on account of this dividend will be of ₹ 50.79 Lac (including dividend distribution tax payable of ₹ 7.23 Lac).

The dividend, if approved, shall be payable to those members whose names appears in the Register of members as on 26th September 2011.

DIRECTORS

In accordance with the provision of section 256 of the Companies Act, 1956, and the Articles of Association of the Company, Mr. Mahendra Agarwal retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Your Board recommends for his re-appointment.

During the year under review, Mr. Satish Deshmukh was co-opted on the Board as an additional director w.e.f. 30th May 2011. He holds the office as such upto the date of ensuing Annual General Meeting. Your Company has received a notice under section 257 of the Companies Act, 1956 together with necessary deposit from a member proposing his candidature for the office of Director at the ensuing Annual General Meeting. The Board recommends the appointment of Mr. Satish Deshmukh as a Director of the Company.

Further during the year under review, Mr. Shonit Dalmia Whole Time Director, Mr. Mahendra Bagaria and Mr. Punit Desai, Directors of the Company have resigned from the Directorship of the Company w.e.f. 31st March 2011, 27th May 2011 and 21st June 2011 respectively. Your Directors place their sincere appreciation for the valuable service and guidance given to the Company during their tenure.

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 2011, 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 2011 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 2011 on a "going concern" basis.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENT:

The Ministry of Corporate Affairs (MCA) vide General Circular No.2/2011 No. 51/12/2007-CL-III dated 8th February 2011 read with General Circular No.3/2011 No. 5/12/2007-CL-III dated 21st February 2011 has granted a general exemption from attaching the Balance Sheet of subsidiary companies with holding company's Balance Sheet, if the holding company presents in its Annual Report the Consolidated Financial Statements duly audited by its statutory auditors. Accordingly, the Company is publishing consolidated financial statements in the Annual Report and accordingly the Company is not attaching the Balance Sheets of the subsidiary companies. Further, as required under the said circular, a statement of financial information of the subsidiary companies viz. M/s. India Denim Limited and M/s Konark Infratech Private Limited and step down subsidiary companies viz. Konark Gujarat PV Pvt. Ltd., Konark PV Pvt. Ltd., Konark Rajasthan PV Pvt. Ltd., Konark Solartech Pvt. Ltd. and Konark Greentech Pvt. Ltd. is also attached herewith.

The Annual Accounts of the above referred subsidiary and step down subsidiary companies shall be made available to the shareholders of the Company and of the subsidiary companies on request and will also be kept open for inspection at the Registered Office of the Company and of the subsidiary companies during the office hours on all working days and also on the Company's website i.e. www.konarkgroup.co.in

FIXED DEPOSITS

The Company has neither accepted nor renewed any fixed 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. The Company has paid the Annual listing fees for the year 2011 - 2012 to the Bombay Stock Exchange Limited and custodian fees to the National Securities Depository Limited and Central Depository Services (India) Limited.

DELISTING OF SECURITIES FROM THE AHMEDABAD STOCK EXCHANGE LIMITED:

The Equity Shares of the Company were also listed at The Ahmedabad Stock Exchange Limited (ASEL), but in view of no active trading of shares and disproportionate to the listing fees payable by the Company to the said Stock Exchange, the Company decided to delist the same from the ASEL. Upon making application for delisting of the equity shares, the ASEL, vide its delisting approval letter ASEL / 2011-12 / 195 dated 25th April 2011, delisted the equity shares of the Company from the ASEL w.e.f. 31st March 2011.

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 ₹ 6.16 Lac (₹ 350.54 Lac) and used foreign exchange equivalent to ₹ 16.92 Lac (₹ 168.30 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 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 & On Behalf of the Board of Directors

**Place : Mumbai
Date : 28.06.2011**

**Prakashchand Dalmia
Chairman & 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 2011.

CONSERVATION OF ENERGY:

A) Energy Conservation measures taken:

- Taking continues 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 | ₹ Nil |
| - Recurring Expenditure | ₹ Nil |
| - Percentage of Turnover | ₹ 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 2011	31 st March 2010
A. POWER AND FUEL CONSUMPTION		
Electricity		
a. (i) Purchase (KWH) (Specialty Yarn)	8213940	5677538
Total Amount (₹)	25851738	21832638
Rate / Unit (₹)	3.15	3.84
(ii) Purchase (KWH) (Fabric)	1182308	1007549
Total Amount (₹)	6489234	3484009
Rate / Unit (₹)	5.49	4.75
(iii) Purchase (KWH) – Garments	225786	186256
Total Amount (₹)	1279047	1018805
Rate / Unit (₹)	5.66	5.46
b. Own Generation (Through Diesel) – Garments		
Generation (KWH) (Generator)	122052	215101
Total Amount (₹)	959332	1574537
Rate / Unit (₹)	7.86	7.31
c. Furnance Oil	Nil	Nil
d. Other / Internal Generation	Nil	Nil
B Fabric		
Coal (used in Boiler)		
Qty. (In Metric Tons)	840.66	489.446
Total Cost (In ₹)	3669045	2459261
Average Rate (₹ Per Ton)	4364.48	5024.58
C. CONSUMPTION PER UNIT OF PRODUCTION (KWH)		
Yarn (Per Kg.)	4.52	4.63
Fabric (Per Mtr.)	0.38	0.26
Garments (Per Pcs)	1.12	0.75

Information in reference to the Ministry of Corporate Affairs (MCA) vide General Circular No.2/2011 No. 51/12/2007-CL-III dated 8th February 2011 relating to Subsidiary Companies for the year ended 31st March 2011 under Section 212 of the Companies Act, 1956.

(Amount in ₹)

Particulars	India Denim Limited	Konark Infratech Private Limited	*Konark Gujarat PV Private Ltd.	*Konark Greentech Private Ltd.	*Konark PV Private Ltd.	*Konark Rajasthan Private Ltd.	*Konark Solartech Pvt. Ltd.
Share Capital	145659000	500000	100000	100000	100000	100000	100000
Reserves	7998580	144870	109868	(23576)	(23576)	(23576)	(23576)
Total Assets	605682298	18546991	9993548	76424	76424	76424	76424
Total Liabilities	605682298	18546991	9993548	76424	76424	76424	76424
Investments (except in subsidiary companies)	-	-	-	-	-	-	-
Turnover & Other Receipts	537234798	812500	204793	-	-	-	-
Profit/(Loss) before Taxation	15226427	285679	167368	(23576)	(23576)	(23576)	(23576)
Provision for Taxation	1683737	79200	57500	-	-	-	-
Profit /(Loss) after Taxation	13542690	206479	109868	(23576)	(23576)	(23576)	(23576)
Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil

* Wholly owned Subsidiary Companies of Konark Infratech Pvt. Ltd.

For and on behalf of the Board of Directors

Place: Mumbai
Date: 30th May 2011

PRAKASHCHAND DALMIA
Chairman & Managing Director

AMITABH KEJRIWAL
Whole Time Director

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) which has grown at 8.6 per cent in real terms, industrial production and the country's total export earnings. 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 and is second largest provider of Employment after the agriculture sector. The industry went through a challenging FY 2011, 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. However, the Government is making efforts in boosting the textile industry through various initiatives and investments are increasing steadily.

2. Opportunities and Threats

The Government have taken a number of steps for expansion of T&C sector including technology upgradation and modernization of textile mills under the Technology Upgradation Fund Scheme, support for industry infrastructure through Scheme for Integrated Textile Parks (SITP); Integrated Scheme for Development of Powerloom Sector along with Group Workshed Scheme for the sector; Scheme for skill upgradation of textiles workers under the Integrated Skill Development Scheme and other capacity building programmes for the industry like Knitwear Technology Mission. In addition, fiscal incentives are provided for exports of T&C items under various provisions of the Foreign Trade Policy 2009 -14. The Government has also initiated a number of steps for weaving and processing sector which include interest reimbursement, margin money subsidy and capital subsidy under TUF Scheme. The exports of readymade garments and made-ups increased by over 10% in 2008 - 09 compared to 2007-08 but there was a decrease of around 1% in 2009 -10 compared to 2008 - 09.

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 and interest rates; (3) emerging markets are likely to face increased inflationary pressures; (4) developed economies are facing large budget deficits and (5) lower growth rates in the production of mill, power loom etc.

3. Performance

Overall performance

The overall performance during the year 2010-11 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 to 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.

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. 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 Shri Prakashchand Dalmia, Shri Amitabh Kejriwal and Shri Shonit Dalmia, who are related to each others and belong to the promoter's 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., 20th April 2010, 14th May 2010, 29th May 2010, 2nd August 2010, 2nd November 2010, 18th January 2011, 5th February 2011 and 31st March 2011. 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 2010-11 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 (excluding this Company)		Attendance at A.G.M. held on 24 th September 2010
	Held	Attended		Chairman	Member	
Category			Director			
1. Executive Director/ Promoters						
Mr. Prakashchand Dalmia (Chairman and Managing Director)	8	7	1	-	-	Yes
Mr. Amitabh Kejriwal (Whole Time Director)	8	8	1	-	-	No
Mr. Shonit Dalmia (Whole Time Director)(upto 31 st March 2011)	8	6	-	-	-	Yes
2. Non- Executive / Independent Directors						
Mr. Punit Desai (upto 21 st June 2011)	8	7	1	-	-	Yes
Mr. Mahendra Bagaria (upto 27 th May 2011)	8	6	-	-	-	Yes
Mr. Mahendra Agarwal	8	6	-	-	-	Yes
Mr.Satish Deshmukh (w.e.f.30 th May 2011)	-	-	-	-	-	-

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 4 (Four) times viz. 2nd May 2010, 2nd August 2010, 2nd November 2010 and 5th February 2011 during the year under review and the number of meetings attended by each member during the year ended 31st March 2011 is as follows:

Name of the member	Designation	No. of Meetings attended
Mr. Punit Desai (Up to 21.06.2011)	Chairman	4
Mr. Mahendra Agarwal (w.e.f. 21.06.2011)	Chairman	4
Mr. Mahendra Bagaria (Up to 27.05.2011)	Member	3
Mr. Shonit Dalmia (Up to 31.03.2011)	Member	4
Mr. Satish Deshmukh (w.e.f. 30.05.2011)	Member	N.A.
Mr. Prakashchand Dalmia (w.e.f. 21.06.2011)	Member	N.A.

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

Mr. A. K. Singhal, Compliance Officer of the Company 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. No meeting of the Remuneration Committee was held during the year under review.

The Constitution of Remuneration Committee as follows:

Name of the member	Designation
Mr. Punit Desai (Up to 21.06.2011)	Chairman
Mr. Mahendra Agarwal (w.e.f. 21.06.2011)	Chairman
Mr. Mahendra Bagaria (Up to 27.05.2011)	Member
Mr. Shonit Dalmia (Up to 31.03.2011)	Member
Mr. Satish Deshmukh (w.e.f. 30.05.2011)	Member
Mr. Prakashchand Dalmia (w.e.f. 21.06.2011)	Member

Mr. A. K. Singhal, Compliance Officer of the Company 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 2011 is as follows:

Name of the Directors	Salary	Perquisites or Allowances	Contribution to PF & others	Sitting fees	No. of Shares Held
Mr.Prakashchand Dalmia	900000	437059	Nil	Nil	57501
Mr. Shonit Dalmia	600000	Nil	Nil	Nil	26375
Mr. Amitabh Kejriwal	660000	104566	Nil	Nil	68200

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

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 May 2010, 2nd August 2010, 2nd November 2010 and 5th February 2011 during the year under review. The composition of the Investors' Grievance Committee as on 31st March 2011 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 (Up to 21.06.2011)	Chairman	4
Mr. Prakashchand Dalmia (w.e.f. 21.06.2011)	Member	4
Mr. Amitabh Kejriwal	Member	4
Mr. Shonit Dalmia (Up to 31.03.2011)	Member	4
Mr. Mahendra Agarwal (w.e.f. 21.06.2011)	Chairman	N.A.

Mr. A. K. Singhal, Compliance Officer of the Company 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
2007 - 08	31 st December 2008	3.30 p.m.	Building No. 7, Mittal Industrial Estate, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400059.
2008 - 09	30 th September 2009	3.30 p.m.	-do-
2009 - 10	24 th September 2010	3.30 p.m.	-do-

Special Resolutions

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

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

AGM held on 24th September 2010: The following special resolutions were passed:

- To approve the remuneration payable to Mr. Shonit Dalmia, Whole Time Director of the Company.
- Re-appointment of Mr. Amitabh Kejriwal, Whole Time Director of the Company.
- To approve the remuneration payable to Mr. Prakashchand Dalmia, Managing Director of the Company.
- Re-appointment of Ms. Smिता Kejriwal to hold place of profit as an Executive of the Company.
- Re-appointment of Ms. Shikha Dalmia to hold place of profit as an Executive of the Company.

No Special Resolution is proposed to be passed through postal ballot process at ensuing annual general meeting.

Resolution passed through Postal Ballot process:

During the year 2010-11, the Company conducted postal ballot process two times, the details of which are as follows:

Date of declaration of results of postal ballot	Type of Resolution	Purpose of Resolution
6 th August 2010	Special Resolution	• To alter the Objects Clause of Memorandum of Association of the company.
	Special Resolution	• To carry the business activity under section 149(2A) of the Companies Act, 1956
	Special Resolution	• To give authority to the Board of Directors of the Company u/s 372A of the Companies Act, 1956 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.
	Ordinary Resolution	• To give authority to the Board of Directors of the Company u/s 293(1)(d) of the Companies Act, 1956.
	Ordinary Resolution	• 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) of the Companies Act, 1956.
10 th March 2011	Special Resolution	<ul style="list-style-type: none"> • To give authority to the Board of Directors of the Company u/s 372A of the Companies Act, 1956 to make investment or give guarantee or provide security to the following subsidiary/step down subsidiary companies: 1. India Denim Ltd. 2. Konark Infratech Pvt. Ltd. 3. Konark Gujarat PV Pvt. Ltd. 4. Konark PV Pvt. Ltd. 5. Konark Rajasthan PV Pvt. Ltd. 6. Konark Solartech Pvt. Ltd. 7. Konark Greentech Pvt. Ltd.

Postal Ballot I:

The Company issued Postal Ballot Notice to its shareholders on 6th July 2010. The postal ballot process was undertaken in accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. Mr. Manish L. Ghia, Practising Company Secretary was appointed as Scrutinizer for conducting the Postal Ballot process. The result of the Postal Ballot process was announced on 6th August 2010.

The resolution passed through postal ballot and the voting pattern for the same are as follows:

Sr. No.	Business	Postal Ballot forms received		Valid Votes Casted		
		Total	Valid	Total	In favour	Against
1.	Special Resolution under Section 17 of the Companies Act, 1956 to alter the object clause of Memorandum of Association of the company by insertion of new object clause.	22	22	4359922	4356922	3000
2.	Special Resolution under Section 149(2A) of the Companies Act, 1956 to commence new business activities.	22	22	4359922	4356922	3000
3.	Special Resolution under section 372A of the Companies Act, 1956 for giving authority to make investment in or giving guarantee or providing security to M/s. Konark Realty Pvt. Ltd. and M/s. Konark Realtech Pvt. Ltd., group companies.	22	22	4359922	4356922	3000

4	Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 to authorize the Board of Directors of the Company to take loan upto ₹ 500 Crore.	22	22	4359922	4356922	3000
5	Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956 to authorize the Board of Directors of the Company to create charge on assets of the Company upto the limit as approved under Section 293(1)(d) of the Act.	22	22	4359922	4356922	3000

All the resolutions were passed with requisite majority.

Postal Ballot II:

The Company issued Postal Ballot Notice to its shareholders on 7th February 2011. The postal ballot process was undertaken in accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. Mr. Manish L. Ghia, Practising Company Secretary was appointed as Scrutinizer for conducting the Postal Ballot process. The result of the Postal Ballot process was announced on 10th March 2011.

The details of resolutions passed through postal ballot and the voting pattern for the same are as follows:

Sr. No.	Business	Postal Ballot forms received		Valid Votes Casted		
		Total	Valid	Total	In favour	Against
1.	Special Resolution under section 372A of the Companies Act, 1956 for giving authority to make investment in or giving guarantee or providing security to subsidiary / step down subsidiary companies of the Company	24	23	4441436	4440936	500

The above resolution was passed with requisite majority.

7. DISCLOSURES

a. Related Party Transactions

Transactions with related parties are disclosed in the Notes on Accounts at Note No. 12 of Schedule 17 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 Exchanges, Securities and Exchange Board of India (SEBI) and other statutory authorities. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other Statutory Authorities.

e. Code of Conduct

The Company has laid down code of conduct 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 2011 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 30th May 2011 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 laid down 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 annual results of the Company are forwarded to The Bombay Stock Exchange Limited and The Ahmedabad Stock Exchange Limited, 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.

SHAREHOLDERS' INFORMATION

a. Next Annual General Meeting

27th Annual General Meeting

Date : Monday, 26th September 2011

Time : 3.30 p.m.

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

b. Financial Year: April 1, 2011 to March 31, 2012

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 2011
Financial results for quarter ending 30 th September 2010	By 14 th November 2011
Financial Reporting of quarter ending 31 st December 2010	By 14 th February 2012
Financial Reporting of quarter / year ending 31 st March 2011	By 15 th May 2012 (in case Un-audited Results) or By 30 th May 2012 (in case Audited Results).

d. Date of Book Closure: 21st September 2011 to 26th September 2011 (both days inclusive)

e. Dividend payment date: between 3rd October 2011 and 7th October 2011

f. Listing on Stock Exchange : Bombay Stock Exchange Limited (BSE)
The Ahmedabad Stock Exchange Limited (Delisted w.e.f. 31st March 2011)

g. Listing Fees: The Company has paid the necessary listing fees to Bombay Stock Exchange for the year 2011 - 12.

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 2010-2011 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 2010	14743	19.25	14.60	18047.86	17276.80
May 2010	8515	19.75	14.30	17536.86	15960.15
June 2010	7538	19.15	15.70	17919.62	16318.39
July 2010	8185	19.60	16.35	18237.56	17395.58
August 2010	105417	23.40	16.50	18475.27	17819.99
September 2010	34596	26.00	20.55	20267.98	18027.12
October 2010	149532	25.90	20.80	20854.55	19768.96
November 2010	83088	40.00	21.15	21108.64	18954.82
December 2010	39826	32.15	25.15	20552.03	19074.57
January 2011	15877	29.05	24.00	20664.80	18038.48
February 2011	18854	29.05	19.50	18690.97	17295.62
March 2011	23802	29.95	19.80	19575.16	17792.17

j. **Registrar and Share Transfer Agents**

Purva Sharegistry (India) Pvt. Ltd.
9, Shiv Shakti Industrial Estate,
JR 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 2011**

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	1,23,038	2.12
7.	Individuals	12,96,688	22.33
8.	Clearing Member	200	-
9.	NRI / OCBs	6,703	0.12
10.	Trust	-	-
11.	Hindu Undivided Family	26,054	0.45
	TOTAL	5,808,000	100.00

m. The Distribution of Shareholding as on 31st March 2011:

The Distribution of Shareholding as on 31st March 2011

Slab of Shares Holding		Share Holders	Percentage %	Amount ₹	Percentage %
From	To				
1	5000	2195	91.00	3,038,860	5.23
5001	10000	106	4.39	868,480	1.50
10001	20000	42	1.74	615,940	1.06
20001	30000	24	1.00	608,550	1.05
30001	40000	8	0.33	280,340	0.48
40001	50000	1	0.04	45,000	0.08
50001	100000	11	0.46	618,430	1.06
100001 and above		25	1.04	52,004,400	89.54
TOTAL		2412	100.00	58,080,000	100.00

n. Dematerialization of Equity Shares and Liquidity

As on 31st March 2011 58.64% 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. Plant location:

Silvassa unit	Sarigam unit	Bengaluru unit
Plot No.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, Bengaluru - 560 068

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 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 Shareregistry (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 2011.

For Konark Synthetic Ltd.

Place: Mumbai
Date : 28th June 2011

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 2011 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 **Bhuvania & Agrawal Associates**
Chartered Accountants
(Firm Registration No. 101483W)

Place: Mumbai
Date : 28th June 2011

(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 2011, 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 (Auditors' 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. Further to our comments in the Annexure referred to in paragraph 3 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 our examination of those 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 are in compliance 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, 2011 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on March 31st, 2011 from being appointing as Directors in term of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
5. 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 2011 ;
 - 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 flows for the year ended on that date.

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

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

Place: Mumbai
Date : 30th May 2011

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 2011.

As required by the Companies (Auditors' 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. In respect of Fixed Assets:
 - a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) 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.
 - c) 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. In respect of Inventories:
 - a) 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.
 - b) 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.
 - c) The company has maintained 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 given interest free unsecured loans to its subsidy M/s India Denim Limited and M/s Konark Infratech Private Limited which 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 Given	Maximum OutStanding	Cl. Balance
2	954.37	701.84	252.53

- b) Other terms & conditions of the loans given are prima facie not prejudicial to the interest of the company.
- c) In absence of any stipulated term for repayment of principal amount we are enable comments.
- d) There was no overdue amount of ₹1.00 Lac more than one year as stipulated if any.
- e) 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	3703.47	1692.07	1298.82

- f) Other terms & conditions of the loans taken are prima facie not prejudicial to the interest of the company.
- g) In absence of any stipulated term for repayment of principal amount we are enable comments.
- h) There was no overdue amount of ₹ 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 control system.
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 and nature of its business.
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 not, however carried out examination of the same.
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 2011 for a period of more than six months from the date they became payable.
- iii) According to the information and explanation given to us, that there is no disputed statutory dues outstanding as on 31.03.2011.
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 given corporate guarantee for loans and Bank Guarantee taken by subsidiaries from banks or financial institution.
16. To the best of our knowledge and belief and according to the information and explanations given to us, company has not raised any term loan during the year.
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)

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

Place: Mumbai
Date : 30th May 2011

BALANCE SHEET AS AT 31ST MARCH 2011

PARTICULARS	SCHEDULE NO.	AS AT 31.03.2011 Amount (₹)	AS AT 31.03.2010 Amount (₹)
SOURCES OF FUNDS			
a) Share Capital	1	58,080,000	58,080,000
b) Reserves & Surplus	2	216,391,878	204,415,060
Loan Funds			
Secured Loans	3	282,196,015	345,584,397
Unsecured Loan	4	204,823,710	107,860,675
Provision for Deferred Taxation		35,810,092	35,043,231
TOTAL		<u>797,301,695</u>	<u>750,983,363</u>
APPLICATION OF FUNDS			
Fixed Assets			
a) Gross Block	5	600,651,031	597,485,108
b) Less : Depreciation		<u>176,923,965</u>	<u>150,371,050</u>
c) Net Block		423,727,066	447,114,058
d) Capital Work In Progress		1,101,138	696,000
Investment (at cost)	6	85,151,100	84,503,100
Current Assets, Loans and Advances			
a) Inventories		153,473,146	132,369,494
b) Sundry Debtors		196,113,247	196,791,356
c) Cash and Bank Balances		14,868,161	11,099,182
d) Loans and Advances		<u>76,650,343</u>	<u>45,031,807</u>
		441,104,897	385,291,839
Less : Current Liabilities and Provisions			
a) Current Liabilities	8	143,872,295	159,824,100
b) Provisions		<u>9,910,210</u>	<u>6,797,535</u>
Net Current Assets		<u>287,322,391</u>	<u>218,670,204</u>
TOTAL		<u>797,301,695</u>	<u>750,983,363</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

MAHENDRA AGARWAL
Director

Place : Mumbai.
Date : 30th May 2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

PARTICULARS	SCHEDULE NO.	CURRENT YEAR 2010-2011 Amt. (₹)	PREVIOUS YEAR 2009-2010 Amt. (₹)
INCOME			
Gross Sales			
Domestic (Incl. Operational Income)		834,773,196	712,556,037
Export		616,010	35,353,177
Job Work Charges		38,796,037	12,825,687
Weaving & Processing Charges		<u>728,984</u>	-
		874,914,226	760,734,901
Less: Excise Duty		-	57,981
Net Sales		<u>874,914,226</u>	<u>760,676,920</u>
Other Incomes	9	1,673,742	4,667,102
Increase/(Decrease) in Stock	10	<u>22,775,081</u>	<u>14,240,778</u>
TOTAL		<u><u>899,363,050</u></u>	<u><u>779,584,800</u></u>
EXPENDITURE			
Cost of Goods Consumed	11	651,596,754	542,629,732
Cost of Goods Sold	12	195,933	28,589,011
Manufacturing Expenses	13	82,267,618	69,216,367
Payment to Employees	14	49,754,507	47,562,492
Administration & Selling Expenses	15	16,516,866	18,414,260
Finance Expenses	16	46,968,696	32,904,654
Loss on sale of Plant & Machinery		278,647	143,436
Depreciation	5	<u>27,837,876</u>	<u>21,196,508</u>
TOTAL		<u><u>875,416,897</u></u>	<u><u>760,656,460</u></u>
PROFIT BEFORE TAX			
		23,946,153	18,928,340
Prior Period Adjustments		10,285	292,641
Provision of I.Tax Earlier Year Short / Excess		<u>1,281,971</u>	<u>28,388</u>
		22,653,897	18,607,311
Provision For Current Tax (Inc Wealth Tax)		4,830,733	3,400,000
Provision for Deferred Tax		<u>766,861</u>	<u>4,129,095</u>
PROFIT AFTER TAX		<u>17,056,303</u>	<u>11,078,216</u>
Balance As per Last Balance Sheet		<u>74,806,744</u>	<u>70,126,069</u>
Amount available for appropriation		91,863,047	81,204,285
Transfer to General Reserve		5,000,000	3,000,000
Proposed Dividend		4,356,000	2,904,000
Tax on Proposed Dividend		<u>723,477</u>	<u>493,535</u>
BALANCE OF PROFIT CARRIED OVER TO BALANCE SHEET		<u><u>81,783,570</u></u>	<u><u>74,806,751</u></u>
Earning Per Share Basic & Diluted		2.94	1.91
NOTES TO THE ACCOUNTS			

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

MAHENDRA AGARWAL
Director

Place : Mumbai.
Date : 30th May 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011.

PARTICULARS	31 ST MARCH 2011	31 ST MARCH 2010
Cash flow from operating activity		
Net Profit before tax & Extra Ordinary Items	239.46	189.28
Adjustment for : Depreciation	278.38	211.97
Interest paid	469.69	329.05
Provision for Diminution in value of Investment	-	2.04
Provision for Doubtful Advances	-	10.84
(Profit)Loss on Sale of Fixed Assets	2.79	1.43
Interest Income (considered Separately)	<u>(6.61)</u>	<u>(8.78)</u>
Operating Profit before working capital changes	983.71	735.83
WORKING CAPITAL CHANGES		
(Increase)Decrease in Sundry debtors	6.78	1,154.12
(Increase)Decrease in Loans & Advances	(305.12)	341.59
(Increase)Decrease in Inventories	(211.04)	(330.55)
Increase(Decrease) in Trade Payable(Incl.Work'g Cap.Fin)	<u>(352.14)</u>	<u>(1,354.21)</u>
Cash Generated From operations	122.19	546.78
Interest paid	<u>(469.69)</u>	<u>(329.05)</u>
Cash Flow Before Prior Period & Extra Ordinary Items	(347.50)	217.74
Prior Period & Extra Ordinary Items	<u>0.10</u>	<u>3.21</u>
Net Cash Flow From Operating Activities	(I) (347.60)	214.53
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(59.33)	(263.54)
Interest Income	6.61	8.78
Sale of fixed assets	<u>7.98</u>	<u>0.40</u>
Net Cash Outflow for investing Activities	(II) (44.74)	(254.36)
Cash flow after investing activities	(III) = (I - II) (392.34)	(39.84)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowing(Net of Repayments)	(465.03)	(248.97)
Proceed from Equity shares	-	(4.20)
Share Premium	-	(23.10)
Unsecured Loan	969.63	304.57
Investment	(6.48)	40.00
Dividend paid	(27.81)	(0.77)
Direct Tax Paid	<u>(40.28)</u>	<u>(17.77)</u>
Net Cash Flow from financing activity	(IV) 430.03	49.76
Cash flow after financing activity	(V) = (III - IV) 37.69	9.93
Opening Balance:		
Cash &Cash Equivalent (Opening Balance)	110.99	101.06
Cash &cash equivalent(Closing balance)	<u>148.68</u>	<u>110.99</u>
Increase in cash & cash equivalent	(VI) 37.69	9.93

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

MAHENDRA AGARWAL
Director

Place : Mumbai.

Date : 30th May 2011

SCHEDULES TO THE ACCOUNTS

PARTICULARS	AS AT	AS AT
	31.03.2011 Amt. (₹)	31.03.2010 Amt. (₹)
SCHEDULE 1: SHARE CAPITAL		
AUTHORISED CAPITAL	150,000,000	150,000,000
ISSUED & SUBSCRIBED CAPITAL		
5808000 Equity Shares of ₹ 10/- each fully paid up(Previous year 5808000 Equity Shares of ₹10/-each fully paid up)	58,080,000	58,080,000
TOTAL	58,080,000	58,080,000
SCHEDULE 2: RESERVES & SURPLUS		
i) Capital Redemption Reserve	4,000,000	4,000,000
ii) Share Premium	68,357,165	68,357,165
iii) Capital Incentive Subsidy	2,500,000	2,500,000
iv) General Reserve	54,751,143	
Add transferred from Profit & Loss Account	<u>5,000,000</u>	54,751,143
v) Profit & Loss Account	81,783,570	74,806,751
TOTAL	216,391,878	204,415,060
SCHEDULE 3: SECURED LOANS		
I. TERM LOANS		
Indian Bank	146,025,156	189,030,746
Corporation Bank	8,203,854	13,648,870
II. WORKING CAPITAL LOANS		
Indian Bank - Cash Credit (HYP) & Book Debts	79,021,989	92,776,088
Corporation Bank	41,779,979	44,911,743
III. OTHER SECURED LOANS		
Loan Against Motor Car	7,165,037	5,216,950
TOTAL	282,196,015	345,584,397

Notes :

- a) Term Loans from INDIAN BANK and CORPORATION BANK are Secured by:
 - i) Mortgage of entire fixes and moveable properties including land & Building of the company.
 - ii) Hypothecation of entire Plant & Machinery, Machinery Spares, Tools and Accessories, Electrical Installation and Furniture & Fixtures of the Company.
 - iii) Floating charge on all the other Assets of the Company.
- b) All Working Capital Loans are secured by Hypothecation on Stock of Raw Materials, Semi-Finished, Finished Goods, Stores & Spare, Packing Materials, Consumables & Book Debts and second charge on Land & Building and Plant & Machinery of the Company.
- c) All Loans are personally guaranteed by the Managing Director and two other Director.

SCHEDULE 4: UNSECURED LOANS

Kotak Mahindra Bank Ltd.	-	392,406
IDBI Bank Ltd.#	40,000,000	40,000,000
Inter Corporate Loans From Directors and Shareholders	164,823,710	67,468,269
DEPOSITS		
Building Deposit	-	-
Electricity & Power Deposit	-	-
*(The short term loan has been taken by the company against the pledge of 533000 Equity shares belonging to the Promoters Group.)	204,823,710	107,860,675

**SCHEDULE - 5 FIXED ASSETS
STATEMENT OF FIXED ASSETS & DEPRECIATION AS PER COMPANY'S ACT AS ON 31.03.2011**

DESCRIPTION	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK	
	Balance as on 01.04.2010	Additions During the Period	Sold During the Period	Balance as on 01.04.2010	On Solid Machinery During the Period	Balance as on 31.03.2011	Balance as on 31.03.2011	Balance as on 31.03.2010
	₹	₹	₹	₹	₹	₹	₹	₹
A. PLANTS (S.L.M. Method)								
Free Hold Land	1,069,088	-	-	-	-	-	1,069,088	1,069,088
Lease Hold Land	6,180,340	-	-	242,331	-	62,421	5,875,588	5,938,010
Factory Building	75,232,496	-	-	12,048,005	-	2,512,765	60,671,726	63,184,490
Plant & Machinery	467,870,776	247,336	700,000	119,247,859	26,873	21,496,094	326,701,029	348,622,916
Electric Installation	12,608,160	51,944	-	2,379,011	-	600,391	9,680,703	10,229,150
Equipment	1,005,453	19,158	-	626,197	-	48,083	350,331	379,258
Fire Fighting Equipments	51,873	-	-	51,873	-	-	-	-
Colling Tower	321,083	-	-	171,520	-	15,251	134,311	149,563
Office Equipments	704,732	16,578	-	161,388	-	50,052	509,870	543,345
Furniture & Fixture	4,692,219	5,058	-	1,826,769	-	264,335	2,606,173	2,865,449
Veichles	15,071,573	4,853,294	-	5,039,617	-	1,670,866	13,214,383	10,031,954
Computers	1,111,404	-	-	785,266	-	121,820	204,317	326,137
Computer Software	164,800	200,000	-	95,741	-	51,051	218,008	69,059
TOTAL (A) ==>	586,083,998	5,393,368	700,000	142,675,578	26,873	26,893,129	421,235,528	443,408,419
B. HEAD OFFICE (W.D.V. Method)								
Office Equipment	989,532	36,910	-	655,543	-	56,852	314,048	333,989
Furniture & Fixture	2,861,833	-	-	2,403,624	-	82,936	375,273	458,209
Veichles	1,745,996	-	1,661,688	1,278,220	1,258,091	39,451	24,728	467,776
Computers	1,309,606	97,335	-	1,406,941	-	58,663	144,954	106,282
Computers Software	1,745,576	-	-	283,570	-	584,802	877,204	1,462,006
Plant & Machinery (R&D)	2,748,566	-	-	1,871,191	-	122,043	755,332	877,375
TOTAL (B) ==>	11,401,108	134,245	1,661,688	7,695,471	1,258,091	944,747	2,491,538	3,705,637
GRAND TOTAL (A+B)	597,485,106	5,527,613	2,361,688	150,371,049	1,284,964	27,837,876	423,727,066	447,114,056
PREVIOUS YEAR	449,294,613	148,681,191	490,696	597,485,108	307,260	21,196,508	447,114,058	319,812,807

SCHEDULES TO THE ACCOUNTS

PARTICULARS	AS AT 31.03.2011 Amt. (₹)	AS AT 31.03.2010 Amt. (₹)
SCHEDULE 6: INVESTMENT		
Long Term Investment In Shares (Quoted)		
Sun Earth Ceramics Ltd.(6800 Equity Share of ₹ 10/- each)	204,000	204,000
Less Provision for Diminution in the Value of Inv.	<u>204,000</u>	<u>204,000</u>
	-	-
Long Term Investment In Shares (Unquoted)		
10(P.Y.) Shares of Silvassa Co-Op. Society Ltd of ₹ 100/- each.	1,100	1,100
40 (P.Y.0) Shares of The City Co-op Bank Ltd, of ₹ 25/- each	2,000	2,000
India Denim Limited (6461000 Equity Shares of ₹ 10/- each. P.Y 5800000 Euity Shares of ₹ 10/- each)	63,288,000	58,000,000
Konark Infratech Private Limited (26000 Equity Shares of ₹ 10/- each P.Y. Nil)	260,000	-
Share Application Money	<u>21,600,000</u>	<u>26,500,000</u>
TOTAL	<u><u>85,151,100</u></u>	<u><u>84,503,100</u></u>
SCHEDULE 7: CURRENT ASSETS, LOANS & ADVANCES		
a) Inventories (Valued taken and certified by the management)		
i) Raw Materials	16,566,081	23,337,046
ii) Work in Process	82,549,214	65,460,717
iii) Finished Goods	38,508,120	33,017,470
iv) Goods in Transit	1,986,036	-
v) Stock of Fabric	4,999,540	-
vi) Stores,Spares & others	8,864,155	10,554,261
TOTAL	<u><u>153,473,146</u></u>	<u><u>132,369,494</u></u>
b) Sundry Debtors,(Unsecured & Considered Good)		
i) Over Six months	45,946,176	18,494,082
ii) Others	150,167,071	178,297,274
TOTAL	<u><u>196,113,247</u></u>	<u><u>196,791,356</u></u>
c) Cash & Bank Balances		
i) Cash in hand	2,082,896	530,453
ii) Balances with Schedule Bank		
In Current Accounts	3,361,255	1,889,593
In Fixed Deposits	9,424,010	8,679,136
TOTAL	<u><u>14,868,161</u></u>	<u><u>11,099,182</u></u>
d) Loans and Advances (Unsecured and considered Good)		
i) Short Term Loan		
Given to Companies under same management		
Subsidiaries	25,252,621	-
ii)Deposits with Govt. & Others*	17,733,566	7,771,393
iii)Advances recoverable in cash or in kind or for value to be received		
- Advance to Suppliers	529,514	1,260,434
- Advance to Government	14,896,785	14,251,087
Consider Goods	18,237,857	21,748,894
Doubtful	1,084,180	1,084,180
Less Provision made for Doubt Advance	(1,084,180)	(1,084,180)
TOTAL	<u><u>76,650,343</u></u>	<u><u>45,031,807</u></u>

*(Includes ₹.35.00 Lacs (P.Y.₹ 35.00 Lacs) due to Company/
Firm in which directors are interested)

SCHEDULES TO THE ACCOUNTS

PARTICULARS	AS AT 31.03.2011 Amt. (₹)	AS AT 31.03.2010 Amt. (₹)
SCHEDULE 8: CURRENT LIABILITIES & PROVISIONS		
a. CURRENT LIABILITIES		
i) Acceptance	54,665,970	50,542,888
ii) Sundry Creditors		
For Trade Goods & Expenses	65,038,444	90,616,848
For Capital Goods	673,840	673,840
For Others	23,174,692	17,793,979
Investor Education and Protection Fund		
Unclaimed Dividend	319,349	196,545
TOTAL	143,872,295	159,824,100
b. PROVISIONS		
i) Proposed Dividend	4,356,000	2,904,000
ii) Corporate Dividend Tax	723,477	493,535
iii) Provision for Taxation	4,830,733	3,400,000
TOTAL	9,910,210	6,797,535

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 require by notification dated 16th November 2007 issued by Minister of Company Affairs have not been given.

PARTICULARS	CURRENT YEAR 2010-2011 Amt. (₹)	PREVIOUS YEAR 2009-2010 Amt. (₹)
SCHEDULE 9 : OTHER INCOME		
Interest Income (T.D.S. ₹.86275/- P.Y. ₹93639/-)	660,761	878,203
Late Payment charges	71,953	111,865
Insurance Claim Received	826,386	27,800
DEPB Incentive / Drawback Incentive	34,573	2,947,159
Foreign Exchange Fluctuation	21,621	380,056
Miscellaneous Income & Others	58,448	322,020
TOTAL	1,673,742	4,667,102
SCHEDULE 10 : INCREASE / (DECREASE) IN STOCK		
Closing Stock		
Work in process	82,549,214	65,460,717
Finished Goods	38,508,120	32,821,537
	121,057,335	98,282,254
Less: Opening Stock		
Work in process	65,460,717	48,650,719
Finished Goods	32,821,537	35,390,757
	98,282,254	84,041,476
TOTAL	22,775,081	14,240,778

SCHEDULES TO THE ACCOUNTS

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	2010-2011 Amt. (₹)	2009-2010 Amt. (₹)
SCHEDULE 11 : COST OF GOODS CONSUMED		
Opening Stock	23,337,046	5,476,348
Add : Purchases	<u>649,825,329</u>	<u>560,490,430</u>
	673,162,375	565,966,778
Less: Closing Stock	<u>21,565,621</u>	<u>23,337,046</u>
TOTAL	<u>651,596,754</u>	<u>542,629,732</u>
SCHEDULE 12: COST OF GOODS SOLD		
Opening Stock of Fabrics	195,933	195,933
Add: Yarn Purchases (Import)	-	20,200,950
Fabrics Purchase (Domestic)	-	8,388,061
Closing Stock of Fabrics	-	195,933
TOTAL	<u>195,933</u>	<u>28,589,011</u>
SCHEDULE 13: MANUFACTURING EXPENSES		
Stores, Spares, Packing Material & Oils Consumed	19,812,187	14,107,162
Labour Charges	10,406,668	6,364,030
Job Work Charges	2,495,492	7,879,710
Freight, Octroi & Cartage	1,039,425	1,288,652
Repairs & Maintainance		
Plant & Machinery	2,569,033	2,498,654
Building	226,075	21,522
Others	530,057	306,569
Power & Fuel	38,513,239	30,688,209
Security Charges	1,026,058	785,080
Water Charges	906,314	902,511
Dyes & Chemicals	4,599,106	4,344,992
Factory Expenses	143,964	29,276
TOTAL	<u>82,267,618</u>	<u>69,216,367</u>
SCHEDULE 14: PAYMENTS TO EMPLOYEES		
Salaries & Wages	38,437,961	36,449,596
Staff Welfare	690,441	655,425
House Rent Allowance & Others	5,804,397	5,002,457
Employer's contribution to ESIC & PF.	2,653,090	3,189,211
Labour Compensation/Bonus	2,168,618	2,265,803
TOTAL	<u>49,754,507</u>	<u>47,562,492</u>

SCHEDULES TO THE ACCOUNTS

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	2010-2011 Amt. (₹)	2009-2010 Amt. (₹)
SCHEDULE 15: ADMINISTRATION & SELLING EXP.		
Advertisement Expenses	49,696	56,633
Auditor's Remuneration	242,660	242,660
Conveyance Expenses	540,488	548,909
Director's Remuneration & Perquisites	2,442,047	1,584,410
Donation	130,501	31,000
Electricity	377,611	352,583
Export Freight	44,870	604,475
Filing Fees	7,650	24,430
Foreign Exchange Fluctuation	21,213	-
Guest House Expenses	85,525	7,980
Insurance	614,118	778,279
Marketing Expenses & Brokerage	1,877,604	1,115,583
Membership & Subscription	93,924	82,021
Miscellaneous Expenses/General Expenses	718,164	742,907
Outward Freight & Octroi	591,192	566,018
Postage Telegram	355,086	271,039
Printing & Stationery	672,761	639,265
Professional Fees/ Legal Expenses	694,464	733,437
Provision for Diminution in the Value of Investments	-	204,000
Provision for Doubtful Advances	-	1,084,180
Rent,Rates,Fees & Taxes	3,024,704	3,774,399
Repairs & Maintanance	343,487	138,337
Sales Promotion Expenses	478,251	832,463
Sample & Development Expenses	447,484	835,326
Stamp & Hundi Paper	60,100	12,130
Sundry Balance W/Off	(1,901)	591,076
Telephone Expenses	991,574	1,057,485
Travelling Expenses;		
- Directors	108,380	158,383
- Others	187,551	327,404
- Foreign Travelling	414,200	437,232
Vehicle Expenses	903,462	580,216
TOTAL	16,516,866	18,414,260
SCHEDULE 16: FINANCE EXPENSES		
Interest on Term Loan	19,488,563	11,607,732
Interest on Working Capital(Net)	22,275,735	13,785,228
Interest on Packing Credit	-	365,349
Interest to Other	762,545	1,145,358
Bank Charges	3,763,172	5,324,710
Car Finance Charges	678,681	676,278
TOTAL	46,968,696	32,904,654

SCHEDULE 17: NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2011

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 is in conformity with the generally accepted accounting principles which 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 in 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.

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 net of return, rate difference and sales claim. Purchases are recorded inclusive of all taxes excluding VAT net of return rate differences and purchase claim.

J. BORROWING COST

Borrowing cost that is 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 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 books 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.

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 ₹58.49 Lac (P.Y. ₹76.55 Lac) for which the Company has given counter guarantee and margin money to the bankers amounting to ₹15.74 Lac (P.Y. ₹31.72 Lac).

The Company has given a Counter Guarantee of ₹250.60 Lac (P.Y. ₹ Nil) to the Bankers of the India Denim Limited against the sanctioned of Term Loan and Working Capital Facilities.

The company has also given a Counter Guarantee of ₹250.00 Lac (P.Y. ₹ Nil) to Axis Bank, Fort Branch against the issue of Bank Guarantee in favour of Gujarat Urja Vikas Nigam Limited, Vadodara on behalf of M/s Konark Gujarat PV Private Limited.

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.
5. The Company is eligible for 30% deduction under Sections 80IB of the Income Tax Act, 1961 (Tax Holidays benefit) on the profit earned by the Company from Unit No. IV.
6. Income Tax Assessment of the company has been completed up to the accounting year ended on 31.03.2008.
7. During the year Company has done capitalization of Fixed Assets amounting to ₹55.28 Lac (P.Y. ₹148.68 Lac).
8. Capital Work in Progress is ₹11.01 Lac and unpaid creditors against the same amounting to ₹6.74 Lac, which is includes in the Trade Creditors.
9. Segment Reporting (AS - 17)

Since the Company primarily operates in one segment - Textiles, segment reporting as required under Accounting Standard 17 is not applicable. There is no reportable geographical segment either.

10. Additional information pursuant to the provisions of paragraph 3 and 4 of Schedule VI of the Companies Act, 1956.

**A. Quantitative Information (As certified by Management)
(Quantity 000 Omitted and ₹ in Lacs.)**

	Unit	31 st March 2011		31 st March 2010			
		Quantity	Amount	Quantity	Amount		
1) Silvassa & Mumbai							
a) Opening Stock							
Yarn	KG.	*550.470	710.44	*390.630	475.96		
Fabric (Traded)	Mtrs.	2.940	1.96	2.940	1.96		
b) Purchase (Traded)							
Fabrics - Domestic	Mtrs.	-	-	205.022	202.01		
Yarn- Imported	KG.	-	-	105.600	83.88		
Productions							
Yarn	KG.	1817.745	-	1225.801	-		
Fabric	Mtrs.	3722.970	-	3843.160	-		
c) Sales							
Yarn	KG.	1717.831	2588.25	1159.982	1660.69		
Fabric Process	Mtrs.	3648.350	2958.59	3843.160	2897.54		
Fabrics (Traded)	Mtrs.	-	-	205.022	220.15		
Yarn - Imported	KG.	-	-	105.600	85.56		
d) Closing Stock							
Yarn	KG.	*649.053	912.06	*550.470	710.44		
Fabric	Mtrs.	74.620	49.99	-	-		
Fabrics (Traded)	Mtrs.	-	-	2.940	1.96		
e) Consumption - Imported	KG.						
Yarn Indigenous	KG.	1795.596	100.00%	1873.97	1207.311	100.00%	1091.14
Fabric Indigenous	Mtrs.	3741.300	100.00%	2757.20	3862.490	100.00%	2602.49
Yarn		1795.596	100.00%	1873.98	1207.311	100.00%	1091.14
Fabric		3741.300	100.00%	2757.20	3862.490	100.00%	2602.49

	31 st March 2011		31 st March 2010	
	Quantity (Mtrs.)	Amount (₹.)	Quantity (Mtrs.)	Amount (₹.)
ii) Fabric Division-Sarigam				
a) Opening Stock	*238.020	195.79	*156.158	278.26
b) Productions	3079.530	-	2891.900	-
c) Sales - Manufactured	3084.410	2797.10	2823.870	261.62
d) Closing Stock				
Fabric Mtrs	*281.580	216.61	*238.020	195.79
e) Raw Material (Yarn)				
Consumption - Imported KG.	-	100.00%	-	100.00%
Indigenous KG.	3110.040	100.00%	1929.47	-
	3110.040	100.00%	1929.47	1592.44
	3110.040	100.00%	1929.47	1592.44

* Includes Stock in Process

	31 st March 2011		31 st March 2010	
	Quantity (Pcs)	Amount (₹.)	Quantity (Pcs)	Amount (₹.)
iii) Garments - Bengaluru				
a) Opening Stock	6.19	18.44	6.25	18.19
b) Productions	2.02	-	109.41	--
c) Sales	2.01	3.82	109.38	353.53
d) Closing Stock				
Garments PCS.	6.19	18.44	6.19	18.44
e) Consumption of Fabric in Mtrs				
Imported	-	100.00%	-	100.00%
Indigenous	5.06	100.00%	5.31	-
	5.06	100.00%	5.31	136.06
	5.06	100.00%	5.31	136.06
f) Job Work of Garments	309387	350.92	193576	128.26

	31 st March 2011 (₹.)	31 st March 2010 (₹.)
B. Auditor's Remuneration		
For Audit Fees	170,000	170,000
For Tax Audit Fees	50,000	50,000
For Others	72,295	70,133
Total	292,295	290,133
C. Director's Remuneration & Perquisites		
Remuneration & Allowance	2,160,000	1,260,000
Perquisites	541,625	538,988
	2,701,625	1,798,988
D. Income in Foreign Currency during the year (F.O.B. Basis)	616,010	35,054,368

E.	CIF value of Imports		
a.	Raw Material	-	8,042,992
b.	Capital Goods	-	8,642,302
c.	Store & Spares	1,503,057	-
F.	Expenditure in Foreign Currency		
	During the Year		
	For Traveling	188,786	144,670
		<u>188,786</u>	<u>144,670</u>

11. The components of deferred tax assets / liability as at 31st March 2011 in accordance with the Accounting Standard 22 "Accounting for Taxes on Income" are as under:

	As at 31 st March 2011 (₹)	As at 31 st March 2010 (₹)
A.	Deferred Tax Liability	
	Due to Depreciation Difference	
	5,693,852	6,262,574
	=====	=====
B.	Deferred Tax Assets	
	Credit under u/s 43B & 40(a)	
	507,676	(298,039)
	Unabsorbed Depreciation	
	-	(638,656)
	MAT Credit available for the year	
	2,508,543	3,070,174
	Difference due to Rate of Income Tax	
	1,916,310	-
	-----	-----
	Total	
	4,932,529	2,133,479
	=====	=====
	Net Deferred Tax Liability.	
	761,323	4,129,095

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:

(₹ In Lacs)

Name of the Party	Nature of Transaction	Amount ₹	Outstanding Dr./Cr.
Key Managerial Person			
Mr. Prakashchand Dalmia	Remuneration & Perquisites	13.37	0.35 Cr.
Mr. Amitabh Kejriwal	Remuneration & Perquisites	7.65	0.45 Cr.
Mr. Shonit Dalmia	Remuneration	6.00	0.50 Cr.
Associates Concern			
Konark Silk Mills	Office Rent	1.08	1.08 Cr.
S.J. Financial Services Pvt. Ltd.	Service Charges	0.04	- Cr.
Relative of Key Managerial Person			
Smt. Raka Devi Dalmia	Rent	1.80	1.80 Cr.
Miss. Shikha Dalmia	Salary	2.16	0.18 Cr.
Miss. Smita Kejriwal	Salary	1.92	0.16 Cr.

Unsecured Loans Taken:

(₹ In Lacs)

Name of the Party	Opening Balance	Amount of Loan Taken	Amount of repayment of Loan	Outstanding Dr./Cr.
Key Management Person Mr. Shonit Dalmia	-	1.30	1.30	-
Associates Concern Konark Realtech Pvt. Ltd	2.00	3702.16	2405.35	1298.82 Cr.

Unsecured Loans Given:

(₹ In Lacs)

Name of the Party	Relation	Op. Balance	Amount of Loan Given	Amount Received	Outstanding Dr./Cr.
India Denim Limited	Subsidiary	-	252.00	104.50	147.50 Dr
Konark Infratech Pvt. Ltd.	Subsidiary	-	702.37	597.34	105.03 Dr

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

	(₹)	(₹)
	2010-2011	2009-2010
Net Profit / (Loss) after Current and Deferred Tax	170.56	110.78
Number of Equity Shares	5808000	5808000
EPS (₹) Basic	2.94	1.91

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 31 st March 2011 (₹. In lacs)	Maximum Outstanding during the Year (₹. In lacs)
India Denim Limited	98.50 (Nil)	197.50 (198.50)
Konark Infratech Pvt. Ltd.	105.03 (Nil)	472.52 (NIL)

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 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

MAHENDRA AGARWAL
Director

Place : Mumbai.
Date : 30th May 2011.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details:	
Registration No	33451
State Code	11
Balance Sheet Date	31.03.2011
2. Capital raised during the year (₹ in Thousands)	
Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL
3. Position of Mobilisation and Deployment of Funds (₹ in Thousands)	
Total Liabilities	797302
Total Assets	797302
Sources of Funds	
Paid-Up Capital	58080
Reserve & Surplus	216392
Secured Loans	282196
Unsecured Loan	204824
Provision for deferred Tax	35810
Application of Funds	
Net Fixed Assets	424828
Investments	85151
Net Current Assets	287323
4. Performance of Company (₹ in Thousands)	
Turnover (including other income)	899363
Total Expenditure	875417
Profit / (Loss) before tax & Extraordinary items	23946
Profit / (Loss) after tax	17056
Earning per share Basic	2.94
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

MAHENDRA AGARWAL
Director

Place : Mumbai
Date : 30th May 2011

CONSOLIDATED FINANCIAL STATEMENTS & NOTES

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 2011, 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 company's subsidiaries namely M/s. India Denim Limited and M/s Konark Infratech Private Limited, these Financial Statements and the other financial information have been audited by other auditors. Whose audit reports have been furnished to us, and our opinion is based solely on the report of the other auditors. The said subsidiaries are having the total assets of ₹ 7572.84 Lacs, total revenue of ₹ 5372.35 Lacs and net cash outflow amounting to ₹ 12.34 Lacs.

We also did not audit the financial statements of the subsidiary Company M/s. Konark Infratech Private 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 ₹ 188.65 Lacs, total revenue of ₹ 10.17 Lacs and net cash outflow amounting to ₹ 78.54 Lacs.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with requirements of 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 sub point N of 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 2011;
- 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)

PLACE : MUMBAI
DATE : 30.05.2011

N. K. AGRAWAL
PARTNER
M. NO. 34659

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2011

PARTICULARS	SCHEDULE NO.	AS AT 31.03.2011 Amount (₹)	AS AT 31.03.2010 Amount (₹)
SOURCES OF FUNDS			
a) Share Capital	1	58,080,000	58,080,000
b) Share Application Money		20,000,000	22,085,000
c) Reserves & Surplus	2	222,763,495	201,324,773
Loan Funds			
Secured Loans	3	663,115,299	698,792,605
Unsecured Loan	4	268,578,644	151,283,513
Minority Interest			
India Denim Limited		42,481,393	43,605,177
Konark Infratech Private Limited		317,008	-
Provision for Deferred Taxation		35,810,092	36,394,197
TOTAL		1,311,145,932	1,211,565,265
APPLICATION OF FUNDS			
Fixed Assets			
a) Gross Block	5	1,052,362,810	1,037,597,545
b) Less : Depreciation		236,716,819	182,225,381
c) Net Block		815,645,993	855,372,164
d) Capital Work In Progress		3,411,138	16,822,434
e) Pre-Operative Expenses		1,889,911	-
Investment (at cost)	6	3,100	3,100
Current Assets Loans and Advances			
a) Inventories		341,203,901	229,119,614
b) Sundry Debtors		327,603,315	300,542,393
c) Cash and Bank Balanes		28,234,752	15,370,250
d) Loans and Advances		98,545,257	77,039,675
		795,587,225	622,071,932
Less : Current Liabilities and Provisions	8		
a) Current Liabilities		292,431,742	275,232,369
b) Provisions		13,081,613	7,614,236
Net Current Assets		490,073,870	339,225,327
Miscellinious Expendiure (to the extent not written off or adjusted)	9	121,920	142,240
TOTAL		1,311,145,932	1,211,565,265
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

MAHENDRA AGARWAL
Director

Place : Mumbai.
Date : 30th May 2011

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

PARTICULARS	SCHEDULE NO.	CURRENT YEAR 2010-2011 Amt. (₹)	PREVIOUS YEAR 2009-2010 Amt. (₹)
INCOME			
Gross Sales			
- Domestic (Incl. Operational Income)		1,369,880,893	1,058,149,318
- Export		616,010	35,353,177
Job Work Charges		38,796,037	12,825,687
Weaving & Processing Charges		728,984	-
		<u>1,410,021,923</u>	<u>1,106,328,182</u>
Less: Excise Duty		-	57,981
Net Sales		<u>1,410,021,923</u>	<u>1,106,270,201</u>
Other Incomes	10	4,818,136	5,233,167
Increase/(Decrease) in Stock	11	81,397,909	64,191,611
TOTAL		<u>1,496,237,969</u>	<u>1,175,694,979</u>
EXPENDITURE			
Cost of Goods Consumed	12	1,070,113,856	828,133,547
Cost of Goods Sold	13	195,933	28,589,011
Manufacturing Expenses	14	142,865,186	110,429,612
Payment to Employees	15	70,536,684	61,305,987
Administration & Selling Expenses	16	27,361,548	28,224,834
Finance Expenses	17	89,578,389	52,860,903
Loss on Sale of Fixed Assets		278,647	320,715
Depreciation	5	55,776,403	41,615,937
TOTAL		<u>1,456,706,647</u>	<u>1,151,480,546</u>
PROFIT BEFORE TAX			
		39,531,323	24,214,433
Prior Period Adjustments (Debits)		10,285	293,871
Provision of I.Tax Earlier Year Short / Excess		1,281,971	28,388
		<u>38,239,067</u>	<u>23,892,174</u>
Provision For Current Tax including Wealth & FBT		8,002,136	4,216,701
Provision for Deffered Tax		(584,105)	4,129,095
PROFIT AFTER TAX		<u>30,821,036</u>	<u>15,546,378</u>
Add/Less Minority Interest (India Denim Ltd.)		5,134,064	(1,977,608)
Add/Less Minority Interest (Konark Infratech Pvt. Ltd.)		77,008	-
Less Preaquisition Loss Adjusted in Capital Reserve		(352,152)	-
Amount available for appropriation		<u>25,257,812</u>	<u>13,568,770</u>
Balance As per Last Balance Sheet*		71,654,855	64,545,229
Amount available for appropriation		<u>96,912,667</u>	<u>78,113,999</u>
Transfer to General Reserve		5,000,000	3,000,000
Proposed Dividend		4,356,000	2,904,000
Tax on Proposed Dividend		723,477	493,535
BALANCE OF PROFIT CARRIED OVER TO BALANCE SHEET		<u>86,833,189</u>	<u>71,716,464</u>
Earning Per Share Basic (Face Value of ₹ 10/- per Share)		4.35	2.34
NOTES TO THE ACCOUNTS	18		

*Note: Opening Balance of Loss of M/s Konark Infratech Private Limited amounting to ₹ 61,609/- has been reduced from the Opening Balance Profit of the Holding Company.

As per our reports of even date attached

For **BHUWANIA & AGRAWAL ASSOCIATES**
Chartered Accountants

For and on behalf of the Board
PRAKASHCHAND DALMIA Chairman & Managing Director
AMITABH KEJRIWAL Whole Time Director

N. K. AGRAWAL
Partner
Membership No. 34659

MAHENDRA AGARWAL
Director

Place : Mumbai.
Date : 30th May 2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

PARTICULARS	31 ST MARCH 2011	31 ST MARCH 2010
Cash flow from operating activity		
Net Profit before tax & Extra Ordinary Items	395.31	242.14
Adjustment for : Depreciation	557.76	416.16
Interest paid	895.78	528.61
Miscellaneous expenses written off	2.46	0.20
Provision for Doubtful Advances	-	10.84
Provision for Diminution in value of Investment	-	2.04
(Profit)Loss on Sale of Fixed Assets	2.79	3.21
Interest Income (considered Separately)	<u>(15.02)</u>	<u>(11.31)</u>
Operating Profit before working capital changes	1,443.77	949.75
	1,839.08	1,191.90
WORKING CAPITAL CHANGES		
(Increase) Decrease in Sundry debtors	(270.61)	166.63
(Increase) Decrease in Loans & Advances	(101.85)	238.15
(Increase) Decrease in Inventories	(1,120.84)	(1,113.26)
Increase (Decrease) in Trade Payable(Incl.Work'g Cap.Fin)	<u>542.67</u>	<u>68.46</u>
	<u>(950.63)</u>	<u>(640.02)</u>
Cash Generated From operations	888.45	551.88
Interest paid	<u>(895.78)</u>	<u>(528.61)</u>
Cash Flow Before Prior Period & Extra Ordinary Items	(7.33)	23.27
Prior Period & Extra Ordinary Items	<u>0.10</u>	<u>3.22</u>
Net Cash Flow From Operating Activities (I)	(7.43)	20.04
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(56.06)	(939.56)
Interest Income	15.02	11.31
Sale of fixed assets	<u>7.98</u>	<u>2.17</u>
Net Cash Outflow for Investing Activities (II)	(33.05)	(926.08)
Cash Flow after Investing Activities (III) = (I - II)	(40.49)	(906.04)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowing(Net of Repayments)	(752.24)	306.92
Proceed from Equity shares	1.40	(4.20)
Proceeds from Share Application	(20.85)	150.65
Share Premium	-	(23.10)
Unsecured Loan	1,071.11	445.09
Investment	-	-
Purchases of Minority Stake	(52.88)	-
Refund of Share Application Money	-	-
Dividend paid	(27.81)	(0.77)
Direct Tax Paid	(49.67)	(17.77)
Net Cash Flow from financing activity (IV)	169.05	856.83
Cash flow after financing activity (V)=(III - IV)	128.57	(49.21)
Cash & Cash Equivalent(Opening Balance)	153.78	202.92
Cash & Cash equivalent(Closing Balance)	<u>282.35</u>	<u>153.70</u>
Increase in Cash & Cash Equivalent (VI)	128.57	(49.21)

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

MAHENDRA AGARWAL
Director

Place : Mumbai.
Date : 30th May 2011

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

PARTICULARS	AS AT 31.03.2011 Amt. (₹)	AS AT 31.03.2010 Amt. (₹)
SCHEDULE 1: SHARE CAPITAL		
AUTHORISED CAPITAL		
15000000 Equity Shares of ₹ 10/- each. (P.Y.15000000 Equity Shares of ₹ 10/- each)	150,000,000	150,000,000
TOTAL	150,000,000	150,000,000
a) ISSUED & SUBSCRIBED CAPITAL		
5808000 Equity Shares of ₹ 10/- each fully paid up(Previous year 5808000 Equity Shares of ₹ 10/-each fully paid up)	58,080,000	58,080,000
TOTAL	58,080,000	58,080,000
b) SHARE APPLICATION MONEY		
TOTAL	20,000,000	22,085,000
SCHEDULE 2: RESERVES & SURPLUS		
i) Capital Redemption Reserve	4,000,000	4,000,000
ii) Share Premium	68,357,165	68,357,165
iii) Capital Reserve		
India Denim Limited	1,321,998	-
iv) Capital Incentive Subsidy	2,500,000	2,500,000
v) General Reserve	59,751,143	54,751,143
vi) Profit & Loss Account	86,833,189	71,716,464
TOTAL	222,763,495	201,324,772
SCHEDULE 3: SECURED LOANS		
I. TERM LOANS		
From Banks		
Indian Bank	188,386,261	239,029,780
Corporation Bank	8,203,854	13,648,870
State Bank of India	121,000,000	132,500,000
Bank of Baroda	39,624,495	42,459,281
State Bank of Indore	11,984,484	14,240,484
Punjab National Bank	10,676,903	12,812,603
State Bank of Travancore	9,650,007	11,699,007
II. WORKING CAPITAL LOANS		
Indian Bank - Cash Credit (HYP) & Book Debts	116,626,631	121,974,631
Corporation Bank	41,779,979	44,911,743
State Bank of India	49,983,455	49,530,880
Bank of Baroda	57,496,341	9,922,133
III. OTHER SECURED LOANS		
Loan Against Motor Car	7,702,889	6,063,193
TOTAL	663,115,299	698,792,605

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.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

PARTICULARS	AS AT	AS AT
	31.03.2011 Amt. (₹)	31.03.2010 Amt. (₹)
SCHEDULE 4: UNSECURED LOANS		
Kotak Mahindra Bank Ltd.	-	392,406
IDBI Bank Ltd. #	40,000,000	40,000,000
Inter Corporate Loans	219,144,144	94,382,107
Others	7,375,500	-
From Directors and Others	2,059,000	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	268,578,644	151,283,513

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 01.04.2010	Additions During the Period	Sold During the Period	Balance As on 31.03.2011	Balance As on 01.04.2010	On Sold Machinery Period	During the Period	Balance As on 31.03.2011	Balance As on 31.03.2011	Balance As on 31.03.2010
A. HEAD OFFICE (W.D.V. Method)										
Office Equipment	989,532	36,910	-	1,026,442	655,543	-	56,852	712,395	314,048	333,989
Furniture & Fixture	2,861,833	-	-	2,861,833	2,403,624	-	82,936	2,486,559	375,273	458,209
Veichles	1,745,996	-	1,661,688	84,308	1,278,220	1,258,091	39,451	59,580	24,728	467,776
Computers	1,309,606	97,335	-	1,406,941	1,203,324	-	58,663	1,261,987	144,954	106,282
Computers Software	1,745,576	-	-	1,745,576	283,570	-	584,802	868,372	877,204	1,462,006
Plant & Machinery (R&D)	2,748,566	-	-	2,748,566	1,871,191	-	122,043	1,993,234	755,332	877,375
TOTAL (A) ==>	11,401,108	134,245	1,661,688	9,873,665	7,695,471	1,258,091	944,747	7,382,127	2,491,538	3,705,637
B. FACTORIES UNITS (S.L.M.Method)										
Lease Hold Land	6,180,340	-	-	6,180,340	242,331	-	62,421	304,752	5,875,588	5,938,009
Land	10,546,167	-	-	10,546,167	-	-	-	-	10,546,167	10,546,167
Factory Building	183,124,623	2,168,710	-	185,293,333	16,156,996	-	6,152,579	22,309,575	162,983,758	166,967,627
Plant & Machinery	786,525,298	9,497,136	700,000	795,322,434	146,039,750	26,873	45,394,183	191,407,060	603,915,374	640,485,547
Equipment	1,922,226	35,736	-	1,957,962	813,263	-	108,207	921,470	1,036,492	1,108,963
Furniture & Fixture	5,705,017	137,330	-	5,842,347	2,020,901	-	332,632	2,353,533	3,488,814	3,684,116
Veichles	17,430,119	4,853,294	-	22,283,413	5,481,745	-	1,894,928	7,376,674	14,906,739	11,948,374
Computers	1,668,601	48,560	-	1,717,161	1,128,649	-	220,013	1,348,662	368,499	539,952
Computer Software	164,800	200,000	-	364,800	95,741	-	51,051	146,792	218,008	69,059
Electric Installation	12,608,160	51,944	-	12,660,104	2,379,011	-	600,391	2,979,401	9,680,703	10,229,150
Cooling Tower	321,083	-	-	321,083	171,520	-	15,251	186,772	134,311	149,563
TOTAL (B) ==>	1,026,196,435	16,992,710	700,000	1,042,489,145	174,529,908	26,873	54,831,656	229,334,691	813,154,454	851,666,527
GRAND TOTAL (A+B)	1,037,597,543	17,126,955	2,361,688	1,052,362,810	182,225,379	1,284,964	55,776,403	236,716,818	815,645,992	855,372,164
PREVIOUS YEAR	526,284,356	369,135,245	6,012,553	889,407,048	123,163,640	1,650,591	39,823,089	161,336,136	728,070,911	414,708,274

SCHEDULE 6: INVESTMENT QUOTED

Long Term Investment In Shares

Sun Earth Ceramics Ltd.(6800 Equity Shares of ₹ 10/- Each)

204,000

204,000

Less : Provision for Diminution in value of Investments

204,000

204,000

-

-

UNQUOTED

Long Term Investment In Shares

10(P.Y.10) Shares of Silvassa Co-Op. Society Ltd of ₹ 100/- each.

1,100

1,100

40(P.Y. Nil) Shares of The City Co-op Bank Ltd. of ₹ 25/- each

2,000

2,000

India Denim Limited(6461000 Equity Shares of ₹ 10/- each.

P.Y 5800000 Euity Shares of ₹ 10/- each)

-

-

Konark Infratech Private Limited (26000 Equity Shares of ₹ 10/- each P.Y. ₹ Nil)

-

-

Share Application Money

-

-

TOTAL

3,100

3,100

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

PARTICULARS	AS AT 31.03.2011 Amt. (₹)	AS AT 31.03.2010 Amt. (₹)
SCHEDULE 7: CURRENT ASSETS, LOANS & ADVANCES		
a) Inventories (Valued taken and certified by the management)		
i) Raw Materials	79,768,814	54,872,481
ii) Work in Process	118,987,689	92,294,349
iii) Finished Goods	123,732,015	69,027,447
vi) Goods in Transit	1,986,036	-
v) Stock of Fabric	4,999,540	195,933
vii) Stores, Spares & others	11,729,807	12,729,404
TOTAL	341,203,901	229,119,614
b) Sundry Debtors, (Unsecured & Considered Good)		
i) Over Six months	48,295,020	19,660,504
ii) Others	279,308,295	280,881,889
TOTAL	327,603,315	300,542,393
c) Cash & Bank Balances		
i) Cash in hand	2,297,968	1,732,372
ii) Balances with Schedule Bank		
In Current Accounts	3,539,269	1,946,242
In Fixed Deposits	22,397,515	11,691,636
TOTAL	28,234,752	15,370,250
d) Loans and Advances (Unsecured and considered Good)		
i) Short Term Loan		
Subsidiaries	-	-
Others	-	-
ii) Deposits with Govt. & Others*	46,084,449	29,795,188
iii) Advances recoverable in cash or in kind or for value to be received		
- Advance to Suppliers	10,053,287	10,784,207
- Advance to Government	15,018,994	14,251,087
Consider Goods	27,388,527	22,209,193
Doubtful	1,084,180	1,084,180
Less : Provision made	(1,084,180)	(1,084,180)
TOTAL	98,545,257	77,039,675
*(Includes ₹ 35.00 Lacs (P.Y. ₹ 35.00 Lacs) due to Company/Firm in which Directors are interested)		
SCHEDULE 8: CURRENT LIABILITIES & PROVISIONS		
a. CURRENT LIABILITIES		
i) Acceptance	95,922,717	63,368,582
ii) Sundry Creditors		
For Trade Goods & Expenses	83,852,218	104,380,783
For Capital Goods	4,574,439	5,142,410
For Others	107,762,051	102,144,049
iii) Bank Over Draft	968	-
iv) Investor Education and Protection Fund		
Unclaimed Dividend	319,349	196,545
TOTAL	292,431,742	275,232,369
b. PROVISIONS		
i) Proposed Dividend	4,356,000	2,904,000
ii) Corporate Dividend Tax	723,477	493,535
iii) Provision for Taxation	8,002,136	4,216,701
TOTAL	13,081,613	7,614,236

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.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

PARTICULARS	AS AT 31.03.2011 Amt. (₹)	AS AT 31.03.2010 Amt. (₹)
SCHEDULE 9: MISCELLINIOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Incorporation Expenses	246,640	162,500
Lees: W/Off During The Year	124,720	20,320
TOTAL	121,920	142,180

PARTICULARS	CURRENT YEAR 2010-2011 Amt. (₹)	PREVIOUS YEAR 2009-2010 Amt. (₹)
SCHEDULE 10 : OTHER INCOME		
Interest Income (T.D.S. ₹.86,275/- P.Y. ₹ 93,639/-)	1,502,432	1,130,777
Late Payment charges	71,953	111,865
Sale of Job Work	-	-
Insurance Claim Received	826,386	237,432
Export Incentive	34,573	2,947,159
Foreign Exchange Fluctuation	21,621	380,056
Management Consultancy Services	812,500	-
Miscelinious Income & Others	1,548,671	425,878
TOTAL	4,818,136	5,233,167

SCHEDULE 11 : INCREASE / (DECREASE) IN STOCK		
Closing Stock		
Work in process	118,987,689	92,294,349
Finished Goods	123,732,015	69,027,447
TOTAL	242,719,705	161,321,796
Less: Opening Stock		
Work in process	92,294,349	60,472,437
Finished Goods	69,027,447	36,657,748
TOTAL	161,321,796	97,130,185
TOTAL	81,397,909	64,191,611

SCHEDULE 12 : COST OF GOODS CONSUMED		
Opening Stock	54,872,481	10,553,798
Add : Purchases (Yarn) Domestic	1,100,009,729	872,452,230
TOTAL	1,154,882,210	883,006,028
Less: Closing Stock	84,768,354	54,872,481
TOTAL	1,070,113,856	828,133,547

SCHEDULE 13: COST OF GOODS SOLD		
Opening Stock of Fabrics	195,933	195,933
Yarn Purchases - Imported	-	8,388,061
Fabrics Purchase - Domestic	-	20,200,950
Closing Stock of Fabrics	-	195,933
TOTAL	195,933	28,589,011

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	2010-2011 Amt. (₹)	2009-2010 Amt. (₹)
SCHEDULE 14: MANUFACTURING EXPENSES		
Stores, Spares, Packing Material & Oils Consumed	24,043,646	15,265,669
Labour Charges	10,406,668	6,364,030
Job Work Charges	2,495,492	7,879,710
Freight, Clearing, Octroi & Cartage	1,039,425	1,288,652
Repairs & Maintenance		
Plant & Machinery	3,035,760	3,538,004
Building	226,075	21,522
Others	828,174	444,123
Power & Fuel	85,197,422	65,930,586
Security Charges	1,026,058	785,080
Water Charges	906,314	902,511
Dyes & Chemicals	4,599,106	4,344,992
Factory Expenses & other Manufacturing Expenses	9,061,046	3,664,733
TOTAL	142,865,186	110,429,612
SCHEDULE 15: PAYMENTS TO EMPLOYEES		
Salaries & Wages	58,411,039	49,171,897
Staff Welfare	1,229,084	912,545
House Rent Allowance & Others	5,804,397	5,002,457
Employer's contribution to ESIC & PF.	2,835,708	3,249,181
Labour Compensation/Bonus	2,256,456	2,969,907
TOTAL	70,536,684	61,305,987

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	2010-2011 Amt. (₹)	2009-2010 Amt. (₹)
SCHEDULE 16: ADMINISTRATION & SELLING EXP.		
Advertisement Expenses	49,696	56,633
Auditor's Remuneration	340,529	277,660
Claim & Discount	1,704,063	3,910,770
Conveyance Expenses	691,612	601,544
Director's Remuneration & Prerequisites	2,442,047	1,824,410
Donation	131,352	39,450
Electricity	471,395	423,814
Export Freight	44,870	604,475
Filling Fees	38,150	24,430
Foreign Exchange Fluctuation	21,213	-
Guest House Expenses	85,525	7,980
Insurance	1,098,705	1,306,748
Marketing Expenses & Brokerage	4,954,501	1,133,283
Membership & Subscription	123,124	87,121
Miscellaneous Expenses/General Expenses	926,761	1,186,026
Outward Freight & Octroi	3,000,185	2,677,996
Postage Telegram	395,168	319,955
Preliminary Expenses Written Off	124,720	20,320
Pre-Operative Expenses Written Off	225,792	-
Printing & Stationery	876,661	860,542
Professional Fees/ Legal Expenses	850,061	1,645,374
Provision for Diminution in the Value of Investments	-	204,000
Provision for Doubtful Advances	-	1,084,180
Rent, Rates, Fees & Taxes	3,293,065	4,209,247
Repairs & Maintenance	343,487	138,337
Sales Promotion Expenses	478,251	832,463
Sample & Development Expenses	502,531	837,752
Stamp & Hundi Paper	61,020	12,130
Sundry Balance W/Off	(1,901)	591,076
Telephone Expenses	1,167,709	1,206,335
Travelling Expenses;		
- Directors	515,992	429,332
- Others	471,366	450,156
- Foreign Travelling	414,200	437,232
Vehicle Expenses	1,519,698	784,063
TOTAL	27,361,548	28,224,834
SCHEDULE 17: FINANCE EXPENSES		
Interest on Term Loan	39,142,434	23,720,160
Interest on Working Capital(Net)	38,988,247	19,080,392
Interest to Other	1,186,607	2,483,002
Bank Charges	9,582,420	7,577,349
Car Finance Charges	678,681	-
TOTAL	89,578,389	52,860,903

SCHEDULE 18: NOTES FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2011

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 subsidiaries India Denim Limited (IDL) and Konark Infratech Private Limited 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 Consolidated 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 subsidiaries as stated above.
- 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. The Financial statements of the Company and its subsidiaries Companies have been combined on line-by-line basis by adding together the book values of like items of Assets, Liabilities, Income and Expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements".
- 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 Subsidiaries in the consolidated financial statement are 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, 2011	62.09%	India
Konark Infratech Private Limited.	March 31, 2011	52.00%	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 and 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 installation or acquisition of Assets except in case of Mumbai (Head Office) where same has been provided on written down value method.

G. 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.

H. 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.

I. 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.

J. TRANSACTION IN FOREIGN EXCHANGE

Transactions denominated in foreign currency are normally recorded at the customs exchange rate prevailing at the time of transaction as per AS-11 monetary items denominated in foreign currencies at the year end are restated at year end rates.

K. TAXTATION

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.

L. SALES & PURCHASE

Sales are recorded net of return, rate difference and sales claim. Purchases are recorded inclusive of all taxes excluding VAT net of return rate difference and purchases claims.

M. 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.

N. EMPLOYEES RETIREMENT BENEFIT

Contribution to Provident fund 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.

O. 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 31.03.2008.

4. Contingent Liability

- i. The Banker of the Company has given Guarantee to various government Authorities amounting to ₹ 58.45 Lacs (P.Y. ₹ 76.55 Lacs) for which the Company has given counter guarantee. Company has given margin money to banker amounting to ₹ 15.74 Lacs (P.Y. ₹ 31.72 Lacs).
- ii. The estimated amount of contracts remaining to be executed in the nature of capital account amounting to ₹ 921.08 Lacs (Previous Year ₹ 921.08 Lacs), Advances given ₹ 95.24 Lacs (Previous Year ₹ 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	₹ 26,550,068/-
Less: Prior period expenses	₹ 1,292,256/-
Net Profit after tax	₹ 25,257,812/-
Basic Earning per share (5808000 Equity Shares)	₹ 4.35

6. The components of deferred tax assets / liability as at 31st March 2011 in accordance with the Accounting Standard (As-22) "Accounting for Taxes on Income" are as under:

	As at 31 st March 2011	As at 31 st March 2010
A. Deferred Tax Liability		
Due to Depreciation Difference	<u>5,693,852</u>	<u>6,262,574</u>
B. Deferred Tax Assets		
Credit under u/s 43B & 40(a)	507,676	(298,039)
Unabsorbed Depreciation		(638,656)
MAT Credit available for the year	2,508,543	3,070,074
Difference due to Rate of Income Tax	<u>1,916,310</u>	<u>0</u>
Total	<u>4,932,529</u>	<u>2,133,479</u>
Net Deferred Tax Liability.	<u>761,323</u>	<u>4,129,095</u>

7. As per Accounting Standard (AS - 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:

(₹. In Lacs)

Name of the Party	Nature of Transaction	Amount ₹.	Outstanding Dr./Cr.
Key Managerial Person			
Mr. Sajjan Kejriwal	Rent	0.78	1.37 Cr.
Mr. Sushil Kejriwal	Rent	0.78	1.37 Cr.
Mr. Prakashchand Dalmia	Remuneration	13.37	0.35 Cr.
Mr. Amitabh Kejriwal	Remuneration	7.65	0.45 Cr.
Mr. Shonit Dalmia	Remuneration	6.00	0.50 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.
Ambica Taptex Pvt. Ltd.	Sales Commission	3.91	3.91 Cr.
Relative of Key Managerial Person			
Smt. Raka Devi Dalmia	Rent	1.80	1.80 Cr.
Ms. Shikha Dalmia	Salary	2.16	0.18 Cr.
Ms. Smita Kejriwal	Salary	1.92	0.16 Cr.

Unsecured Loans Taken:

(₹. In Lacs)

Name of the Party	Opening Balance	Amount of Loan Taken	Amount of repayment of Loan	Outstanding Dr./Cr.
Key Managerial Person				
Mr. Shonit Dalmia	-	0.13	0.13	-
Mr. Sajjan Kejriwal	2.00	-	2.00	-
Mr. Sushil Kejriwal	4.24	-	4.24	-
Mr. Sachin Kejriwal	0.40	-	0.40	-
Associates Concern				
Konark Realtech Pvt. Ltd.	2.00	3702.16	2405.35	1298.81 Cr.
Pratibha Syntex Ltd.	58.64	-	-	58.64 Cr.
Relative of Key Managerial Person				
Ms. Indu Kejriwal	1.65	-	1.65	-
Ms. Manju Kejriwal	2.90	-	2.90	-
Ms. Preeti Kejriwal	1.60	-	1.60	-
Ms. Savitridevi Kejriwal	0.15	-	0.15	-
Ms. Shikha Kejriwal	0.30	-	0.30	-

Unsecured Loans Given:

Name of the Party	Relation	Op. Balance	Amount of Loan Given	Amount Received	Outstanding Dr./Cr.
India Denim Limited	Subsidiary	-	252.00	153.50	98.50 Dr.
Konark Infratech Pvt. Ltd	Subsidiary	-	708.88	603.85	105.03 Dr.

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

MAHENDRA AGARWAL
 Director

 Place : Mumbai.
 Date : 30th May 2011.

KONARK SYNTHETIC LIMITED

Regd. Office : Building 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 appoint _____ of _____ in the district of _____ or failing him _____ of _____ as my/our proxy to vote for me/us on my /our behalf of at the 27th Annual General Meeting of the Company to be held on Monday, the 26th day of September 2011 at 3.30 P. M. at Registered Office of the Company at Building No.7, Mittal Industrial Estate, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai 400 059 or any adjournment thereof.

Signed: _____ day of _____ 2011

Revenue Stamp of Re. 1/-

KONARK SYNTHETIC LIMITED

Regd. Office : Building 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 **27th Annual General Meeting** of the Company to be held on Monday, the 26th day of September 2011 at 3.30 P.M. at the Building 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.

KONARK

To,
Konark Synthetic Ltd.
Building No. 7, Mittal Industrial Estate,
Andheri Kurla Road, Sakinaka,
Andheri (E), Mumbai - 400059.

Dear Sir,

Sub: E-MAIL UPDATION FORM

In view of the MCA Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011, I/we agree to receive all communication from the Company through e-mode:

Folio No. : _____

DP ID : _____

Client ID : _____

No. of Shares : _____

Name of 1st Registered Holder : _____

Name of Joint Holder(s) : _____

Registered Address : _____

E-mail ID : _____

I/we hereby declare that the particulars given herein are true, correct and complete. I/we hereby undertake to promptly inform Konark Synthetic Limited of any changes to the information provided hereinabove.

You are requested to please update the same in your records.

Thanking you,

Yours truly,

Signature of holder:

Sole/ First holder

Second holder

Third holder

NOTES:

- 1) On registration, all the communication will be sent to the e-mail ID registered in the Folio/DP ID & Client ID.
- 2) The E-mail updation form is also available on the website www.konarkgroup.co.in
- 3) Kindly submit your e-mail ID by filling up and signing at the appropriate place provided hereinabove and furnishing this form:
 - i) by post; or ii) by way of a scan copy through e-mail at mail@purvashare.com or aksinghal@konarkgroup.co.in.

The e-mail ID provided shall be updated subject to successful verification of your signatures.

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.