

37th

ANNUAL

REPORT

2020-21

KONARK

Konark Synthetic Limited

BOARD OF DIRECTORS AND KMPs

| | |
|---|--|
| Mr. Prakashchand Dalmia | Chairman (resigned w.e.f 14.08.2021) |
| Mr. Amitabh Kejriwal | Managing Director |
| Mr. Satish Deshmukh | Independent Director |
| Ms. Suvriti Gupta | Women Independent Director |
| Mr. Shonit Dalmia | Additional Non Executive Director w.e.f 14.08.2021 |
| Mr. R. B. Somany | Chief Financial Officer |
| Mr. Mehnuddin Khan (resigned w.e.f. 28th April, 2021) | Company Secretary & Compliance officer |
| Ms. Shikha Mishra (Appointed w.e.f. 7th July, 2021) | Company Secretary & Compliance officer |

STATUTORY AUDITORS

M/s. Jhunjhunwala Jain & Associates LLP
Chartered Accountants, Mumbai

SECRETARIAL AUDITORS

M/s. KRS AND CO.
Company Secretaries, Mumbai

INTERNAL AUDITORS

M/s. Kaushik Shahukar & Co.,
Chartered Accountants, Mumbai

BANKERS

Indian Bank
Corporation Bank

REGISTERED OFFICE

Building No.7, Mittal Industrial Estate,
Andheri Kurla Road, Sakinaka,
Andheri (East), Mumbai – 400059
Tel No.: 022-4089 6300
Fax No.: 022-4089 6322
Email: info@konarkgroup.co.in
Website: www.konarkgroup.co.in

REGISTRAR AND SHARE TRANSFER AGENT

Purva Shareregistry (India) Private Limited
9, Shiv Shakti Industrial Estate, J. R. Boricha Marg,
Lower Parel (East), Mumbai – 400011
Tel No.: 022-23018261/6761
Fax No.: 022-23012517
Email: busicomp@vsnl.com

PLANT LOCATIONS**SILVASSA UNIT**

Plot No. 25,
Silvassa Industrial Co-op. Soc.,
66 KVA Sub Station Road, Village: Amlī,
Dist.: Silvassa - 396230.
(UT of Dadra & Nagar Haveli)

BENGALURU UNIT

Plot No. 62/4,13,14,15
Begur Road,
11th Cross, Ward No. 12,
Bommanahalli,
Bengaluru - 560068

SARIGAM UNIT

Plot No. 13 To 20,
Opp. JBF Industries Limited,
G.I.D.C. Industrial Area, Village: Sarigam
Taluka - Umargam, Dist. Valsad,
Gujarat - 396155 upto 20.08.2020

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KONARK SYNTHETIC LIMITED

CIN: L17200MH1984PLC033451

Building No.7, Mittal Industrial Estate, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai – 400059.
 Tel: 022-4089 6300; Fax: 022-4089 6322; Email: info@konarkgroup.co.in; Website: www.konarkgroup.co.in

NOTICE

Notice is hereby given that the 37th Annual General Meeting of the members of **KONARK SYNTHETIC LIMITED** will be held on Thursday, 30th day of September, 2021 at 3.30 p.m. at the Registered Office of the Company at Building No.7, Mittal Industrial Estate, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400059 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt (a) the Standalone Audited Financial Statements of the Company for the financial year ended 31st March, 2021 together with the reports of the Directors' and Auditors' thereon; and (b) the Consolidated Audited Financial Statements of the Company for the financial year ended 31st March, 2021 together with the reports of Auditors' thereon and in this regard, if thought fit, pass the following resolution as an

ORDINARY RESOLUTION:

- (a) **"RESOLVED THAT** the Standalone Audited Financial Statements of the Company for the financial year ended 31st March, 2021 and the reports of the Board of Directors' and Auditors' thereon be and are hereby received, considered and adopted."
 - (b) **"RESOLVED THAT** the Consolidated Audited Financial Statements for the financial year ended 31st March, 2021 together with the Auditors' Report thereon be and are hereby received, considered and adopted."
2. To appoint a Director in place of Mr. Amitabh Kejriwal (DIN: 00005864), who retires by rotation and being eligible, offers himself for re-appointment.
 3. To consider the appointment of the statutory auditor of the Company.

To Consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 and 142 of the Companies Act, 2013 read with Rule 3 of the Companies (Audit and Auditors) Rules, 2014, and other applicable provisions of the Companies Act, 2013 read with rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) M/s. Jhunjhunwala Jain & Associates LLP, Chartered Accountants, Mumbai, Firm Registration No. 113675W, be and is hereby appointed as Statutory Auditors of the Company for a period of five consecutive years starting from Conclusion of 37th Annual General Meeting held in the year 2021, until the conclusion of the 42nd Annual General Meeting of the Company to be held in year 2026 on such remuneration as may be mutually agreed upon between the Company and the Auditors, plus reimbursement of goods and service tax, travelling and out of pocket expenses."

SPECIAL BUSINESS:

4. **To Appoint Mr. Shonit Dalmia (DIN: 00059650) as Non Executive Director**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications or re enactment thereof for the time being in force) Mr. Shonit Dalmia (DIN: 00059650) who was appointed as an Additional Director pursuant to Section 161 of the Companies Act, 2013 w.e.f 14.08.2021 and who holds such office upto the ensuing AGM be and is hereby appointed as a Non Executive Director of the Company w.e.f 14th August, 2021 liable to retire by rotation

RESOLVED FURTHER THAT any one of the Directors and/or the Company Secretary of the Company, be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to the above resolution."

5. **Approval for giving loan or guarantee or providing security in connection with loan availed by the Company to its Subsidiary, Associate or any other person specified under section 185 of the Companies Act, 2013**

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 Sections 185 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s), substitution(s) or re-

enactment(s) thereof for the time being in force) Consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company ("herein referred to as "the Board", which term shall deem to include, unless the context otherwise required, any committee of the Board or any Director(s) or Officer(s) authorized by the Board to exercise the powers conferred on the Board under this resolution) for giving loan(s) in one or more tranches including loan represented by way of book debt ("the Loan") and or give any guarantee(s), and or providing of security(ies) in connection with any loan taken or to be taken by the Company's holding or Associate or group entity of the Company or any other person in whom any of the Director of the Company is deemed to interested upto a sum of Rs. 1000 Crores (Rupees Thousand Crores Only) at any point of time, in its absolute discretion deem beneficial and in the best interest of the Company;

RESOLVED FURTHER THAT any one of the Directors and/or the Company Secretary of the Company, be and is hereby authorized to negotiate, finalize, the terms and conditions of the aforesaid loans / guarantee(s)/ security(ies) and to do all such acts, deeds and things as may be necessary to give effect to the above resolution."

6. Approval of Material Related Party Transaction

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

"**RESOLVED THAT** pursuant to the provisions of Regulation 23 of Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), and subject to such other approvals, consents, permissions and sanction of other authorities as may be necessary and pursuant to the Related Party Transaction Policy of the Company, approval of the members of the Company be and is hereby accorded to the Company to approve all contracts / transactions/ arrangements/ agreements (including any modifications, alterations, amendments, renewal thereto), within the definition of Companies Act, 2013 ("the ACT") and Listing Regulations, as more particularly enumerated in the explanatory statement to the notice on such terms and conditions as may be agreed between the Company and such related parties.

RESOLVED FURTHER THAT the Board (hereinafter referred to as "the Board" which term shall include any committee thereof) is hereby authorized to negotiate, finalize, vary, amend, renew and revise the terms and conditions of the transactions and enter into, sign, execute, renew, modify and amend all agreements, documents and letters thereof, from time to time."

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

**Place: Mumbai
Date: 14th August, 2021**

**Amitabh Kejriwal (DIN: 00005864)
Managing Director**

Registered office:

Building No.7, Mittal Industrial Estate,
Andheri Kurla Road, Sakinaka,
Andheri (East), Mumbai – 400059

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE, IN CASE OF POLL ONLY, ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE VALID, SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

A person can act as proxy on behalf of member(s) not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights provided that a member holding more than ten percent, of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other member.

In view of the prevailing COVID-19 pandemic, the Ministry of Corporate Affairs (the "MCA") has vide its circular no. 20/2020 dated 5th May, 2020 read with circular no. 14/2020 dated 8th April, 2020, circular no. 17/2020 dated 13th April, 2020 and Circular No. 02/2021 dated 13th January, 2021 (collectively referred to as "MCA Circulars") and SEBI vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 and circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January, 2021 has permitted Companies to conduct their annual general meetings through Video Conferencing ("VC") or Other Audio Visual Means ("OAVMs"). However, considering the cost and the hassles in implementation of Audio Visual means and w.r.t the cost cutting measures undertaken by the Company, the management of the Company find it prudent to hold the 37th Annual General Meeting of the Company in physical attendance of the members by following proper social distancing measures and guidelines laid down by local authorities.

- Members/Proxies are requested to bring duly filled in Attendance slip along with the Annual Report at the Annual General Meeting.
- Corporate Members are requested to send duly certified copy of the Board resolution pursuant to Section 113 of the Companies Act, 2013 authorizing their representative to attend and vote at the Annual General Meeting (including through e-voting).
- Pursuant to Regulations 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard-2 on "General Meetings" the particulars of Directors seeking appointment/re-appointment at the ensuing 37th Annual General Meeting is annexed to the notice.

5. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 24th September, 2021 to Thursday, 30th September, 2021 (both days inclusive).
6. The Register of Directors and Key Managerial Personnel and their Shareholdings maintained under Section 170 and Register of Contract or Arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 are open for inspection at the Registered Office of the Company during the office hours on all working days, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting and will be open for inspection during the Annual General Meeting also.
7. Members holding shares in physical form are requested to notify immediately any change in their address or bank mandates to the Company / Registrar and Share Transfer Agents quoting their Folio Number and Bank Account details along with self-attested documentary proofs. Members holding shares in the demat form may update such details with their respective Depository Participants.
8. In case of joint holders attending the meeting, the joint holder with highest in order of names will be entitled to vote.
9. Members desirous of obtaining any information about the accounts and operations of the Company are requested to address their queries to the Company Secretary & Compliance Officer at the Registered Office of the Company at least seven days in advance of the meeting to enable the Company to provide the information required at the meeting.
10. Members having multiple folios in identical names or in joint names in the same order are requested to send the share certificate(s) to the Company's Registrar & Share Transfer Agents, Purva Shareregistry (India) Pvt. Ltd for consolidation of all such shareholding into one folio to facilitate better services.
11. Members holding shares in physical form are requested to intimate any change in their address or bank mandates immediately to the Company's Registrar & Share Transfer Agents (RTA), viz. Purva Shareregistry (India) Pvt. Ltd., 9, Shiv Shakti Industrial Estate, J. R. Boricha Marg, Lower Parel (East), Mumbai – 400011 quoting their Folio Number and Bank Account details along with self-attested documentary proof. Members holding shares in Demat form may update such details with their respective Depository Participants.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore requested to submit their PAN details to their respective Depository Participants with whom they have their demat accounts. Members holding shares in physical form can submit their PAN details to the Registrar & Share Transfer Agents of the Company – Purva Shareregistry (India) Pvt. Ltd.
13. Non Resident Indian members are requested to inform to the Company's Registrar & Share Transfer Agents, immediately of any change in their residential status on return to India for permanent settlement, their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code, if the details are not furnished earlier.
14. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company's Registrar & Share Transfer Agents (RTA), viz. Purva Shareregistry (India) Pvt. Ltd in this regard.
15. As per provisions of Section 72 of the Companies Act 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Members holding shares in single name and physical form are advised to make nomination in the prescribed form SH-13 with RTA and in respect of shares held in demat form, the nomination form may be filed with their respective DPs.
16. To comply with the provisions of Section 88 of the Companies Act, 2013 read with Rule 3 of the Companies (Management and Administration) Rule, 2014, the Company is required to update its database by incorporating some additional details of the members.

Members are thus requested to kindly submit their e-mail IDs and other details vide the e-mail updation form annexed to this Annual Report. The same could be done by filling up and signing at the appropriate place in the said form and by returning the same by post.

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

17. The Notice of the 37th Annual General Meeting, along with the Attendance Slip and Proxy Form, are being sent by electronic mode to all members whose email address are registered with the Company/Depository Participants.
18. Route Map for the venue of the 37th Annual General Meeting of the Company is appearing at the end of the Annual Report.
19. Information and other instruction relating to e-voting process
 - (a) Pursuant to provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide e-voting facility to its members to cast their votes electronically on all resolutions set forth in the Notice convening the 37th Annual General Meeting to be held on Thursday, 30th September, 2021. The Company has engaged

the services of Central Depository Services (India) Limited (CDSL) to provide the e-voting facility.

- (b) The facility for voting through polling papers shall also be made available at the venue of the 37th Annual General Meeting. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend and participate at the meeting, but shall not be entitled to cast their vote again.
- (c) The remote e-voting shall commence on Monday, 27th September, 2021 (10.00 A.M.) and ends on Wednesday, 29th September, 2021 (5.00 P.M.) During this period, shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Thursday, 23rd September, 2021, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (d) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. Thursday, 23rd September, 2021.
- (e) A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date, i.e. Thursday, 23rd September, 2021 only shall be entitled to avail the facility of remote e-voting and voting at Meeting through polling papers.
- (f) The Board of Directors of the Company has appointed CS Ketan. R. Shirwadkar, M/s KRS AND CO., Company Secretaries, Mumbai, as scrutinizer to conduct and scrutinize the voting through polling papers and remote e-voting in a fair and transparent manner.
- (g) Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. Thursday, 23rd September, 2021, may obtain the User ID and password by sending a request at helpdesk.evoting@cdslindia.com or info@konarkgroup.co.in. However, if the member is already registered with CDSL for remote e-voting then he can use his existing user ID and password for casting the vote through e-voting. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evotingindia.com or contact CDSL at the following toll free no.: 1800-200-5533.
- (h) The Chairman shall, at the Annual General Meeting, at the end of discussion on the resolutions on which voting is to be done, allow voting with the assistance of scrutinizer, by use of "Polling Papers" to all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- (i) The Scrutinizer after conclusion of voting at the Annual General Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 2 working days of conclusion of the Annual General Meeting, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, and submit the same to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- (j) The result declared along with the Consolidated Scrutinizer's Report shall be placed on the website of the Company www.konarkgroup.co.in and on the website of the CDSL <https://www.evotingindia.com/> immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited.
- (k) Subject to receipt of requisite number of votes in favour, the Resolutions shall be deemed to be passed on the date of the Annual General Meeting i.e. Thursday, 30th September, 2021.

(A) Procedure/ Instructions for e-voting are as under:

In case a Member receives an email from CDSL [for members whose email IDs are registered with the Company/Depository Participants(s)]:

Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting for **Individual shareholders holding securities in Demat mode** is given below:

| Type of shareholders | Login Method |
|--|--|
| Individual Shareholders holding securities in Demat mode with CDSL | 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. |
| | 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. |
| | 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration |
| | 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers. |
| | 1) If you are already registered for NSDL IDEAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period. |
| Individual Shareholders holding securities in demat mode with NSDL | 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com . Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/ideasDirectReg.jsp |
| | 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period. |

Individual Shareholders (holding securities in demat mode) login through their Depository Participants

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

| Type of shareholders | Login Method |
|---|--|
| Individual Shareholders holding securities in Demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43. |
| Individual Shareholders holding securities in Demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30. |

(v) Login method for e-Voting for **shareholders other than individual shareholders holding in Demat form & physical shareholders.**

1. The shareholders should log on to the e-voting website www.evotingindia.com
2. Click on “Shareholders” module.
3. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
4. Next enter the Image Verification as displayed and Click on Login.
5. If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
6. If you are a first time user follow the steps given below:

For Shareholders holding shares in Demat Form other than individual and Physical Form

| | |
|--|---|
| PAN | <ul style="list-style-type: none"> • Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA. |
| Dividend Bank Details OR Date of Birth (DOB) | <ul style="list-style-type: none"> • Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your Demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v). |

- (vi) After entering these details appropriately, click on “SUBMIT” tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the “**Konark Synthetic Limited**” on which you choose to vote.
- (x) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xv) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. **For Physical shareholders**- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to support@purvashare.com
2. **For Demat shareholders** - Please update your email id & mobile no. with your respective Depository Participant (DP)
3. **For Individual Demat shareholders** – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting through Depository.

Annexure to notice – explanatory statement

As required under Section 102(1) of the Companies Act, 2013, the following statement sets out all the material facts relating to the special business mentioned in the accompanying Notice. Explanation to ordinary business set out under Item No. 3 is provided as required under Regulation 36(5) Listing Regulations.

Item 3

The Members of the Company through postal ballot dated 13th November, 2020 had elected M/s. Jhunjhunwala Jain & Associates LLP, Chartered Accountants, Mumbai, Firm Registration No. 113675W due to casual vacancy created by resignation of M/s Pansari & Dalmia, Chartered Accountants, Mumbai and pursuant to Section 139 of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014 the term of Auditor will end at the conclusion of 37th Annual General Meeting.

The Board of Directors of the Company ('the Board'), on the recommendation of the Audit Committee ('the Committee'), recommended for the approval of the Members, the appointment of M/s. Jhunjhunwala Jain & Associates LLP, Chartered Accountants, Mumbai, Firm Registration No. 113675W, as Statutory Auditors of the Company for a period of 5 (five) consecutive years, to hold office from the conclusion of the 37th Annual General Meeting until the conclusion of the 42nd Annual General Meeting of the Company.

The Committee considered various parameters like capability to serve a diverse and complex business landscape as that of the Company, audit experience in the Company's operating segments, market standing of the firm, clientele served, technical knowledge etc., and found M/s. Jhunjhunwala Jain & Associates LLP, Chartered Accountants, Mumbai, Firm Registration No. 113675W, to be best suited to handle the scale, diversity and complexity associated with the audit of the financial statements of the Company.

M/s. Jhunjhunwala Jain & Associates LLP, Chartered Accountants, Mumbai, Firm Registration No. 113675W, have given their consent to act as the Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act.

Based on the recommendation of the Audit Committee, it is proposed to pay remuneration of ₹ 3,00,000 to the Statutory Auditors excluding applicable taxes and reimbursement of out of pocket expenses, on actual, incurred by them in connection with the audit of the accounts of the Company for the financial year 2021-22 and for such years thereafter until revised. Further, the Board of Directors, on recommendation of the Audit Committee may alter and vary the terms and conditions of the appointment etc. including by reason of necessity on account of conditions as may be stipulated by any statutory authority, in such manner and to such extent as may be mutually agreed with the Statutory Auditors.

None of the Directors, Key Managerial Personnel or their relatives, are in any way, concerned or interested in this Resolution.

The Directors recommend the Ordinary Resolution as set out in Item No. 3 of this Notice for the approval of the Members.

Item 4

At the Board Meeting of the Company held on 14th August, 2021, the Board had, based on the recommendations of the Nomination and Remuneration Committee, appointed Mr. Shonit Dalmia (DIN: 00059650) as an Additional Director pursuant to the provisions of section 161 of the Act and holds office up to the date of the ensuing AGM. Mr. Shonit Dalmia is eligible for appointment as Director of the Company.

The Company has received a notice under section 160 of the Act from a Member signifying his intention to propose the candidature of Mr. Shonit Dalmia as a Director of the Company.

The Company has received from Mr. Shonit Dalmia:

- i. Consent in writing to act as Director in Form DIR-2, pursuant to Rule 8 of the Companies (Appointment and Qualifications of Directors) Rules, 2014.
- ii. Intimation in Form DIR-8 in terms of Companies (Appointment and Qualifications of Directors) Rules, 2014, to the effect that he is not disqualified under subsection (2) of section 164 of the Act.

A brief profile of Mr. Shonit Dalmia is given below:-

Mr. Shonit Dalmia aged 37 years is commerce Graduate from Mumbai University and has a master degree from UK. He has over 13 years of experience in Accounts and Finance.

Details relating to the appointment of Mr. Shonit Dalmia as required by the Act, the Listing Regulations and the Secretarial Standard on General Meetings (SS-2) of the Institute of Company Secretaries of India (ICSI) are provided in the Annexure to this Notice.

None of the Directors, Key Managerial Personnel or their relatives, are in any way interested or concerned financially or otherwise in the resolution at item no. 4 of the notice.

The Board of Directors recommend the Ordinary Resolution as set out at item no. 4 of the Notice of the AGM for approval of the Members.

Item 5

The Company needs to render support for the business requirements of its Subsidiary, Associate or group entity or any person in whom any of the Directors of the Company is interested from time to time. Section 185(1) of the Companies Act, 2013 contains some restrictive provisions which debar the Company from giving loans or guarantee or providing security in connection with loan availed directly or indirectly by (a) any director of Company, or of a company which is its holding company or any partner or relative of any such director or (b) any firm in which any such director or relative is a partner. However pursuant to Section 185(2) a company may advance any loan, or give guarantee or providing security in connection to any loan taken by a person in whom any of the directors of the Company is interested, subject to the condition that – (a) a special resolution is passed by the Company (b) the loans are utilized by the borrowing company for its principal business activities. Further “a person in whom any of the director is interested” means (a) any private company of which any such director is a director or member (b) any body corporate at a general meeting of which not less than twenty-five per cent. of the total voting power may be exercised or controlled by any such director, or by two or more such directors, together; or (c) any body corporate, the Board of directors, managing director or manager, whereof is accustomed to act in accordance with the directions or instructions of the Board, or of any director or directors, of the lending company.

Thus, the Board of Directors seeks approval of the members by way of special resolution pursuant to Section 185(2) of the Companies Act, 2013 (as amended by the Companies (Amendment) Act, 2017 for making loans or guarantee or providing security in connection with loan taken or to be taken by the Company's Associate Company or any other person specified under section 185 of the Companies Act, 2013 for capital expenditure and or working capital requirements as may be required from time to time for the expansion of business activities and other matters connected and incidental thereto for their principal business activities.

The members may note that the Board after carefully evaluating the proposal may grant such loans or give guarantee or provide security in connection with loan taken or to be taken by persons in whom the director is interested.

Except for Mr. Shonit Dalmia (and his relatives), who is appointed as an additional director w.e.f. 14th August, 2021 and whose appointment as Non Executive Director of the Company is being regularized at this AGM, and Mr. Satish Deshmukh by virtue of their directorship being interested, none of the Directors, Key Managerial Personnel or their relatives, are in any way interested or concerned financially or otherwise in the resolution at item no. 5 of the notice except to the extent of their shareholding.

The Board of Directors recommend the Special Resolution as set out at item no. 5 of the Notice of the AGM for approval of the Members.

Item 6

Pursuant to the provisions of Section 188 of the Companies Act, 2013 ("the Act"), read with the Companies (Meetings of Board and its Powers) Rules, 2014 ('Rules'), the Company is required to obtain consent of the Board of Directors and prior approval of the members by way of ordinary resolution, in case certain transactions with related parties exceeds such sum as is specified in the said Rules. The aforesaid provisions are not applicable in respect of transactions which are in the ordinary course of business and on arm's length basis. However, pursuant to Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations'), approval of the members through ordinary resolution is required for all material related party transactions, even if they are entered into in the ordinary course of business and on arm's length basis. For this purpose, a transaction is considered material, if the transaction/transactions to be entered into individually or taken together with previous transactions during a Financial Year exceed 10% of the annual consolidated turnover of the Company, as per the last audited financial statements of the Company.

The Company proposes to enter into contracts/ arrangements with related parties as mentioned below, which are in the ordinary course of business. Further, the estimated value of the proposed transaction is likely to exceed 10% of the annual consolidated turnover of the Company for the financial year ended on March 31, 2021 and subsequent financial years and therefore may exceed the materiality threshold as prescribed under Regulation 23 of the Listing Regulations. Thus, these transactions would require the approval of the Members by way of Ordinary Resolution.

Approval of the Members is sought to enable the Board for entering into contracts/ arrangements/ agreements/ transactions (including any modifications, alterations, amendments or renewal thereto) with the said parties subject to the limits mentioned in the table below:

| Name of the Related Party | India Denim Limited | Konark Infratech Private Limited | Konark Gujarat PV Private Limited |
|--|---|---|---|
| Name of the Director or KMP who is related | 1. Mr. Amitabh Kejriwal 2. Mr. R.B. Somany 3. Mr. Satish Deshmukh 4. Ms. Suvriti Gupta | 1. Mr. Amitabh Kejriwal 2. Mr. R.B. Somany | 1.Mr. Shonit Dalmia 2. Mr. Satish Deshmukh |
| Nature of Relationship | Subsidiary Company | Associate Company | Subsidiary of Associate Company |
| Nature of Contract | Giving Loans and Advances, providing guarantee and security | Giving Loans and Advances, providing guarantee and security | Giving Loans and Advances, providing guarantee and security |
| Terms and Monetary value (Rs. In Crore) | | | |
| F.Y. 2021-22 | 200.00 | 200.00 | 200.00 |
| F.Y. 2022-23 | 200.00 | 200.00 | 200.00 |
| F.Y. 2023-24 | 200.00 | 200.00 | 200.00 |

None of the Directors, Key Managerial Personnel or their relatives, are in any way interested or concerned financially or otherwise in the resolution at item no. 6 of the notice except for the directors mentioned above.

The Board of Directors recommend the Ordinary Resolution as set out at item no. 6 of the Notice of the AGM for approval of the Members.

In pursuance of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 "General Meetings", details of directors seeking appointment/re-appointment at ensuing Annual General Meeting are as follows:

| Name of Director | Mr. Amitabh Kejriwal | Mr. Shonit Dalmia |
|---|--|---|
| Date of birth | 20/11/1965 | 30/03/1984 |
| Date of appointment as director | 01/04/2017 (As Managing Director) | 14/08/2021 (As Additional Director) |
| Qualification | Bachelor of Commerce | Master Degree (UK) |
| Experience/Expertise in specific functional area/Brief Resume | He has over 25 years of experience in textile industry. | He has over 13 years of experience in Accounts and finance) |
| Shareholding in the Company (Equity shares of Rs. 10/- each) | 68200 Equity Shares | 1126475 Equity Shares |
| List of Directorship in other entities | 1. Konark Infratech Private Limited. 2. Kayo Investments and Finance Private Limited. 3. Trade Bazaar Retail Private Limited | 1. Konark Natural Foods Private Limited. 2. Anline Construction Company Private Limited 3. Konark Gujarat PV Private Limited. 4. Konark wind projects Private Limited. 5. Konark PV Private Limited. 6. Fillmore Trading and Investment Pvt. Ltd. 7. Aniline Properties Private Limited. 8. Konark Realty Private Limited. |

| | | |
|---|--|--|
| Membership/Chairmanship of Committees of other listed entities (includes only Audit Committee and Stakeholder's Relationship Committee) | Nil | NIL |
| No. of Board Meetings attended during the year | 6 | N.A. |
| Terms and Conditions of re-appointment | He is appointed for a period of 5 years. | Refer Item No. 4 of the Notice and Explanatory Statement |
| Remuneration to be paid (if applicable) | Rs. 8.50 Lakhs p.a. plus perquisites. | NIL |
| Relationship with any Director (s) of the Company | Not related | Not Related |
| Justification for appointing as an Independent Director | Not Applicable | Not applicable |

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

**Place: Mumbai
Date: 14th August, 2021**

**Amitabh Kejriwal (DIN: 00005864)
Managing Director**

Registered office:

Building No.7, Mittal Industrial Estate,
Andheri Kurla Road, Sakinaka,
Andheri (East), Mumbai – 400059

DIRECTORS' REPORT

To

The Members

Konark Synthetic Limited

Your Directors present the 37th Annual Report together with the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended on 31st March 2021.

FINANCIAL HIGHLIGHTS:

(Rs. in Lakhs)

| Sr. No. | Particulars | Standalone | | Consolidated | |
|---------|--|---|---|---|---|
| | | For the Year ended 31 st March, 2021 | For the Year ended 31 st March, 2020 | For the Year ended 31 st March, 2021 | For the Year ended 31 st March, 2020 |
| 1. | Total Revenue | 1928.14 | 7196.52 | 1928.52 | 7197.05 |
| 2. | Total Expenses | 2538.69 | 7285.78 | 4322.31 | 8683.77 |
| 3. | Profit before Depreciation & Amortization expenses, Finance Cost and Tax | (610.55) | (89.26) | (2393.79) | (1486.72) |
| | Less: Depreciation and Amortization Expenses | 160.62 | 254.61 | 388.27 | 482.25 |
| | Less: Finance Cost | 355.80 | 449.70 | 355.80 | 490.70 |
| 4. | Profit before exceptional / extraordinary items and tax | (1126.98) | (793.57) | (3137.86) | (2418.68) |
| 5. | Share in Profit/(Loss) in Equity Accounted Investments (Net of Tax) | - | - | 19.77 | 19.04 |
| | Less: Exceptional Item/ extraordinary items | 1198.00 | (1092.34) | 1198.00 | 243.46 |
| 6. | Profit before tax | 71.02 | (1885.91) | (1920.09) | (2643.09) |
| | Less: Provision for tax (Including deferred tax) | (91.45) | (234.66) | (91.45) | (234.66) |
| 7. | Profit after tax | 162.47 | (1651.25) | (1828.64) | (2408.43) |
| 8. | Less: Minority Interest | - | - | - | - |
| | Profit/Loss for the period after Minority Interest | - | - | (1828.64) | (2408.43) |

REVIEW OF BUSINESS OPERATIONS:

During the year under review, the Company earned total revenue of Rs. 1928.14 Lakhs as against Rs. 7196.52 Lakhs in the previous year. The profit before tax was Rs. 71.02 Lakhs as against a loss of Rs. (1885.91) Lakhs in previous year. The profit after tax was Rs. 162.47 Lakhs as against a loss of Rs. (1651.25) Lakhs in the previous year.

SHARE CAPITAL:

There was no change in Share Capital of the Company during the year 2020 - 21. As on 31st March, 2021, the paid up share capital of the Company stood at Rs. 5,80,80,000/- (Rupees Five Crores Eighty Lakhs and Eighty Thousand Only) divided into 58,08,000 Equity shares of Rs. 10/- (Rupee Ten) each.

DIVIDEND:

To conserve the resources for future business requirements of the Company, your Directors do not recommend any payment of dividend for the year under review.

RESERVES:

During the year the Company has not transferred any amount to General Reserves.

PUBLIC DEPOSITS:

During the year under review, the Company has not accepted any deposits within the meaning of Section 73 and 76 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.

EXTRACT OF ANNUAL RETURN:

The Annual Return as referred in Section 134(3)(a) of the Companies Act, 2013 for the financial year ended March 31, 2021 placed on the website of the Company at <https://www.konarkgroup.co.in>.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 and the Articles of Association of the Company, Mr. Amitabh Kejriwal, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment and your Board recommends his re-appointment.

Mr. Prakashchand Dalmia (DIN: 00005813) Chairman and Non-Executive Director of the Company resigned from the office w.e.f 14th August, 2021

Mr. Shonit Prakashchand Dalmia (DIN: 00059650) was appointed as Additional Non Executive Director w.e.f 14th August, 2021 and whose appoint as Non Executive Director of the Company is recommend at this AGM for members approval.

DECLARATION OF INDEPENDENT DIRECTORS:

The Company has received declaration from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Ministry of Corporate affairs (MCA) vide notification no. G. S. R. 804(E) dated 22nd October, 2019 and effective from 1st December, 2019 has introduced the provision relating to inclusion of name of Independent Directors in the data bank maintained by Indian Institute of Corporate Affairs (IICA). All Independent Director of the Company are registered with IICA.

In the opinion of the Board, the Independent Directors hold highest standard of Integrity and possess the requisite qualification, experience, expertise and proficiency.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors met once during the year on 13th February, 2021, to review the working of the Company, its Board and Committees. The meeting decided on the process of evaluation of the Board and Audit Committee. It designed the questionnaire on limited parameters and completed the evaluation of the Board by Non-Executive Directors and of the Audit committee by other members of the Board. The same was compiled by Independent authority and informed to the members.

COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES:

The policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Directors and also remuneration for Key Managerial Personnel and other employees is attached herewith and marked as 'Annexure I'.

ANNUAL PERFORMANCE EVALUATION BY THE BOARD:

Pursuant to the provisions of the Section 134(3) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholders' Relationship Committees. The Board has devised questionnaire to evaluate the performances of each of executive and non-executive and Independent Directors. Such questions are prepared considering the business of the Company and the expectations that the Board have from each of the directors. The evaluation framework for assessing the performance of Directors comprises of the following key areas:

- i. Attendance at Board Meetings and Board Committee Meetings;
- ii. Quality of contribution to Board deliberations;
- iii. Strategic perspectives or inputs regarding future growth of Company and its performance;
- iv. Providing perspectives and feedback going beyond information provided by the management.

The details of the programmes for familiarization of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the link: [http://www.konarkgroup.co.in/investor relation/policies/Familiarisation programme for Independent Directors](http://www.konarkgroup.co.in/investor%20relation/policies/Familiarisation%20programme%20for%20Independent%20Directors).

MEETINGS OF THE BOARD:

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board business. A

tentative annual calendar of the Board and Committee Meetings is informed to the Directors in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings.

The Board met Six times during the financial year, the details of which are given in the Corporate Governance Report. As provided by SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/38 dated March 19, 2020 and SEBI/HO/CFD/CMD1/CIR/P/2020/110 dated June 26, 2020 and by MCA general circular no. 11/2020 dated 24th March, 2020 has relaxed the time gap between two Board Meeting/Audit committee meeting due to COVID – 19 pandemic.

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors, to the best of their knowledge and belief and according to the information and explanation obtained by them and as required under Section 134(3)(c) of the Companies Act, 2013, state that:

- a. in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- b. 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 at the end of the financial year as at 31st March, 2021 and of the profit of the company for that period;
- c. 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 and for preventing and detecting fraud and other irregularities;
- d. the directors have prepared the annual accounts on a going concern basis;
- e. the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f. the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

PARTICULARS OF MANEGERIAL REMUNERATION AND OTHER DETAILS:

Disclosure with respect to the remuneration of Directors and employees as required under Section 197(12) of the Companies Act, 2013 and Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith and marked as '**Annexure II**'.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS:

As on 31st March 2021, the Company has one subsidiary company i.e. India Denim Limited and one Associate Company i.e. Konark Infratech Pvt. Limited. During the year, the Board of Directors reviewed the affairs of the subsidiary Company. As per Section 129(3) of Companies Act, 2013, the Company has prepared a consolidated financial statement of the Company, along with India Denim Limited (Subsidiary) and Konark Infratech Private Limited (associate company), which form part of the Annual Report. Further, a statement containing the salient features of the financial statements of the subsidiary in the prescribed format AOC-1 is attached herewith and marked as '**Annexure III**'. The statement also provides the details of performance and financial position of the subsidiary and associate.

In accordance with the provision of Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of its subsidiary, are available on our website www.konarkgroup.co.in. These documents will also be available for inspection at the registered office of the Company and of the subsidiary company during business hours on all working days and during the Annual General Meeting.

The Company has one associate company namely Konark Infratech Pvt. Limited by virtue of its holding of more than 20% of the respective equity share capital of this company.

AUDIT COMMITTEE AND ITS COMPOSITION:

The Audit Committee comprised of Mr. Satish Deshmukh, Ms. Suvriti Gupta, Independent Directors and Mr. Prakashchand Dalmia, Director of the Company.

Mr. Satish Deshmukh is the Chairman of Audit Committee of the Company. The Compliance Officer and Company Secretary of the Company acts as the Secretary to the Committee.

The Audit Committee of the Company reviews the reports to be submitted to the Board of Directors with respect to auditing and accounting matters. It also supervises the Company's internal control, financial reporting process and vigil mechanism.

Other details with respect to Audit Committee are given in Corporate Governance Report.

Due to resignation of Mr. Prakashchand Dalmia on 14th August, 2021 the Audit Committee was reconstituted and Mr. Shonit Dalmia was appointed as a member of the Committee.

RISKS AND AREAS OF CONCERN:

The Company has laid down a well-defined Risk Management Policy covering the risk mapping, trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and monitoring of both business and non-business risk. The Board periodically reviews the risks and suggests steps to be taken to control and mitigate the same through a properly defined framework. All major properties of the Company are insured.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1) OF THE COMPANIES ACT 2013:

All transactions with the related parties entered during the year are ongoing and on arm's length basis. No Material Related Party Transaction was entered during the year by your Company as per Section 188 of the Companies Act, 2013. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) of the Companies Act, 2013 in Form AOC-2 is not applicable.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

The details as required under Section 186 of the Companies Act, 2013 of loans and guarantee made by your Company during the financial year 2020-21 are given under Notes to Accounts on financial statements. The Company has not made any investments during the year.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

There was no significant or material order passed by any regulator or court or tribunal, which impacts the going concern status of the Company or will have bearing on Company's operations in future.

INTERNAL FINANCIAL CONTROL WITH REFERENCE TO THE FINANCIAL STATEMENTS:

The Company has Internal Financial Control System commensurate with the size, scale and complexity of its operations. The Company monitors and evaluates the efficacy and adequacy of internal control system in place, its compliance with operating systems, accounting procedures and policies.

MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THESE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate and the date of this report.

The economy has been affected all over the World due to COVID-19 Pandemic. Due to relaxation on various fronts by the Government in recent past, operations are expected to be normalized in the coming months. However impact of COVID-19 will affect the profit margin and percentage of such margin will depend on the period required for restoration of normalcy in all the relevant areas and blooming of the economy in the coming days particularly in the textile industry. Effects of COVID-19 being unclear, it will be extremely difficult to predict market behavior as of now.

WHISTLE BLOWER/VIGIL MECHANISM POLICY:

The Company has a Vigil Mechanism / Whistle Blower Policy on our website www.konarkgroup.co.in to deal with instance of fraud and mismanagement, if any. The mechanism also provides for adequate safeguards against victimization of directors and employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in the exceptional cases. The details of the Vigil mechanism Policy is explained in the Corporate Governance Report and also posted on the website of the Company. We affirm that during the financial year 2020 - 21, no employee or director was denied access to the Audit Committee.

STATUTORY AUDITOR:

The Members of the Company through postal ballot dated 13th November, 2020 had elected M/s. Jhunjhunwala Jain & Associates LLP, Chartered Accountants, Mumbai, Firm Registration No. 113675W due to casual vacancy created by resignation of M/s. Pansari & Dalmia, Chartered Accountants, Mumbai and pursuant to Section 139 of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014 the term of Auditor will end at the conclusion of 37th Annual General Meeting.

The Board of Directors of the Company ('the Board'), on the recommendation of the Audit Committee ('the Committee'), recommended for the approval of the Members, the appointment of M/s. Jhunjhunwala Jain & Associates LLP, Chartered Accountants, Mumbai, Firm Registration No. 113675W, as the Statutory Auditors of the Company for 5 (five) consecutive years, to hold office from the conclusion of the 37th Annual General Meeting until the conclusion of the 42nd Annual General Meeting of the Company.

SECRETARIAL AUDITOR:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial (Personnel) Rules, 2014, the Company has re-appointed M/s. KRS AND CO., Company Secretaries, Mumbai to undertake Secretarial Audit of the Company for the year 2020 - 21. The Secretarial Audit Report is annexed herewith as 'Annexure IV' and forms part of this report.

INTERNAL AUDITOR:

The Company has appointed M/s. Kaushik Shahukar & Co., Chartered Accountants, Mumbai as its Internal Auditor. The Internal Auditor give their report on quarterly basis to the Audit Committee.

Based on the report of internal audit, management undertakes corrective action in respective areas and thereby strengthens the controls.

REMARKS ON QUALIFICATION BY STATUTORY AUDITORS AND SECRETARIAL AUDITORS:

The Statutory Auditors' report does not have any qualification / observation/adverse remark and the report is self-explanatory.

With respect to the observations made by Secretarial Auditor in their report, we would like to state an under:

- i. *Looking at the financial position of subsidiary and loan is repayable on demand the Company has extended such loan.*
- ii. & iii *Due to COVID 19 pandemic, lockdown imposed by government our company is not so well equipped to provide work from home facility to our employees and other issues Company was not able to finalize the result for March 2020 and June 2020 on or before due date and so result was delayed by some days.*
- iv. *Your Company will make sure to adhere to the timelines in future.*

REPORT ON CORPORATE GOVERNANCE:

Pursuant to Regulation 34(3) and Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the following have been made a part of the Annual Report and are attached to this report:

- Management Discussion and Analysis Report;
- Corporate Governance Report; and
- Practicing Company Secretary's Certificate regarding compliance of conditions of Corporate Governance.

LISTING OF SECURITIES:

The Company's shares are listed on BSE Limited (BSE) under the script code 514128. The payment of Annual listing Fees to BSE Limited for the financial year 2021-2022 is under process.

INFORMATION UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has zero tolerance for sexual harassment at workplace and adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. There was no complaint on sexual harassment during the year under review.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Details regarding conservation of energy, technology absorption, foreign exchange earnings and outgo is given in 'Annexure V'.

CORPORATE SOCIAL RESPONSIBILITY:

Provisions Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 is not applicable to the Company during the year under review.

OTHER DISCLOSURES

The company does not have any Employees Stock Option Scheme in force and hence particulars are not furnished, as the same is not applicable.

No application has been made under Insolvency and Bankruptcy Code: hence requirement to disclose the details of application made or any proceedings pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the Financial Year is not applicable to the Company.

The requirement to disclose the details of difference between amount of valuation done at the time of onetime settlement and valuation done while taking loan from the Banks and Financial Institutions along with the reasons thereof is also not applicable.

ACKNOWLEDGEMENT:

Your Directors take this opportunity to express their sincere 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 look forward to their continued support in the future.

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

**For and on behalf of the Board of Directors
For Konark Synthetic Limited**

**Place: Mumbai
Date: 14th August, 2021**

**Amitabh Kejriwal
Managing Director
(DIN: 00005864)**

Annexure I**POLICY ON CRITERIA FOR APPOINTMENT OF DIRECTORS, EVALUATION OF PERFORMANCE AND REMUNERATION****OBJECTIVE OF THE POLICY:**

The Policy on Appointment of Directors, Evaluation of Performance and Remuneration, is designed to attract, motivate and retain manpower in a competitive and international market. The policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

This Policy applies to the Company's senior management, including its Key Managerial Person and Board of Directors of **Konark Synthetic Limited**.

CRITERIA FOR APPOINTMENT OF DIRECTORS:

The criteria for appointment of a person as a Director on the Board of Directors of the Company are given below:

Appointment of Directors:

The Company shall appoint only those persons who possess formal qualification, relevant experience, proven track record, integrity etc.

Qualifications:

Any person to be appointed as a Director on the Board of Director of the Company, including Independent Directors, shall possess appropriate skills, experience and knowledge in one or more fields of textile, logistic, banking, finance, economics, law, management, sales, marketing, administration, research, corporate governance or technical operations.

Any person to be appointed as an Independent director shall also fulfill the criteria of Independence as laid down under Section 149(6) of Companies Act, 2013.

Further, any Director who is proposed to be appointed as a member of the Audit Committee shall also possess the following additional qualifications:

1. He/she should be financially literate, which means he/she possess the ability to read and understand basic financial statements i.e. Balance Sheet, Profit and Loss Account and Cash Flow Statement;
2. He/she should have accounting or related financial management expertise. A person will be considered to have accounting or related financial management expertise if he or she possesses experience in finance or accounting or requisite professional certification in accounting, or any other comparable experience or background which results in the financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

Experience:

Any person to be appointed as a Director on the Board of the Company shall possess the relevant experience and shall be able to provide policy directions to the Company, including directions on good corporate governance. Prior experience of being a Chief Executive Officer, Managing Director or a Whole-time director of any company shall be given utmost importance while considering appointment.

Positive attributes:

The person to be appointed as a Director of the Company shall not only possess the relevant formal qualifications and experience but shall also possess attributes like integrity and proven track record and shall demonstrate commitment to the organization.

For assessing the integrity and suitability features like past criminal records, financial position, refusal of admission to or expulsion from professional bodies and previous questionable business practices etc. shall be considered.

A person shall not be to appointed as Director if he/she possesses the disqualification as contained under Section 164 (1) of the Companies Act, 2013.

The Committee is requested to consider and recommend the same to the Board for approval.

CRITERIA FOR FIXING THE REMUNERATION:

The Nomination and Remuneration Committee determines and recommends to the Board a policy relating to remuneration for directors, key managerial personnel and other employees.

GUIDING PRINCIPLES:

The Nomination and Remuneration Committee while deciding the remuneration package for directors, key managerial personnel and other employees shall take not only take into consideration the legal provision of Section 197 of the Companies Act, 2013 but also the following items;

1. Compensation will be a major driver of performance;
2. Compensation will be competitive and benchmarked with a select group of companies from the Industry;
3. Compensation will be transparent, fair and simple to administer;
4. Compensation will be based on employment scenario in the Industry;
5. Compensation will be tax friendly and legally compliant.

CRITERIA FOR MAKING PAYMENTS TO SENIOR MANAGEMENT:

The annual variable pay of senior managers is linked to the performance of the Company in general and their individual performance for the relevant year measured against specific Key Result Areas, which are aligned to the Company's objectives.

CRITERIA FOR MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS:

The remuneration to non-executive directors is linked with the relevant market performance, balance between financial and sectoral market, comparative scales, alignment to corporate goals, roles assumed and number of board meetings attended, contribution at the Board and committee meetings and time spent on the operational matters other than at the meetings.

The Non-Executive Directors (NEDs) will be paid remuneration by way of Commission and Sitting Fees:

1. The Company may pay sitting fees per meeting to the Non-Executive Directors (NEDs) for attending the meetings of the Board, Committee of the Board, Remuneration & Nomination Committee, Audit Committee, Stakeholders Committee etc. constituted by the Board from time to time and;
2. The Commission will be paid out of the net profits of the company at a rate not exceeding the rate as mentioned under section 197 of the Companies Act, 2013 and relevant rules as may be applicable from time to time.
3. The Company will also reimburse the out-of-pocket expenses incurred by the Directors for attending the meetings.
4. The distribution of Commission amongst the Non-Executive Directors (NEDs) will be placed before the Board.
5. Severance compensation will be guided by the terms of appointment letter.

CRITERIA FOR PERFORMANCE APPRAISAL/ EVALUATION PROCESS OF INDEPENDENT DIRECTOR:

The Nomination Committee shall lay down the evaluation criteria for performance evaluation of independent directors.

Guiding principles:

The performance of the Independent directors as well as the performance of the entire Board along with its Committees shall be evaluated annually.

Performance evaluation of Independent directors shall be done by the entire Board of Directors (excluding the director being evaluated).

The Independent directors shall at the separate meeting without the attendance of non-independent directors and members of management shall:

1. review the performance of non-independent directors and the Board as a whole;
2. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
3. Assess the quality, quantity and timeliness of flow of information between the Company management and the Board which is necessary for the Board to effectively and reasonably perform their duties.

Indicative lists of factors that may be considered while evaluating the Performance of directors are as follows:

1. How well prepared and well informed the directors are for the board meetings?
2. Whether the attendance of directors at meetings is satisfactory?
3. Do the directors show willingness to spend time and effort learning about the company and its business?
4. Are the directors willing to participate in events outside board meetings such as site visits etc.?
5. What has been the quality and value of director's contributions at board meetings?
6. What has been their contribution to the development of
 - (i) Strategy and
 - (ii) Risk management

7. How successfully the directors have brought their knowledge and experience to the benefit of the Company?
8. Where necessary, how firm are they in holding to their views and resisting pressure from others?
9. How effectively have they followed up matters about which they have expressed concern?
10. How good are their relationship with other board members, the company secretary and senior management?
11. How actively and successfully do they refresh their knowledge and skill?
12. How up-to-date they are with the latest developments in the areas such as the corporate governance framework, financial reporting and market conditions?
13. How well do they communicate with other board members, senior management and others? (e.g. shareholders)
14. Can they present their views convincingly, yet diplomatically?
15. Do they listen to the views of others?

DISCLOSURE OF INFORMATION:

The company shall disclose the Remuneration Policy in its Annual Report.

Annexure II

(A) Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended:

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2020 -21, the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2020-21:-

| Sr. No. | Name of the Director / KMP | Ratio of remuneration to the median remuneration of the employees | % Increase / (Decrease) over last F.Y. |
|---------|---|---|--|
| 1 | Mr. Amitabh Kejriwal (Managing Director) | 6.26:1 | (21.33) |
| 2 | Mr. R.B. Somany (Chief Financial Officer) | 7.33:1 | (16.67) |
| 3 | *Mr. Mehnuddin Khan (Company Secretary & Compliance Officer) | 2.62:1 | (13.02) |

Note: Non-Executive Directors of the Company are not paid any sitting fees or commission.

- (ii) The percentage increase in the median remuneration of employees in the financial year 15.26%
- (iii) The number of permanent employees on the rolls of the company 33
- (iv) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration. Average percentile increase in Employee's other than managerial remuneration is 49.94% while managerial remuneration is decreased by (21.33%)

It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy recommended by Nomination and Remuneration Committee of the Company and adopted by the Company.

(B) Information as per Rule 5(2) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Details of top ten employees drawing remuneration pursuant to the provisions of Rule, 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as follows:

| Employee Name | Designation | Educational Qualifications | Age (Years) | Experience (In Years) | Date of Employment | Gross Remuneration Paid (Amt in Rs.) | Previous Employment and Designation |
|--------------------------------|-------------------------|----------------------------|-------------|-----------------------|--------------------|--------------------------------------|--|
| Mr. Amitabh Kejriwal | Managing Director | B.Com | 54 | 24 | 28.02.1995 | 8,54,120 | - |
| Mr. R.B. Somany | CFO | B.Com | 57 | 31 | 26.12.1995 | 10,00,000 | GM (Commercial) in Matule Syntex Ltd |
| Mrs. Shikha Dalmia | Manager | B.Com | 40 | 15 | 01.04.2017 | 6,00,000 | - |
| Mrs. Namrata Dalmia | Manager | B.E. (Production) | 38 | 13 | 01.04.2017 | 6,00,000 | - |
| Mr. G. L. Rajgar | Factory Manager | B.A | 57 | 33 | 20.09.1990 | 4,13,600 | Black Rose India Ltd as Senior Logistics Limited |
| Mr. Karunakar Sherigar | Chief Accountant | B.Com | 53 | 29 | 15.04.2009 | 3,97,111 | Accountant in Vengaboys Timetech Ltd. |
| *Mr. Mehnuddi Khan | CS & Compliance Manager | CS & LLB | 31 | 4 | 18.08.2015 | 3,56,625 | - |
| Mr. Neeraj Anand Swaroop Gupta | Factory Manager | B. Com | 55 | 33 | 01.05.1989 | 3,28,000 | Shree Polyester Pvt. Ltd. |
| Mr. Amit Prajapat | Accounts Manager | M. Com | 30 | 09 | 01.06.2012 | 3,03,570 | Bhuwaniya & Agrawal Associates |
| Mr. Lalmani Yadav | Sales Manager | B.A. | 44 | 21 | 03.11.1997 | 2,68,586 | - |

Notes

1. All appointments are contractual and terminable by notice on either side.
2. Remuneration includes salary, various allowances, contribution to Provident Fund and taxable value of perks.
3. None of the employees of the Company was drawing remuneration of Rs. 8,50,000/- p.m. or Rs. 1,02,00,000/- p.a. or more during the year.
4. *Mr. Mehnuddin Khan Company Secretary resigned from the office w.e.f 28th April, 2021

**For and on behalf of the Board of Directors
For Konark Synthetic Limited**

**Place: Mumbai
Date: 14th August, 2021**

**Amitabh Kejriwal
Managing Director
(DIN: 00005864)**

Annexure-III**Form AOC-I****(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)****Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures****Part "A" Subsidiaries****(Rs. In Lakhs)**

| Particulars | India Denim Limited |
|--|----------------------------|
| Reporting Period | 31/03/2021 |
| Share Capital | 1144.59 |
| Reserves & Surplus | (6341.65) |
| Total Assets | 2036.87 |
| Total Liabilities | 7233.93 |
| Investments (except in subsidiary companies) | - |
| Turnover | - |
| Profit/(Loss) before Taxation | (2010.88) |
| Provision for Taxation | - |
| Profit/(Loss) after Taxation | (2010.88) |
| Proposed Dividend | - |
| % of Shareholding | 61.17 |

- 1. Name of subsidiaries which are yet to commence operations – None**
- 2. Name of subsidiaries which have been liquidated or sold during the year - None**

Part "B" Associates and Joint Ventures–

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Company

(Rs. In Lakhs)

| Name of Associates | Konark Infratech Private Limited |
|--|---|
| Latest audited Balance Sheet Date | 31 st March, 2021 |
| Shares of Associate held by the company on the year end | |
| i) No. of shares held as on 31 st March, 2021 | 28,000 |
| ii) Amount of Investment in Associates | Rs. 2.80 |
| iii) Extend of Holding % | 26.92% |
| Description of how there is significant influence | Holding 26.92% voting powers |
| Reason why the associate is not consolidated | Consolidated |
| Net Worth attributable to Shareholding as per latest audited Balance Sheet | (141.49) |
| Profit / Loss for the year | (37.89) |

- 1. Names of associates or joint ventures which are yet to commence operations: None**
- 2. Names of associates or joint ventures which have been liquidated or sold during the year: None**

**For and on behalf of the Board of Directors
For Konark Synthetic Limited**

**Place: Mumbai
Date: 14th August, 2021**

**Amitabh Kejriwal
Managing Director
(DIN: 00005864)**

**Satish Deshmukh
Director
(DIN: 03535235)**

**R. B. Somany
(Chief Financial Officer)**

Annexure-IV**Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
Konark Synthetic Limited,
CIN: L17200MH1984PLC033451
Mittal Industrial Estate,
Bldg No.7, Saki Naka,
Andheri (East), Mumbai -400059

I have conducted the Secretarial Audit of the Compliance of applicable provisions and the adherence to good corporate practices by "**Konark Synthetic Limited**" (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2021**, complied with the statutory provisions listed hereunder and also that the company has proper Board –processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minutes, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
 - (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not Applicable during the review period)**
 - (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable during the Review Period)**
 - (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable during the Review Period)**
 - (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; **(Not Applicable during the Review Period)**
 - (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (i) SEBI (Depositories and Participants) Regulations, 2018 erstwhile SEBI (Depositories and Participants) Regulations, 1996;
6. I have relied on the representations made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The list of major head group of Acts, Laws and Regulations as applicable to the Company is given below;
 - a) Factories Act, 1948;
 - b) Industrial Dispute Act, 1947;
 - c) Industries (Development and Regulation) Act, 1951;

- d) Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc;
- e) Maternity Benefit Act, 1961;
- f) Acts prescribed under prevention and control of pollution;
- g) Acts prescribed under environmental protection;
- h) Acts as prescribed under Direct Tax and Indirect Tax; and
- i) The Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013;
- j) Registration Act, 1908;
- k) Indian Stamp Act, 1899;
- l) Indian Contract Act, 1872;
- m) Negotiable Instrument Act, 1881;
- n) Prevention of Money Laundering Act, 2002
- o) Consumer Protection Act, 1986;
- p) The Indian Copyright Act, 1957;
- q) The Patents Act, 1970;
- r) The Trade Marks Act, 1999;
- s) Local laws as applicable at registered office and plant.

7. As informed and certified by the management, there are no industry specific laws that are applicable to the business activities carried on by the Company based on its sector/ industry.

I have also examined Compliances with the applicable clauses of the following:

- i) Secretarial Standards 1 and 2 as issued and revised by the Institute of Company Secretaries of India with effect from 1st October, 2017.
- ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and made effective from time and time.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc, mentioned above subject to the following observation(s);

- i. *The Company has complied with the provisions of Section 186 of the Companies Act, 2013, except that, the Company on request of one of its Subsidiary Company has extended loan to such Company, which is interest free and there is no stipulation as to repayment of loan given, which is not in compliance with the provision of Section 186(7) of the Act.*
- ii. *Since the financials of the Company were not ready, there is a delay of 36 days in submission of Audited Financial Results (Standalone and Consolidated) for the Quarter and Year Ended 31st March, 2020. Thus there is a non-compliance of Regulation 33(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further during the audit period the Company has received notices from BSE Limited vide e-mail dated 18th August, 2020, and 4th November, 2020 with respect to non-compliance for Non-submission of financial results within the period prescribed under Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Standard Operating Procedure for suspension and revocation of trading of specified securities of listed entities directing the company to pay fine of Rs. 2,00,600/- (including GST of Rs. 30,600/-). The Company has made suitable representation in this behalf.*
- iii. *Since, the financials of the Company were not ready, There is a delay of 8 days in submission of Un-Audited Financial Results (Standalone and Consolidated) for the Quarter Ended 30th June, 2020. Thus there is a non-compliance of Regulation 33(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further during the audit period the Company has received notice from BSE Limited vide e-mail dated 16th October, 2020 with respect to non-compliance for Non-submission of financial results within the period prescribed under Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Standard Operating Procedure for suspension and revocation of trading of specified securities of listed entities directing the company to pay fine of Rs. 47200/- (Including GST of Rs 7200/-) respectively. The Company has made suitable representation in this behalf.*
- iv. *Intimation of Board Meeting for considering and approving un-audited financial results (Standalone and Consolidated) for the quarter and half year ended 30th September, 2020 not given five days in advance. Thus there is a non-compliance of Regulation 29 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.*

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non- Executive Directors.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members, views are captured and recorded as part of the minutes.

I further report that there are moderate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period:

1. The Annual General Meeting of the Company for the Financial Year Ended 31st March, 2020 was held on Wednesday 30th September, 2020 at 3.30 P.M at the Registered Office of the Company.
2. Mr. Amitabh Kejriwal (DIN: 00005864) who retired as Director by rotation was re-appointed.
3. M/s Pansari & Dalmia, Chartered Accountants, vide their letter dated November 06, 2020 resigned as Statutory Auditors of the Company w.e.f the closing hours of November 06, 2020.
4. The Company conducted postal ballot through remote e-voting and obtained the approval of the members for the appointment of M/s. Jhunjhunwala Jain & Associates LLP (Firm Regn. No. 113675W), Chartered Accountants, Mumbai, as Statutory Auditors to fill the casual vacancy caused by the resignation of M/s Pansari & Dalmia, Chartered Accountants w.e.f 21st December, 2020.
5. As informed the Company is in process of complying with the provision of Regulation 39 (4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
6. During the year under review, there was an inter-se transfer amongst persons belonging to the promoter / promoter group in the nature of gift under Regulation 10(1)(a)(i) and Regulation 10 (1)(a)(ii) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as under:-

| Name of the Acquirer | Name of the Transferor/ Seller | Number of Shares or Voting rights acquired | Total Shares acquired as a percentage of diluted Share Capital of Target Company | Date of Acquisition | Price at which Shares are acquired |
|--------------------------------|--------------------------------|--|--|---------------------|---|
| Mr. Shonit Prakashchand Dalmia | Mrs. Rakadevi Dalmia | 11,00,000 shares | 18.94 % | 26th March, 2021 | Nil (Since the transaction is in nature of gift.) |

**For KRS AND CO.
Practicing Company Secretaries**

Mr. Ketan Ravindra Shirwadkar
Proprietor
ACS No. 37829
COP No. 15386
UDIN: A037829C000788471

Date: 14th August, 2021

Place: Mumbai

This Report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report.

ANNEXURE A OF SECRETARIAL AUDIT REPORT

To,
Konark Synthetic Limited,
CIN: L17200MH1984PLC033451
Mittal Industrial Estate,
Bldg No.7, Saki Naka,
Andheri (East), Mumbai -400059

My report of even date to be read along with this letter;

1. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I have followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards, is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy and effectiveness with which the management has conducted the affairs of the Company.
7. Due to the current lockdown situation in view of COVID-19 Pandemic, some of the documents/data was made available to me in electronic form by the secretarial team of the Company.

For KRS AND CO.
Practicing Company Secretaries

Mr. Ketan Ravindra Shirwadkar
Proprietor
ACS No. 37829
COP No. 15386
UDIN: A037829C000788471

Date: 14th August, 2021
Place: Mumbai

Annexure V

Statement of Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo pursuant to the provisions of Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014

CONSERVATION OF ENERGY:

A) Energy Conservation measures taken:

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

B) Impact of the above measures:

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

TECHNOLOGY ABSORPTION:

Research & Development (R & D):

- (i) **Specific areas in which R&D is carried out by the Company:** NA
- (ii) **Benefits derived as a result of the above R&D:** NA
- (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.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

| | (Rs. in Lakhs) | |
|--------------------------|------------------|----------------|
| Particulars | 2020 - 21 | 2019-20 |
| Foreign Exchange Earning | 0.00 | 0.00 |
| Foreign Exchange Outgo | 1.84 | 0.00 |

**For and on behalf of the Board of Directors
For Konark Synthetic Limited**

Place: Mumbai
Date: 14th August, 2021

**Amitabh Kejriwal
Managing Director
(DIN: 00005864)**

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry structure and developments:

The year under review has been the most challenging year. What started as a promising year for our industry quickly turned into difficult one. COVID 19 pandemic brought the entire world to standstill equitably affecting markets and supply chains. However, the coming year looks brighter given the onset of vaccination drives, resumption of operations. The Textile industry is likely to rebound basically due to increased investment and government measures.

2. Opportunities and Threats:

Today's scenario seems slow moving for textile industry but there are enormous opportunity such as in the union budget 2020 – 21 has set to give the ailing textile sector a new lease of life by announcing setting up of mega textile parks, rationalizing the custom duty rates on import of raw materials, allowing 100% FDI for the sector under automatic route. The government has proposed a scheme of Mega Investment Textiles Park (MITRA) in the union budget 2021 – 22 to enable the textile industry to become globally competitive, attract large investments.

There are many opportunities for the textile sector but still some threats or risk prevails which includes 3rd wave risk of COVID 19 pandemic which can again take us to lockdown situation, due to recession low demand and changing situations.

Your Company is repositioning itself to the fast changing situation and expects to come out stronger from once a century type situation.

3. Performance

Overall performance

The overall performance during the year 2020 - 21 was not satisfactory due to lockdown and COVID 19 pandemic. The detail of financial performance is given in Directors Report.

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 year under review Company's sales and operations were drastically affected due to COVID -19 pandemic and lockdown imposed by the Government Authority.

The Company is looking forward for change in present scenario and increase consumer confidence and grow market consumption along with other cost cutting measures including better finance control, working capital management, etc.

4. Outlook:

Demand (in domestic market) for textiles was slow down due to COVID 19 pandemic during year under review. The Company is optimistic and confident about the prospects for the coming year. The Company has a clear objective to enhance the sales volumes in the domestic market.

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.

Every Sector has both internal & external risk and textile sector is no exceptional to it. Company monitors the external environment & manages the internal environment to mitigate the risks faced by the company.

6. Internal Control System & Adequacy:

The Company has proper and adequate system of internal control to ensure that all the assets are safeguarded from loss, damage or disposition. The Company has independent Audit system to monitor the entire operations and the Audit Committee monitors financial statement to ensure that transactions are adequately authorized and recorded, and that they are reported correctly. The Board of Directors considers internal controls as adequate as it regularly review the findings and recommendations of internal audits.

7. KEY FINANCIAL RATIOS

In accordance with the SEBI (Listing Obligations and Disclosure Requirements 2018)(Amendment) Regulations, 2018, the company is required to give details of significant changes (change of 25% or more as compared to the immediately previous financial year) in key sector specific financial ratios.

| Particulars | F.Y 2020 -21* | F.Y 2019-20 |
|----------------------------|---------------|-------------|
| Debtors Turnover Ratio | 0.63 | 1.49 |
| Inventory Turnover Ratio | 1.39 | 1.64 |
| Interest Coverage Ratio | 1.20 | 0.57 |
| Net Profit Margin | 4% | (26%) |
| Current Ratio | 1.18 | 1.31 |
| Return on Capital Employed | (0.35) | 0.10 |
| Return on Networth | (0.06) | (2.50) |

Note: 1. Above Financial Ratios are based on Standalone Financials of the Company.

8. Human Resource Development:

Your Company gives utmost importance to Human Resource. It considers Human Resource as Human Capital and believes in development of Human Resource. 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 through rewards mechanism, performance evaluation and harmonious & constructive working climate. During the year 2020-21, the Company had 33 permanent employees on its payroll.

9. 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.

**For and on behalf of the Board of Directors
For Konark Synthetic Limited**

Place: Mumbai
Date: 14th August, 2021

**Amitabh Kejriwal
Managing Director
(DIN: 00005864)**

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

1. A BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy on Corporate Governance is aimed at strengthening the confidence of the shareholders in the Company and building a long term relationship of trust with them by maintaining highest level of accountability, transparency, timely disclosures, dissemination of price sensitive information and ensuring compliance with all applicable laws and regulations. The Company believes in maintaining high standards of quality and ethical conduct in its operations.

2. BOARD OF DIRECTORS:

a) Composition:

The Board of Directors provides strategic direction and thrust to the operations of the Company. The Board of Directors of the Company has an optimum combination of Executive and Non-Executive Directors. As on 31st March, 2021, the Board of Directors comprised of total Four Directors out of which two were Non-Executive Independent Directors, one Non Executive Non Independent Director and one Executive Director. The Company complies with the norms prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time for constitution of Board of Directors.

b) Board Procedure:

The agenda is prepared in consultation with the Chairman of the Board of Directors and the Chairman of the other Committees and the same together with the appropriate supporting documents are circulated well in advance of the meeting.

Matters discussed at Board meetings generally relate to the company's performance, business operations, quarterly/half yearly/ annual results of the Company, review of reports of the Committee and consideration and implementation of their recommendation, suggestion and also the status of compliance with any regulatory, statutory or listing requirements, etc.

c) Attendance at the Board Meetings and at the last Annual General Meeting:

During the year ended on 31st March, 2021 the Board of Directors had 6 (Six) meetings which were held on 06th July, 2020, 05th September, 2020, 23rd September, 2020, 05th November, 2020, 13th November, 2020 and 13th February, 2021. The last Annual General Meeting (AGM) was held on 30th September, 2020.

The details of composition and category of Directors, their attendance at each Board meeting held during the financial year 2020 -21 and at the last Annual General Meeting, their Directorships in other companies and Membership / Chairmanship in Committees are as follows:

| Name/Category/ Executive Director/ Promoters | Attendance at Board Meetings | | No. of directorships in other public Companies (excluding this Company) | Membership / Chairmanship of Committees (including this Company) | | Attendance at A.G.M. held on 30 th September, 2020 |
|---|------------------------------|----------|---|--|--------|---|
| | Held | Attended | | Chairman | Member | |
| Executive Director / Non -Executive Non- Independent Director/ Promoters | | | | | | |
| #Mr. Prakashchand Dalmia (Chairman- Non Executive) | 6 | 6 | 1 | - | 3 | Yes |
| Mr. Amitabh Kejriwal (Managing Director) | 6 | 6 | 0 | - | 1 | Yes |
| Non- Executive / Independent Directors | | | | | | |
| Mr. Satish Deshmukh | 6 | 6 | 1 | 1 | - | Yes |
| Ms. Suvriti Gupta | 6 | 6 | 1 | 1 | 2 | Yes |

Notes:

- None of the Directors hold Directorship in other Listed Companies.
- The directorship held by Directors as mentioned above do not include directorships in Foreign Companies, Section 8 companies and Private Limited Companies.

3. Membership/Chairmanship only in Audit Committee and Stakeholder’s Relationship Committee of all public companies/ subsidiary of public companies are considered.
4. None of the Directors on the Board is a Director in more than 8 Listed Companies.
5. #Mr. Prakashchand Dalmia resigned from the office of Director w.e.f 14.08.2021

d) Disclosure of relationship between directors inter se:

None of the directors are related with each other.

e) Number of shares and convertible instruments held by Non-Executive Director:

As on 31st March, 2021, except for Mr. Prakashchand Dalmia, Chairman & Non-Executive Director who holds 57501 Shares, none of the other Non-Executive Directors has any share/convertible instruments in the Company.

f) Separate Meeting of Independent Directors:

As stipulated by the Code of Independent Directors under Schedule IV of the Companies Act, 2013 and Regulation 25(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on 13th February, 2021 to review the performance of Non-independent Directors (including the Chairman) and the Board as whole and the flow of information between the Board and the Management of the Company.

All the Independent Directors of the company were present for the meeting.

g) Statement of Declaration by the Independent Directors / Director:

All Independent Directors have given declaration that they meet the Criteria of Independence, as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors, after due assessment of the veracity of declarations received from the Independent Directors to the extent possible, confirms that, Independent Directors fulfill the conditions specified in Regulation 25(8) of the aforesaid Regulations, and they are independent of the Management.

h) Directors Familiarization Programme:

The Company undertakes and makes necessary provision of an appropriate induction programmes for new Directors and ongoing training for existing Directors. The new directors are introduced to the company culture, through appropriate training programmes. Such kind of training programmes help to develop relationship of the directors with the company and familiarize them with company processes. The management provides such information and training either at the meeting of Board of Directors or at other occasions.

The induction process is designed to:

- build an understanding of the Company processes and
- fully equip Directors to perform their role on the Board effectively

Upon appointment, Directors receive a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. The details of Director’s induction and familiarization are available on the Company’s website at www.konarkgroup.co.in.

i) Skill Matrix for the Directors:

The Board of Directors of the company comprises members who bring in required skills and expertise for the effective functioning of the Company, the Board and its Committees. The table below summarizes key skills and expertise the Board possesses;

| SKILLS | SKILL DEFINITIONS |
|---------------------------------|---|
| Strategy and Strategic Planning | Ability to identify and critically assess strategic opportunities and threats to the Company, vis-à-vis the Company’s objectives and develop strategies for the Company’s long term growth and sustainability |
| Business Acumen | Ability to drive success in the market and formulate policies for enhancing market share; ability to understand business environment and economic and regulatory conditions impacting markets |
| Leadership | Understanding of operations and organizational processes; ability to develop talent and ensure succession planning; ability to bring about organizational change and improvement; ability to manage crisis |
| Industry Knowledge | Experience and Knowledge with respect to yarn industry |
| Technology | Ability to anticipate changes in Technology; drive product and process innovation |
| Financial Skills | Expertise in financial management, capital allocation, financial reporting requirements, ability to evaluate merger / acquisition decisions and execute the same effectively, including integration of operations |
| Corporate Governance | Ability to maintain management accountability and formulate policies to safeguard interests of the Company and Shareholders; understanding of control environments and ability to ensure adherence to highest standards of Corporate Governance |
| Legal and Regulatory | Understanding of Legal and Regulatory Frameworks |

These skills /competencies are broad based, encompassing several areas of expertise / experience. Each director may possess varied combination of skills /competencies within the described set of parameters and it is not necessary that all the Directors possess all the skills/

competencies listed therein. In the table below the specific areas of focus or expertise of individual board members have been highlighted.

| Name of Directors | Skills/Competencies/Expertise | | | | | | | |
|---|---------------------------------|-----------------|------------|--------------------|------------|------------------|----------------------|----------------------|
| | Strategy and Strategic Planning | Business Acumen | Leadership | Industry Knowledge | Technology | Financial Skills | Corporate Governance | Legal and Regulatory |
| #Mr. Prakashchand Dalmia (DIN: 00005813) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Mr. Amitabh Kejriwal (DIN:00005864) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Mr. Satish Deshmukh (DIN: 03535235) | Yes | Yes | Yes | Yes | No | Yes | Yes | No |
| Ms. Suvriti Gupta (DIN:07766090) | Yes | Yes | No | Yes | No | Yes | Yes | No |

#Mr. Prakashchand Dalmia resigned from the office w.e.f 14.08.2021

3. AUDIT COMMITTEE:

a) Composition:

The Board has constituted a well-qualified Audit Committee. As on 31st March, 2021, the Audit Committee comprised of Mr. Satish Deshmukh, Non – Executive Independent Director, Ms. Suvriti Gupta, Non – Executive Independent Director and Mr. Prakashchand Dalmia, Non – Executive Chairman of the Company as its Members. Mr. Satish Deshmukh, Independent Director is the Chairman of the Audit Committee.

The Company Secretary and Compliance Officer of the Company acts as the Secretary to the Committee.

Due to resignation of Mr. Prakashchand Dalmia on 14th August, 2021 the Audit Committee was reconstituted and Mr. Shonit Dalmia was appointed as a member of the Committee.

b) Meeting and attendance during the year:

During the financial year, the Audit Committee met 6 (Six) times viz. 06th July, 2020, 05th September, 2020, 23rd September, 2020, 05th November, 2020, 13th November, 2020 and 13th February, 2021. As provided by SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/38 dated March 19, 2020 and SEBI/HO/CFD/CMD1/CIR/P/2020/110 dated June 26, 2020 and by MCA general circular no. 11/2020 dated 24th March, 2020 has relaxed the time gap between two Board Meeting/Audit committee meeting due to COVID – 19 pandemic.

The attendance of the members at the Audit Committee Meetings held during the financial year 2020 - 21 is as follows:

| Name of the Member | Designation | No. of Meetings held | Meetings Attended |
|-------------------------|-------------|----------------------|-------------------|
| Mr. Satish Deshmukh | Chairman | 6 | 6 |
| Mr. Prakashchand Dalmia | Member | 6 | 6 |
| Ms. Suvriti Gupta | Member | 6 | 6 |

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

The terms of reference of the Audit Committee are as per Regulation 18 and Schedule II of Part D of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013. These broadly includes (i) Develop an annual plan for Committee (ii) review of financial reporting processes (iii) review of risk management, internal control and governance processes (iv) discussions on quarterly, half yearly and annual financial statements (v) interaction with statutory, internal and cost auditors (vi) recommendation for appointment, remuneration and terms of appointment of auditors and (vii) risk management framework concerning the critical operations of the Company.

In addition to the above, the Audit Committee also reviews the following:

- Matters to be included in the Director's Responsibility Statement.
- Changes, if any, in the accounting policies.
- Major accounting estimates and significant adjustments in financial statement.
- Compliance with listing and other legal requirements concerning financial statements.
- Disclosures in financial statements including related party transactions.
- Management's Discussions and Analysis of Company's operations.
- Valuation of undertakings or assets of the company, wherever it is necessary.
- Periodical review of Internal Audit Reports.
- Findings of any special investigations carried out either by the Internal Auditors.

- Letters of Statutory Auditors to management on internal control weakness, if any.
- Major non routine transactions recorded in the financial statements involving exercise of judgment by the management.
- Recommend to the Board the appointment, re-appointment and, if required the replacement or removal of the statutory auditors considering their independence and effectiveness, and recommend the audit fees.

4. **NOMINATION AND REMUNERATION COMMITTEE:**

a) **Brief description of terms of reference:**

The terms of reference of this Committee are wide enough covering the matters specified for remuneration to the Directors under Regulation 19 and Schedule II of Part D of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Committee is empowered to–

- Formulate criteria for determining qualifications, positive attributes and independence of Directors and evaluating the performance of the Board of Directors.
- Identify and assess potential individuals with respect to their expertise, skills, attributes, personal and professional standing for appointment and re-appointment as Directors / Independent Directors on the Board and as Key Managerial Personnel.
- Formulate a policy relating to remuneration for the Directors, Key Managerial Personnel and also the Senior Management Employees.

b) **Composition:**

As on 31st March, 2021, the Nomination and Remuneration Committee comprise of Mr. Satish Deshmukh, Independent Director, Ms. Suvriti Gupta, Independent Director and Mr. Prakashchand Dalmia, Chairman of the Company as its Members. Mr. Satish Deshmukh, Independent Director is the Chairman of the Nomination and Remuneration Committee.

The Company Secretary and Compliance Officer of the Company acts as the Secretary to the Committee.

Due to resignation of Mr. Prakashchand Dalmia on 14th August, 2021 the Nomination & Remuneration Committee was reconstituted and Mr. Shonit Dalmia was appointed as a member of the Committee.

c) **Meeting and attendance during the year:**

During the financial year 2020 - 21, the Nomination and Remuneration Committee met 1 (One) time viz. 13th February, 2021. The attendance of the Committee is as follows:

| Name of the Member | Designation | No. of meeting | |
|-------------------------|-------------|----------------|----------|
| | | Held | Attended |
| Mr. Satish Deshmukh | Chairman | 1 | 1 |
| Mr. Prakashchand Dalmia | Member | 1 | 1 |
| Ms. Suvriti Gupta | Member | 1 | 1 |

d) **Performance evaluation criteria for Independent Directors:**

Pursuant to the Companies Act, 2013 and Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company has evaluated the performances of each Independent Director. The questionnaires are prepared considering the business of the Company. The evaluation framework for assessing the performance of Independent Directors are comprises of the following key areas:

1. Attendance at Board and Committee Meetings;
2. Quality of contribution to Board deliberations;
3. Strategic perspectives or inputs regarding future growth of the Company and its performances;
4. Providing perspectives and feedback going beyond information provided by the management.

e) **Remuneration Policy:**

The details of the Remuneration policy forms part of this Annual Report.

5. **STAKEHOLDERS RELATIONSHIP COMMITTEE:**

a) **Brief description of terms of reference:**

The stakeholder Relationship Committee deals with all matters relating to shareholders /investor grievance and its redressal, to review the measures taken for effective exercise of voting rights by shareholders, to review adherence to the service standards adopted by the Company in respect of various services rendered by the Registrar & Share Transfer Agent and to review the various measures and initiatives taken by the Company for reducing the quantum annual reports/statutory notices by the shareholders of the Company.

b) Composition:

As on 31st March, 2021, the Stakeholder Relationship Committee comprise of Ms. Suvriti Gupta, Independent Director, Mr. Prakashchand Dalmia, Chairman of the Company and Mr. Amitabh Kejriwal, Managing Director of the Company as its Members. Ms. Suvriti Gupta, Independent Director is the Chairman of the Stakeholder Relationship Committee.

The Company Secretary and Compliance Officer of the Company acts as the Secretary to the Committee.

c) Status of Compliant received during Financial Year 2020 – 21:

| Number of shareholders Complaints received during 2020 - 21 | Number of Complaints not solved to the satisfaction of shareholders | Number of Pending Complaints | Number of Complaints solved |
|---|---|------------------------------|-----------------------------|
| 0 | 0 | 0 | 0 |

6. REMUNERATION OF DIRECTORS:

- The Non-Executive Directors had no pecuniary relationship or transactions with the Company during the year 2020 - 21.
- The Non-Executive Directors shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by them of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managing Director) Rules, 2014.
- Details of remuneration/sitting fees paid and number of Equity shares held by the Directors during the year ended 31st March, 2021 are as follows:

| Name | Salary | Perquisites or Allowances | Contribution to PF & Others | Sitting Fees | Total | (Amount in Rs.) |
|--|----------|---------------------------|-----------------------------|--------------|----------|--------------------|
| | | | | | | No. of Shares Held |
| Mr. Prakashchand Dalmia (Chairman) | - | - | - | - | - | 57,501 |
| Mr. Amitabh Kejriwal (Managing Director) | 7,20,000 | 1,34,120 | - | - | 8,54,120 | 68,200 |
| Mr. Satish Deshmukh | - | - | - | - | - | - |
| Ms Suvriti Gupta | - | - | - | - | - | - |

Notes:

- Apart from the above mentioned remuneration or fees paid there are no other fixed component and performance linked incentives based on the performance criteria;
- There are no separate service contracts with any of the directors. The tenure of office of the Managing/Whole Time Director is for five/three years from the date of appointment and can be terminated by either party by giving one month' notice in writing. There is no separate provision for payment of severance fees.
- There are no stock options offered to any Directors of the Company.

7 SUBSIDIARY COMPANIES

As on 31st March, 2021, the Company has one subsidiary company, viz.:

- India Denim Limited

As on 31st March, 2021, India Denim Limited was falling under "Material non-listed Indian subsidiary".

A policy on material subsidiary is adopted by the Company as per the requirement of the Listing Regulations. The objective of the policy is to determine:

- a. Meaning of Material Subsidiary;
- b. Requirement of Independent Director in certain Material Non Listed Indian Subsidiaries;
- c. Restriction on disposal of shares of Material Subsidiary by the Company;
- d. Restriction on transfer of assets of Material Subsidiary; and
- e. Disclosure requirements, based on Clause 49 of the Listing Agreement and SEBI (Listing Obligations and Requirements) Regulations, 2015 as may be applicable to the Company.

The policy of the Company is available on the website of the Company www.konarkgroup.co.in.

8 GENERAL BODY MEETINGS:

a) Annual General Meetings:

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

| Financial Year | AGM | Date of AGM | Time | Venue |
|----------------|----------------------|---------------------------------|------------|---|
| 2019-20 | 36 th AGM | 30 th September,2020 | 03.30 p.m. | Building No. 7, Mittal Industrial Estate, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 059. |
| 2018-19 | 35 th AGM | 30 th September,2019 | 03.30 p.m. | Building No. 7, Mittal Industrial Estate, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 059. |
| 2017-18 | 34 th AGM | 29 th September,2018 | 03.30 p.m. | Building No. 7, Mittal Industrial Estate, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 059. |

b) Details of Special Resolution passed in the last three Annual General Meetings:

| Date of AGM | Particulars of Special Resolutions |
|----------------------------------|--|
| 30 th September,2020 | Nil |
| 30 th September, 2019 | • To dispose off the company's undertaking at sarigam industrial estate, gujarat industrial development corporation, sarigam – 396155: |
| 29 th September,2018 | Nil |

c) Postal Ballot :

During the year 2020-21, the following resolution was passed through postal ballot process.

Item No. 1: – To Appoint M/s. Jhunjhunwala Jain & Associates (Firm Regn. No. 113675W), Chartered Accountants, Mumbai as Statutory Auditors of the Company.

None of the businesses transacted through postal ballot during the year under review are passed through special resolution.

The Notice of Postal Ballot was approved by the Board of Directors at their Meeting held on 13th November, 2020 and CS Ketan R Shirwadkar, Proprietor, M/s. KRS AND CO., Company Secretaries, Mumbai was appointed to act as scrutinizer for the process of Postal Ballot to be conducted as per provision of section 110 of Companies Act, 2013. The procedure of the Postal Ballot was stated in the notice of Postal Ballot available on our website www.konarkgroup.co.in

9. MEANS OF COMMUNICATIONS:

- a. The quarterly, half-yearly of the Company are published in "Financial Express" and "The Global Times" and yearly financial results is published in "Active Times" and "Mumbai Lakshadeep".
- b. **Website:** The Company's website viz. www.konarkgroup.co.in contains a separate dedicated section 'Investor Relations' where shareholders' information is available. The Company's Annual Report is also available in a user-friendly and downloadable form.
- c. **News releases, presentations, among others:** All Corporate Announcements made to the Stock Exchange during the year 2020 - 21 are available on the website of the Company. The Company has not made any presentations to Institutional Investors or to the Analysts and has not given any press release during the year under review.

10. GENERAL SHAREHOLDERS' INFORMATION**a. Annual General Meeting**

| | | |
|-------|---|---|
| Date | : | Thursday, 30 th September, 2021 |
| 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 to March

c. Dividend Payment : N.A.

d. Listing on Stock Exchange : BSE Limited (BSE)
PhirozeJeejeebhoy Towers, Dalal Street, Mumbai - 400 001.

e. Listing Fees : The Company is in process to pay necessary listing fees to BSE Limited for the year 2021-22.

f. Stock Code : 514128

g. Scrip Id : KONARKSY

h. ISIN : INE517D01019

i. Cut-off date for remote e-voting :

The remote e-voting /voting rights of the shareholders/beneficial owners shall be reckoned on the equity shares held by them as on the Cut-off Date i.e. Thursday, 23rd September, 2021.

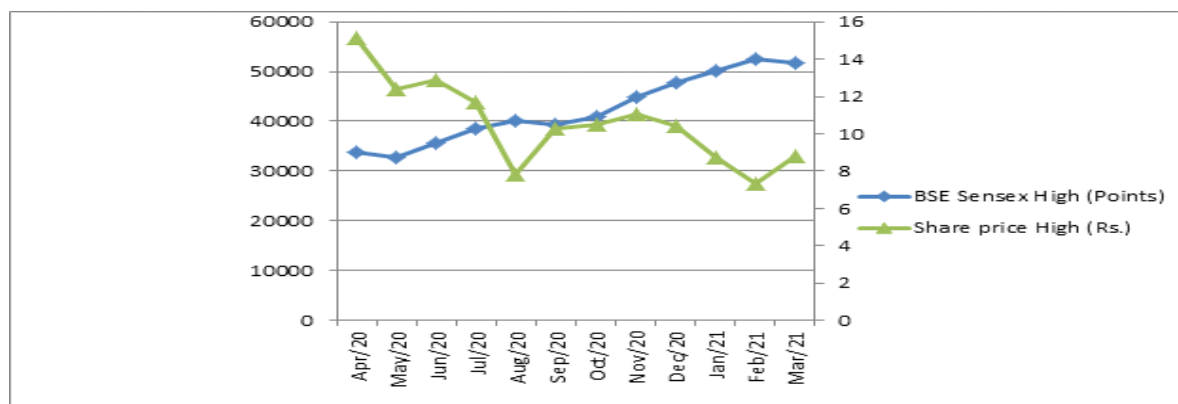
j. Market Price Data:

The monthly high / low market price of the shares during the financial year 2020 - 21 at the BSE Limited were as under:-

| Month | Volume (No. of Shares) | BSE Sensex | | Share price | |
|--------|------------------------|---------------|--------------|-------------|-----------|
| | | High (Points) | Low (Points) | High (Rs.) | Low (Rs.) |
| Apr-20 | 1250 | 33887.25 | 27500.79 | 15.16 | 10.19 |
| May-20 | 102 | 32845.48 | 29968.45 | 12.38 | 11.19 |
| Jun-20 | 1939 | 35706.55 | 32348.1 | 12.91 | 11.15 |
| Jul-20 | 85 | 38617.03 | 34927.2 | 11.7 | 8.2 |
| Aug-20 | 3658 | 40010.17 | 36911.23 | 7.79 | 6.69 |
| Sep-20 | 1265 | 39359.51 | 36495.98 | 10.25 | 7.48 |
| Oct-20 | 2 | 41048.05 | 38410.2 | 10.5 | 10 |
| Nov-20 | 242 | 44825.37 | 39334.92 | 11.02 | 9.95 |
| Dec-20 | 12531 | 47896.97 | 44118.1 | 10.44 | 7.47 |
| Jan-21 | 14609 | 50184.01 | 46160.46 | 8.76 | 7 |
| Feb-21 | 5813 | 52516.76 | 46433.65 | 7.35 | 6.65 |
| Mar-21 | 7350 | 51821.84 | 48236.35 | 8.83 | 6.94 |

* Source: www.bseindia.com

k. Performance of Konark Synthetic Limited share price in comparison to BSE Sensex for the financial year ended 31st March, 2021.



l. Trading of Securities:

The security of the Company was not suspended from trading during the year 2020 -21.

m. Unclaimed Dividends:

As per the provisions of Section 124 of the Companies Act, 2013 (Section 205C of the Companies Act, 1956), any dividend remained unpaid / unclaimed for a period of seven years, needs to be transferred to the Investor Education and Protection Fund administered by the Central Government. The unpaid/unclaimed dividends upto the financial years 2010-11 have been transferred to the said fund.

The details of unpaid/unclaimed dividend transferred to IEPF account during the year are as follows:

| Year | Dividend Rate per share | Date of Declaration | Date of transfer |
|------|-------------------------|---------------------|------------------|
| Nil | Nil | Nil | Nil |

n. Registrar and Share Transfer Agents:

Purva Sharegistry (India) Private Limited

Unit: Konark Synthetic Limited,
 9, Shiv Shakti Industrial Estate,
 J. R. BorichaMarg, Lower Parel (East),
 Mumbai – 400011
 Tel. No.: 2301 6761/8261, Fax No.: 2301 2517
 E-Mail: purvashr@gmail.com / busicomp@vsnl.com/ support@purvashare.com

o. Share Transfer System:

Pursuant to the Notification No. LIST/COMP/15/2018-19 dated 5th July, 2018, issued by the Securities and Exchange Board of India; transfer of securities held in physical form will not be permitted after 31st March, 2019. However there is no restriction on transmission / transposition of securities held in physical form.

The applications for transfer of shares in physical form are processed by the Registrar and Share Transfer Agent of the Company and are returned after registration of transfers within 15 days from the date of receipt, subject to validity of all the documents lodged with the Company. The applications under objection are returned within two weeks. All requests for dematerialization of shares are promptly processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 21 days.

p. Distribution of Shareholding as at 31st March, 2021:

The distribution of shareholding of the equity shares as on 31st March, 2021 is given below:

| Shareholding by nominal value | | No. of Shareholders | % to the total no. of shareholders | Share Amount (Rs.) | % to the total Share Amount |
|-------------------------------|-----------|---------------------|------------------------------------|--------------------|-----------------------------|
| From | To | | | | |
| 1 | 5000 | 1182 | 86.53 | 1643560 | 2.83 |
| 5,001 | 10,000 | 79 | 5.78 | 664750 | 1.14 |
| 10,001 | 20,000 | 40 | 2.93 | 607680 | 1.05 |
| 20,001 | 30,000 | 19 | 1.39 | 503670 | 0.87 |
| 30,001 | 40,000 | 5 | 0.37 | 165940 | 0.29 |
| 40,001 | 50,000 | 5 | 0.37 | 232390 | 0.40 |
| 50,001 | 1,00,000 | 9 | 0.66 | 545980 | 0.94 |
| 1,00,001 | and above | 27 | 1.98 | 53716030 | 92.49 |
| TOTAL | | 1370 | 100 | 5,80,80,000 | 100 |

q. Dematerialization of Equity Shares and Liquidity:

As on 31st March, 2021 about 98.63% of the Company's Equity Shares has been held in dematerialized form with NSDL & CDSL.

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

The Company has not issued any ADRs/GDRs/Warrants or any convertible instruments during financial year ended 31st March, 2021.

s. Commodity Price risk or foreign exchange risk and hedging activities:

The Company did not engage in Commodity, foreign exchange risk and hedging activities during the year.

t. Plant locations:

| Silvassa unit | Sarigam unit | Bengaluru unit |
|---|--|--|
| Plot No. 25, Silvassa Industrial Co-op. Soc., 66 KVA Sub-Station Road, Village: Amli, Dist. Silvassa - 396230. (UT of Dadra & Nagar Haveli) | Plot No. 13 to 20, Opp. JBF Industries Ltd, G.I.D.C. Industrial Area, Village: Sarigam, Taluka - Umargam, Dist. Valsad, Gujarat - 396 155. upto 20.08.2020 | No. 62/4, 13, 14, 15, Begur Road, 11th Cross, Ward No. 12, Bommanahalli, Bengaluru - 560 068 |

u. 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:

Ms. Shikha Mishra
Company Secretary & Compliance Officer
 Konark Synthetic Limited
 Building No.7, Mittal Industrial Estate,
 Andheri Kurla Road, Sakinaka,
 Andheri (East), Mumbai - 400 059.
 Phone: (022) 40896300
 Fax: (022) 40896322
 E-mail: info@konarkgroup.co.in.

Purva Sharegistry (India) Pvt. Ltd.
 Unit : Konark Synthetic Limited,
 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/
 support@purvashare.com

11. DISCLOSURES**a. Total Fees Paid to the Statutory Auditors:**

During the financial year 2020 - 21, the Company is in process to make payment of Statutory Audit Fees, Tax Audit Fees and Other Fees to the Statutory Auditors. The details of fees paid are disclosed in note no. 41 forming part of the Financial Statements.

b. Recommendations given by the Committees of the Board:

During the year under review the Board has accepted all the recommendations given by the Committees of the Board, which are mandatorily required.

c. Utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A)

The Company has not raised funds through preferential allotment or qualified institutions placement under Regulations 32(7A) during the year under review.

d. Related Party Transactions:

There were no materially significant related party transactions, pecuniary transactions or relationship between the Company and its Directors during the financial year ended 31st March, 2021 that may have potential conflict with the interest of the Company at large. The transactions with the related parties, as per the requirements of the Indian Accounting Standard (Ind AS) 24, are disclosed in the Notes on Accounts, forming part of the Annual Report. The policy on dealing with Related Party Transactions is available on Company's website at www.konakgroup.co.in.

e. Disclosure of Accounting Treatment:

In the preparation of the financial statements, the Company has followed the Indian Accounting Standards notified under the Companies (Indian Accounting Standard) Rules, 2015 (Ind AS).

f. Disclosure of Risk Management:

The Company has laid down procedure to inform Board members about the risk assessment and minimization procedures. The Company has framed the risk assessment and minimization procedure, which is periodically reviewed by the Board.

g. Compliance by the Company:

The Company has complied with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Except Regulation 33 for year ended March 2020 and quarter ended June 2020 There were no penalties or strictures imposed either by SEBI or Stock Exchange or any other statutory authorities for non compliance of any matter relating to capital market during the last three years Except those mentioned above.

h. Review of Directors' Responsibility Statement:

The Board in its report has confirmed that the annual accounts for the year ended 31st March, 2021 have been prepared as per Indian Accounting Standards notified under the Companies (Indian Accounting Standard) Rules, 2015 (Ind AS) and that sufficient care has been taken for maintaining adequate accounting records.

i. CEO/CFO Certification:

As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate from Mr. Amitabh Kejriwal, Managing Director and Mr. R. B Somany, Chief Financial Officer of the Company certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs was placed before the Board.

j. Certificate from Practicing Company Secretary:

A certificate has been obtained from Mr. Ketan Shirwadkar, Practicing Company Secretary and Proprietor of KRS AND CO., Mumbai, confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of the Companies by then Board/ Ministry of Corporate Affairs or such other statutory authority.

k. Details of Compliance with Mandatory / Non- Mandatory Requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

The Company has complied with all the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as applicable. The Company has adopted following non-mandatory requirements of Regulation 27 and Part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- Audit Qualification-The Company is in the regime of unmodified audit opinion on financial statements.
- Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee.

l. 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), 2015, the Company has laid down a comprehensive Code of Conduct for prevention of Insider Trading for its 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.

m. Disclosure of the Compliance with Corporate Governance:

The Company has complied with the Regulations 17 to 20, 22, 23, 25 to 27 and Clauses (b) and (i) sub-regulations 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the year 2020-21, whenever applicable. Regulations 21 and 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are not applicable to the Company.

n. Disclosure with respect to demat suspense account/unclaimed suspense account

The Company does not have any of its securities lying in demat/unclaimed suspense account arising out of public/bonus/right issues as at 31st March, 2021. Hence, the particulars relating to aggregate number of shareholders and the outstanding securities in suspense account and other related matters does not arise.

o. Code of Conduct and Auditors' Certificate on compliance of Corporate Governance:

The Board of Directors has adopted a Code of Conduct for the Board of Directors and Senior Management Personnel of the Company. All the Board members have affirmed their compliance with the Code of Conduct. A copy of the said Code of Conduct is available on the website of the Company at www.konarkgroup.co.in. A declaration by the Managing Director of the Company affirming the compliance of the same during the financial year ended on 31st March, 2021 by the members of the Board and the Senior Management Personnel as applicable to them, forms part of this Annual Report, which along with the Auditors' Certificate on compliance of Listing Regulations by the Company are annexed to this Annual Report.

p. Details of establishment of vigil mechanism /whistle blower policy :

The Board of Directors has adopted a vigil mechanism/whistle blower policy for the Company. A copy of the said policy is available on the website of the Company at www.konarkgroup.co.in. and also confirm that no personnel has been denied access to the audit committee.

q. Material Subsidiary :

The Details of Material Subsidiary is available on the website of the Company at www.konarkgroup.co.in.

r. Disclosures in relation to the Sexual Harassment of women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

| | |
|---|----------|
| No. of complaints filed during the FY. 2020 - 21 | 0 |
| No. of complaints disposed of during the FY. 2020 - 21 | 0 |
| No. of complaints pending as on end of the FY. 2020 - 21 | 0 |

DECLARATION ON CODE OF CONDUCT

To

The Members of

Konark Synthetic Limited

I, Amitabh Kejriwal, 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 financial year 2020 - 21.

**For and on behalf of the Board of Directors
For Konark Synthetic Limited**

**Place: Mumbai
Date: 14th August, 2021**

**Amitabh Kejriwal
Managing Director
(DIN: 00005864)**

Certificate of Non – Disqualification of Directors

(Pursuant to Regulation 34 (3) and Schedule V Para C clause 10 (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **KONARK SYNTHETIC LIMITED** having **CIN L17200MH1984PLC033451** and having registered office at Mittal Industrial Estate Bldg. No 7 Saki Naka Andheri (East) Mumbai – 400059 (hereinafter referred to as “Company”) produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications [including Directors Identification Number (DIN) status at the portal www.mca.gov.in] as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| SR. NO. | NAME OF DIRECTOR | DIN | DATE OF APPOINTMENT |
|---------|---------------------------------|----------|---------------------|
| 1. | #PRAKASHCHAND KISHORILAL DALMIA | 00005813 | 17/07/1984 |
| 2. | AMITABH KEJRIWAL RAMSWAROOP | 00005864 | 28/02/1995 |
| 3. | SATISH KAMALAKAR DESHMUKH | 03535235 | 30/05/2011 |
| 4. | SUVRITI GUPTA | 07766090 | 01/04/2017 |

Note: *Date of appointment is as per MCA portal

Mr. Prakashchand Dalmia resigned from the office of Director w.e.f 14.08.2021

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Mumbai
Date: 14th August, 2021

For KRS & Co.
Company Secretaries

Mr. Ketan Ravindra Shirwadkar
ACS No.: 37829
CP No.: 15386
ICSI UDIN: A037829C000788458

Certificate on Compliance with the Corporate Governance requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

To
**The Members of
Konark Synthetic Limited**

The Corporate Governance Report prepared by Konark Synthetic Limited ("the Company"), contains details as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") with respect to Corporate Governance for the year ended March 31, 2021 pursuant to the Listing Agreement of the Company with the Bombay Stock Exchange Limited (Herein after referred to as the "Stock Exchange").

Management's Responsibility

The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

Auditor's Responsibility

Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether for the year ended March 31, 2021 the Company has complied, with the conditions of Corporate Governance as stipulated in the Listing Regulations.

Our examination was limited to 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 opinion on the financial statements of the Company.

Opinion

In our opinion, based on our examination of the relevant records and to the best of our information and according to explanations given to us, and representations provided by the management, we certify that, the Company, has complied with the conditions of Corporate Governance as stipulated, in the above-mentioned Listing Regulations.

Other Matters and Restriction on use

We 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.

The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, for the year ended March 31, 2021, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

**For KRS AND CO.
Practicing Company Secretaries**

**Mr. Ketan Ravindra Shirwadkar
Proprietor**

**Date: 14th August, 2021
Place: Mumbai**

**ACS No. 37829
COP No. 15386
UDIN: A037829C000788480**

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the members of **KONARK SYNTHETIC LIMITED**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of **KONARK SYNTHETIC LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein referred to as "the standalone financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, total comprehensive income, its cash flows and changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those SAs are further described in the Auditor's responsibilities for the audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Emphasis of Matter

We draw attention to the following matters:

- a) *Due to the economic disruption as a result of COVID-19 pandemic, and its possible consequential implications and based on the management's estimate of prospect of recovery, the company has shown bad debts of Rs. 7,35,73,513 under exceptional items in statement of profit & loss account as detailed in Note No 33(a) of the accompanying standalone financial statements. The company have not initiated any legal proceedings against these debtors till the date of this report.*
- b) *Note No 33(b) and 33(c) of the accompanying standalone financial statements regarding Profit on Sale on Assets including Land & Building of Sarigam Unit.*

Our opinion is not modified in respect of these above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

| Sr. Key Audit Matter No. | Auditor's Response |
|--|---|
| <p>1) Impairment of financial assets including write-offs using Expected Credit Losses (ECL) model</p> <p>As described in the notes to the standalone financial statements, the impairment losses have been determined in accordance with Ind AS 109 Financial Instruments requiring considerable judgment and interpretation in its implementation, which also involved significant judgement by management in measuring the expected credit losses. Key areas of judgment included:</p> <p>Determining the criteria for a significant increase in credit risk ('SICR')</p> <p>Techniques used to determine the Probability of Default (PD) and Loss Given Default ('LGD')</p> | <p><u>Principal Audit Procedures</u></p> <p>We assessed the appropriateness of the Company's policy on Expected Credit Loss recognition on financial instruments with reference to the applicable accounting standards.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing:</p> <p>We evaluated and tested the design and tested the operating effectiveness of Company's controls over the data used to determine the impairment reserve, internal credit quality assessments and methodology followed for computation of ECL.</p> <p>For Expected Credit Losses computed by the management, we performed the following procedures:</p> |

Further, the economic and business consequences of the COVID-19 pandemic as described in Note 2(iv) to the financial statements, significant social disruption and disturbance and slowdown of economic activity, can have possible implications on the judgements and estimates used in the measurement.

Assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows etc.

Refer Notes 2(iv), to the standalone financial statements.

Assessed the reasonableness of assumptions and judgement made by management on model adoption and parameters selection;

Examined the key data inputs to the ECL model on a sample basis to assess their accuracy and completeness;

Evaluated and tested on sample basis the appropriateness of staging including determination of significant increase in credit risk.

Assessed the Company's methodology for ECL provisioning, Classification and Measurement;

We analyzed and understood results of stress tests performed in the provisioning considering the overall impact on the estimates used for ECL estimation of financial assets on account of the COVID-19 pandemic.

We enquired with the management regarding significant judgments and estimates involved in the impairment computation and additional management overlay provision arising from the effects of the COVID-19 pandemic, and evaluated the reasonableness thereof.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information in the Management Discussion and Analysis, Board's Report including Annexure to the Board's Report and Corporate Governance but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements:

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design

and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - e) On the basis of the written representations received from the directors as on March 31, 2021, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company as detailed in note 38 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at March 31, 2021;
 - ii. The Company did not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company during the year ended March 31, 2021.

For Jhunjhunwala Jain & Associates LLP

Chartered Accountants
Firm Registration No: 113675W

(CA Priteesh Jitendra Jain)

Partner

Membership No. : 164931
UDIN : 21164931AAAAGI7446

Place : Mumbai
Date : July 6, 2021

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT – MARCH 31, 2021

Referred to in paragraph 1 of the Independent Auditors' Report of even date to the members of KONARK SYNTHETIC LIMITED on the standalone financial statements for the year ended March 31, 2021.

- i. In respect of its property, plant and equipment
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment except in case of certain Plant & Machinery and few other assets where item wise particulars are not available and the company is in process of retrieving the relevant information and updating the same in Fixed Assets Register.
 - b) Property, Plant and Equipment are physically verified by the Management according to a phased periodic manner, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the Property, Plant and Equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
 - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, we report that, the title deeds of immovable property are held in the name of the Company.
- ii.
 - (a) According to the information and explanations given to us, physical verification of Inventories except stores and spares has been conducted at reasonable intervals by the management.
 - (b) We are informed that no material discrepancies have been noticed on such physical verification.
- iii. According to the information and explanations given to us, the Company has granted unsecured loans, to one associate company (interest bearing) and one subsidiary company (non-interest bearing), covered in the register maintained under Section 189 of the Act.
 - a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.
 - b) The schedule of repayment of principal and payment of interest has not been stipulated and in the absence of such schedule, we are unable to comment on the regularity of repayment of principal and payment of interest.
 - c) The Loan amount is not overdue as at year end as the loans are repayable on demand and the company has not demanded for repayment of loan and interest accrued thereon.
- iv. In our opinion and According to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of companies Act, 2013 in respect of grant of loans, making investment and providing guarantees and securities, as applicable, except that company has extended loan to its subsidiary company which is interest free and there is no stipulation as to repayment of loan given, which is not in compliance with the provisions of section 186(7) of the Act.
- v. According to the information and explanations given to us, the Company has not accepted any deposit from the public in accordance with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- vi. Cost records maintained by the company are broadly reviewed by us but the same are not strictly as per rules made by the central government for the maintenance of cost records under section 148(1) of the companies act 2013 relating to the manufacturing activities of the company. We have not, however, made a detailed examination of the said cost records.
- vii. According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion:
 - a) According to the information and explanation given to us, except for ESIC & PF, the statutory dues have been regularly deposited during the year by the company with the appropriate authorities. There are no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, GST, Custom Duty, Service Tax, Investor Education and Protection Fund, Excise Duty, Cess and any other statutory dues as at March 31, 2021 for a period of more than six months from the date of becoming payable except statutory dues of Rs.51,55,918 pertaining to ESIC, PF and TDS.
 - b) There were no disputed dues in respect of Sales Tax, Wealth Tax, GST, Custom Duty, Service Tax, Investor Education and Protection Fund, Excise Duty, Cess which have not been deposited. Details of dues of Income Tax which have not been deposited as on March 31, 2021 on account of disputes are given below:

| Name of Statute | Nature of the Dues | Forum where dispute is pending | Period to which the amount relates | Amount involved (in Rs.) |
|----------------------|--------------------|--------------------------------|------------------------------------|--------------------------|
| Income Tax Act, 1961 | Income Tax | CPC/Assessing Officer | FY 2000-01 | 9,42,417/- |
| Income Tax Act, 1961 | Income Tax | CIT (Appeals) | FY 2009-10 | 22,98,355/- |
| Income Tax Act, 1961 | Income Tax | CPC/Assessing Officer | FY 2013-14 | 3,98,670/- |
| Income Tax Act, 1961 | Income Tax | CPC/Assessing Officer | FY 2014-15 | 8,65,160/- |

- viii. In our opinion and according to the information and explanations given to us, the company has defaulted in repayment of dues in respect of liability towards term loans with banks. Default in repayment of respect of various term loans of the bank amounting to Rs. 7.77 lakhs (including interest) is subsisting as on March 31, 2021.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, all transaction with related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the notes to the standalone financial statements as required by the applicable accounting standards.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Jhunjhunwala Jain & Associates LLP
Chartered Accountants
Firm Registration No: 113675W

(CA Priteesh Jitendra Jain)
Partner
Membership No. : 164931
UDIN : 21164931AAAAGI7446

Place : Mumbai
Date : July 6, 2021

ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT – MARCH 31, 2021

Report on the Internal Financial Controls with reference to the aforesaid Standalone Financial Statements under Clause (i) Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

(Referred to in paragraph (2) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

We have audited the internal financial controls over financial reporting of **KONARK SYNTHETIC LIMITED** ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal controls with reference to Standalone Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone financial statements.

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A company's internal financial controls with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to Standalone Financial Statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Financial Statements .

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to Standalone Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Standalone Financial Statements to future periods are subject to the risk that the internal financial control with reference to Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Jhunjhunwala Jain & Associates LLP
Chartered Accountants
Firm Registration No: 113675W

(CA Priteesh Jitendra Jain)
Partner
Membership No. : 164931
UDIN : 21164931AAAAGI7446

Place : Mumbai
Date : July 6, 2021

Konark Synthetic Limited
CIN:L17200MH1984PLC033451
Standalone Balance Sheet as at March 31, 2021

Amounts in Rs.

| Assets | Note No. | As at March 31, 2021 | As at March 31, 2020 |
|--|----------|----------------------|----------------------|
| Non-current Assets | | | |
| (a) Property, Plant and Equipment | 4 | 11,11,36,616 | 13,30,91,444 |
| (b) Capital Work-In-Progress | | 4,73,53,305 | 4,56,25,581 |
| (c) Intangible Assets | | 1,02,445 | 1,12,444 |
| (d) Financial Assets | | | |
| (i) Investments | 5 | 2,83,100 | 2,83,100 |
| (ii) Others | 6 | 79,35,002 | 64,83,192 |
| (e) Other Non-Current Assets | | - | - |
| (f) Deferred Tax Assets (Net) | 7 | 66,79,058 | - |
| Total Non-Current Assets | | 17,34,89,526 | 18,55,95,761 |
| Current Assets | | | |
| (a) Inventories | 8 | 11,94,62,444 | 16,40,97,554 |
| (b) Financial Assets | | | |
| (i) Trade Receivables | 9 | 21,80,18,117 | 33,40,35,152 |
| (ii) Cash and Cash Equivalents | 10 | 9,63,605 | 15,33,84,115 |
| (iii) Bank Balances Other Than Above | 11 | - | 37,38,646 |
| (iv) Loans | 12 | 6,81,65,083 | 6,22,99,690 |
| (v) Others | 13 | - | - |
| (c) Current Tax Assets (Net) | 14 | 1,08,12,345 | 79,06,781 |
| (d) Non Current Assets classified as held for sale | | - | 4,25,02,718 |
| (e) Other Current Assets | 15 | 1,12,03,484 | 82,71,485 |
| Total Current Assets | | 42,86,25,078 | 77,62,36,140 |
| Total Assets | | 60,21,14,605 | 96,18,31,901 |
| Equity and Liabilities | | | |
| Equity | | | |
| (a) Equity Share Capital | 16 | 5,80,80,000 | 5,80,80,000 |
| (b) Other Equity | 17 | 6,22,77,547 | 4,72,57,379 |
| Total Equity | | 12,03,57,547 | 10,53,37,379 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 18 | 11,21,30,399 | 11,17,59,648 |
| (b) Provisions | 19 | 48,84,968 | 61,93,323 |
| (c) Deferred Tax Liabilities (Net) | 20 | - | 24,76,489 |
| Total Non-Current Liabilities | | 11,70,15,367 | 12,04,29,460 |
| Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 21 | 24,04,41,164 | 38,31,02,158 |
| (ii) Trade Payables | | | |
| (a) Total outstanding dues of micro enterprises and small enterprises; and | | 15,51,600 | 20,57,359 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises." | 22 | 9,63,65,698 | 14,67,64,559 |
| (iii) Other Financial Liabilities | 23 | 1,27,01,064 | 1,26,23,782 |
| (b) Other Current Liabilities | 24 | 1,33,34,794 | 19,12,69,272 |
| (c) Current Tax Liabilities (Net) | | - | - |
| (d) Provisions | 25 | 3,47,370 | 2,47,932 |
| Total Current Liabilities | | 36,47,41,691 | 73,60,65,062 |
| Total Liabilities | | 48,17,57,058 | 85,64,94,522 |
| Total Equity and Liabilities | | 60,21,14,605 | 96,18,31,901 |

Summary of significant accounting policies

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date attached
For Jhunjhunwala Jain & Associates LLP
 Chartered Accountants
 Firm Registration No: 113675W

For and on behalf of the Board of directors
Amitabh Kejriwal
(Managing Director)
Satish Deshmukh
(Director)
(CA Priteesh Jitendra Jain)

 Partner
 Membership No : 164931

 Place : Mumbai
 Date : 6th July, 2021

R.B. Somany
(Chief Finance Officer)

Konark Synthetic Limited
CIN:L17200MH1984PLC033451
Statement of Standalone Profit and Loss for the Year ended March 31,2021

Amounts in Rs.

| | Particulars | Note No. | For the year ended March 31,2021 | For the year ended March 31,2020 |
|-------------|---|----------|-------------------------------------|-------------------------------------|
| I. | Revenue | | | |
| | Revenue from operations | 26 | 18,37,68,894 | 71,30,38,877 |
| | Other Income | 27 | 90,44,792 | 66,12,793 |
| | Total Revenue (I) | | 19,28,13,686 | 71,96,51,670 |
| II. | Expense | | | |
| | Cost of Material Consumed | 28 | 5,27,00,923 | 7,95,57,262 |
| | Purchase of Stock-in-trade | | 9,77,95,765 | 43,50,56,327 |
| | Change in inventories of finished goods/stock in trade | 29 | 3,82,61,008 | 4,32,79,608 |
| | Employee benefits expenses | 30 | 1,02,01,451 | 7,79,34,456 |
| | Finance Costs | 31 | 3,55,79,624 | 4,49,69,920 |
| | Depreciation and amortisation expenses | 4 | 1,60,62,450 | 2,54,60,914 |
| | Impairment of financial assets | | (62,47,493) | 2,41,36,775 |
| | Other Expenses | 32 | 6,11,57,689 | 6,86,13,421 |
| | Total Expenses (II) | | 30,55,11,417 | 79,90,08,683 |
| III | Profit / (loss) before exceptional items and income tax (I-II) | | (11,26,97,731) | (7,93,57,013) |
| IV | Exceptional item | | | |
| | - Diminution in the value of Investments of subsidiary | | - | (8,48,88,000) |
| | - Profit (Loss) on sale of Fixed Assets/Store | | 19,33,73,355 | (2,43,45,998) |
| | - Bad Debts | | (7,35,73,513) | - |
| V | Profit / (Loss) before tax (III - IV) | | 71,02,112 | (18,85,91,011) |
| VI | Tax expense | | | |
| | Current tax | | 4,00,000 | - |
| | Deferred Tax charge/ (benefits) | | (95,04,804) | (2,34,66,449) |
| | Tax expense for earlier years | | (40,157) | - |
| VII | Profit / (Loss) after tax for the year (V - VI) | | 1,62,47,073 | (16,51,24,562) |
| VIII | Other comprehensive income, net of tax | | | |
| | Items that will not be classified to profit or loss | | | |
| | - Remeasurement gain/(loss) on defined benefit plans | | 13,43,297 | (3,12,130) |
| | - Income tax relating to remeasurement (gain)/loss on above | | (3,49,257) | - |
| | Other comprehensive profit for the year | | 9,94,040 | (3,12,130) |
| IX | Total Comprehensive Income for the year (VII-VIII) | | 1,72,41,113 | (16,54,36,692) |
| X | Earnings Per Equity Share of Face Value of Rs.10 each | 36 | | |
| | Basic – After Exceptional Items | | 2.80 | (28.43) |
| | Basic – Before Exceptional Items | | (17.83) | (9.62) |
| | Diluted – After Exceptional Items | | 2.80 | (28.43) |
| | Diluted – Before Exceptional Items | | (17.83) | (9.62) |

Summary of significant accounting policies

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date attached
For Jhunjhunwala Jain & Associates LLP
Chartered Accountants
Firm Registration No: 113675W

For and on behalf of the Board of directors

Amitabh Kejriwal
(Managing Director)

Satish Deshmukh
(Director)

(CA Priteesh Jitendra Jain)
Partner
Membership No : 164931
Place : Mumbai
Date : 6th July, 2021

R.B. Somany
(Chief Finance Officer)

Konark Synthetic Limited
CIN:L17200MH1984PLC033451
Standalone Cash Flow Statement For The Year Ended March 31, 2021

(Amount in Rs)

| Particulars | For the year ended 31st March, 2021 | | For the year ended 31st March, 2020 | |
|---|--|-----------------------|--|---------------------|
| A. Cash flow from operating activity | | | | |
| Net Profit before tax & Extra Ordinary Items | | 71,02,112 | | (7,93,57,013) |
| Adjustment for : Depreciation | 1,60,62,450 | | 2,54,60,914 | |
| Interest paid | 3,55,79,624 | | 4,49,69,920 | |
| Prior Period Adjustments | 22,20,943 | | 1,99,081 | |
| Provision for Impairment | (62,47,493) | | 2,41,36,775 | |
| (Profit)Loss on Sale of Fixed Assets | (19,33,73,355) | | - | |
| Interest Income (considered Separately) | (79,27,212) | (15,36,85,044) | (64,65,420) | 8,83,01,269 |
| Operating Profit before working capital changes | | (14,65,82,932) | | 89,44,256 |
| WORKING CAPITAL CHANGES | | | | |
| (Increase)Decrease in Sundry debtors | 12,22,64,529 | | (4,69,04,517) | |
| (Increase)Decrease in Loans & Advances | (58,65,393) | | (2,97,58,769) | |
| (Increase)Decrease in Inventories | 4,46,35,109 | | 4,82,04,929 | |
| Increase(Decrease) in Trade Payable(Incl.Work'g Cap.Fin) | (23,54,05,793) | (7,43,71,549) | 1,57,69,039 | (1,26,89,318) |
| Cash Generated From operations | | (22,09,54,481) | | (37,45,062) |
| Direct Tax Paid | | (29,05,565) | | (13,41,515) |
| Cash Flow Before Prior Period & Extra Ordinary Items | | (22,38,60,046) | | (50,86,577) |
| Prior Period & Extra Ordinary Items | | (22,20,943) | | (1,99,081) |
| Net Cash Flow From Operating Activities (A) | | (22,60,80,988) | | (52,85,658) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of Fixed Assets | (18,75,792) | | (1,46,10,604) | |
| Interest Income | 79,27,212 | | 64,65,420 | |
| Advance Received against Sale of Land and Building | - | | 15,86,23,589 | |
| Sale of fixed assets | 24,17,40,279 | | 70,94,748 | |
| Net Cash Outflow for investing Activities | | 24,77,91,700 | | 15,75,73,153 |
| Cash flow after investing activities (B) | | 24,77,91,700 | | 15,75,73,153 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Proceeds from Long term borrowing (Net of Repayments) | 3,70,751 | | 58,44,865 | |
| Proceeds from Short term borrowing (Net of Repayments) | (14,26,60,993) | | 3,20,97,003 | |
| Interest paid | (3,55,79,624) | | (4,49,69,920) | |
| Net Cash Flow from financing activity (C) | | (17,78,69,867) | | (70,28,052) |
| Increase in cash and cash equivalents (A+B+C) | | (15,61,59,156) | | 14,52,59,444 |
| Cash &Cash Equivalent (Opening Balance) | | 15,71,22,761 | | 1,18,63,317 |
| Cash &cash equivalent(Closing balance) | | 9,63,605 | | 15,71,22,761 |
| Increase in cash & cash equivalent | | (15,61,59,156) | | 14,52,59,444 |

Summary of significant accounting policies

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date attached
For Jhunjhunwala Jain & Associates LLP
 Chartered Accountants
 Firm Registration No: 113675W

(CA Priteesh Jitendra Jain)
 Partner
 Membership No : 164931
 Place : Mumbai
 Date : 6th July, 2021

For and on behalf of the Board of directors

Amitabh Kejriwal
 (Managing Director)

Satish Deshmukh
 (Director)

R.B. Somany
 (Chief Finance Officer)

Konark Synthetic Limited
Standalone Statement of changes in equity as at March 31, 2021

A. Equity Share Capital

| Particulars | (Amount in Rs.) |
|-------------------------------|--------------------|
| Equity Share Capital | |
| As at 31st March, 2020 | 5,80,80,000 |
| Changes during 2020-21 | - |
| As at 31st March, 2021 | 5,80,80,000 |

B. Other Equity

| Particulars | Capital Redemption Reserve | Securities Premium account | Capital Incentive Subsidy | General Reserve | Retained Earnings | Total |
|---|----------------------------------|----------------------------------|---------------------------------|--------------------|----------------------|--------------------|
| Balance as at 31st March, 2020 | 40,00,000 | 6,83,57,165 | 25,00,000 | 5,97,51,143 | (8,73,50,929) | 4,72,57,379 |
| Add : Prior Period Adjustment | - | - | - | - | (22,20,943) | (22,20,943) |
| Add : Profit/(Loss) for the year | - | - | - | - | 1,62,47,073 | 1,62,47,073 |
| Add : Other Comprehensive Income for the year | - | - | - | - | 9,94,040 | 9,94,040 |
| Balance as at 31st March, 2021 | 40,00,000 | 6,83,57,165 | 25,00,000 | 5,97,51,143 | (7,23,30,759) | 6,22,77,547 |

As per our report of even date attached

For Jhunjhunwala Jain & Associates LLP
Chartered Accountants
Firm Registration No: 113675W

For and on behalf of the Board of directors

Amitabh Kejriwal
(Managing Director)

Satish Deshmukh
(Director)

(CA Priteesh Jitendra Jain)
Partner
Membership No : 164931
Place : Mumbai
Date : 6th July, 2021

R.B. Somany
(Chief Finance Officer)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**Note 1 CORPORATE INFORMATION:**

Konark Synthetic Limited ("the Company") is a limited Company domiciled and incorporated in India and its shares are publicly traded on the Bombay Stock Exchange (BSE), in India. The registered office of the Company is situated at Building No.7, Mittal Industrial Estate, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai -400059, India.

Company is engaged in the Manufacturing of Yarn and Trading of Fabric with Weaving and Processing and Manufacturing of Readymade Garments.

Note 2 BASIS OF PREPARATION AND PRESENTATION:**i. Statement of compliance**

These financial statements ("the Financial Statements") are prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Company has uniformly applied the accounting policies for the periods presented in these financial statements.

ii. Accounting convention

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

iii. Presentation

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

The Standalone financial statements are presented in Indian Rupees (Rs.) and all values are rounded to the nearest Rupees, except when otherwise indicated.

iv. Impact of COVID-19 pandemic

The novel coronavirus (COVID-19) pandemic (as declared by WHO) is causing significant disturbance and slowdown of economic activity globally and in India. The Company has evaluated impact of COVID-19 on its business operations, assessed the Company's liquidity position and evaluated the recoverability and carrying value of its assets including property plant and equipment, receivables and investments as at March 31, 2021. Based on its review, consideration of internal and external information up to the date of approval of these financial statements current indicators of future economic conditions relevant to the Company's operations and other market factors and information, management has concluded that no adjustments are required to the Company's financial results at this time. However, the full extent of impact of the COVID-19 pandemic on the operations, and financial metrics (including impact on provisioning on financial instruments) will depend on government and regulatory guidelines and future developments which are uncertain and incapable of estimation at this time.

v. Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the note 3 of the financial statements.

Note 3 SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared using the significant accounting policies and measurement bases summarised as below. These policies are applied consistently for all the periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

3.1 Property Plant and Equipment:

Property, plant and equipment are carried at cost of acquisition or construction, net of recoverable taxes less accumulated depreciation and accumulated impairment losses, if any. Cost includes purchases price, borrowing cost and any cost directly attributable to the bringing the assets to its working condition for its intended use.

Capital work in progress includes cost of property, plant and equipment under installation as at the balance sheet date.

Depreciation on the Property plant and equipment is provided using straight line method over useful life of assets as specified in schedule II to the Companies Act, 2013, Depreciation on Property Plant & equipment addition/deletion during the year has been provided on pro-rata basis from the date of such addition or upto date of such deletion as the case may be. Freehold land is not depreciated.

The assets' residual values, useful lives and method of depreciation are reviewed at each financial year end and are adjusted prospectively, if appropriate.

Property plants and equipment are eliminated from financial statement, either on disposal or when retired from active use. Profits/Losses arising in the case of retirement/disposal of property plant and equipment are recognized in the statement of profit and losses in the year of occurrence.

Leasehold Lands are amortized over period of lease. Buildings constructed on leasehold land are depreciated based on the useful life specified in schedule II to the Companies Act, 2013, where the lease period of land is beyond the life of the building.

3.2 Intangible Assets:

Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any Cost includes expenditure that is directly attributable to the acquisition of the intangible assets.

Identifiable intangible assets are recognised when it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured.

Computer software are capitalized at the amount paid to acquire the respective license for use and are amortized over period of useful lives. The assets useful lives are reviewed at each financial year end.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognized.

3.3 Leases:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding liability is included in the balance sheet as a finance lease liability. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

3.4 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. Cost of finished products are determined at raw material cost plus costs of conversion, comprising labour costs and an attributable proportion of manufacturing overheads based on normal level of activities.

3.5 Cash and cash equivalents:

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.6 Impairment of assets:

An asset is considered as impaired when at the date of Balance Sheet, there are indications of impairment and the carrying amount of the asset, or where applicable, the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the net asset selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss in the statement of profit and loss. The impairment loss recognised in the prior accounting period is reversed if there has

been a change in the estimate of recoverable amount. Post impairment, depreciation is provided on the revised carrying value of the impaired asset over its remaining useful life.

3.7 Financial instruments – initial recognition, subsequent measurement and impairment:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

l) Financial assets - Initial recognition and measurement:

All financial assets are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

Financial assets - Subsequent measurement:

For the purpose of subsequent measurement of financial assets are classified in two broad categories:-

- a) Financial assets at fair value
- b) Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured **at amortised cost** (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- a) **Business model test:** The objective of the Company's business model is to hold the financial asset to collect the contractual cash flow.
- b) **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured **at fair value through other comprehensive income** unless the asset is designated at fair value through profit or loss under the fair value option.

- a) **Business model test:** The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets.
- b) **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

All other financial asset is measured at fair value through profit or loss.

Financial assets - Equity Investment in subsidiaries, associates and joint venture:

The Company has accounted for its equity investment in subsidiaries, associates and joint venture at cost.

Financial assets - Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- a) The rights to receive cash flows from the asset have expired, or
- b) The Company has transferred its rights to receive cash flow from the asset.

Impairment of financial assets

Trade receivables

In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of trade receivables.

Other financial assets

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss

allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

Write-offs

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect of recovery. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

II) Financial liabilities - Initial recognition and measurement:

The financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities - Subsequent measurement:

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Financial Liabilities - Financial guarantee contracts:

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined and the amount recognised less cumulative amortisation.

Financial Liabilities - Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another, from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

3.8 Current and non-current classification:

The Company presents assets and liabilities in statement of financial position based on current/non-current classification.

The Company has presented non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Companies Act, 2013 notified by MCA.

An asset is classified as current when it is:

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
- b) Held primarily for the purpose of trading & manufacturing.
- c) Expected to be realised within twelve months after the reporting period, or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when it is:

- a) Expected to be settled in normal operating cycle,
- b) Held primarily for the purpose of trading, & manufacturing.
- c) Due to be settled within twelve months after the reporting period, or
- d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The Company has identified twelve months as its normal operating cycle.

3.9 Provisions, Contingent Liabilities, Contingent Assets and Commitments:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using equivalent period government securities interest rate. Unwinding of the discount is recognised in the statement of profit and loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

3.10 Dividend Distribution:

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Dividend payable and corresponding tax on dividend distribution is recognised directly in other equity.

3.11 Sales & Purchase:

Revenue from sale of goods is recognized when significant risk and rewards of ownership of goods have passed to the buyer. Sales are recorded excluding GST net of return, rate difference and sales claim. Purchases are recorded excluding GST, net of return, rate differences and purchase claims.

3.12 Foreign Currency Reinstatement and translation:

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 yearend are restated at year end rates. Exchange difference relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of depreciable fixed asset is adjusted to the carrying cost of the fixed asset. All other exchange differences are dealt with in the Statement of Profit and Loss. Non monetary foreign currency items are carried at cost.

3.13 Borrowing Costs:

Borrowing costs specifically relating to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalised (net of income on temporarily deployment of funds) as part of the cost of such assets. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalised during a period does not exceed the amount of borrowing cost incurred during that period. All other borrowing costs are expensed in the period in which they occur.

3.14 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.

3.15 Employee Benefit:

Short term employee benefits are recognised as an expense in the statement of profit and loss of the year in which the related services are rendered.

Post employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognized at the present value of the amounts payable determined using actuarial valuation techniques based on Projected Unit Credit Method. Actuarial gain/losses in respect of post employment and other long term benefits are charged to Other Comprehensive Income (Net of Tax).

Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

3.16 Taxation

Tax expense recognized in Statement of Profit and Loss comprises the sum of deferred tax and current tax except to the extent it recognized in other comprehensive income or directly in equity.

Current tax comprises the tax payable or receivable on taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Current tax is computed in accordance with relevant tax regulations. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets are recognised on unused tax loss, unused tax credits and deductible temporary differences to the extent it is probable that the future taxable profits will be available against which they can be used. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity).

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively

3.17 Earnings per share:

Basic earnings per share is computed using the 'net profit for the year attributable to the shareholders (Before and After Exceptional Items)' and weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed using the 'net profit for the year attributable to the shareholder (Before and After Exceptional Items)' and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

3.18 Investments in Subsidiaries and Associates

The Company records the investments in Subsidiaries and Associates at cost less impairment loss, if any.

After initial recognition, the Company determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of investment in Associates and that event (or events) has an impact on the estimated future cash flows of the Subsidiaries and Associates that can be reliably estimated. If there exists such an objective evidence of impairment, then impairment loss is recognized with respect to the Company's investment in Subsidiaries and Associates.

3.19 Significant Accounting Judgements, Estimates and Assumptions:

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based on its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Property, plant and equipment and Intangible Assets:

Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation

to be recorded during any reporting period. The useful lives and residual values as per Schedule II of the Companies Act, 2013 or are based on the Company's historical experience with similar assets and taking into account anticipated technological changes, whichever is more appropriate.

Recognition of deferred tax assets:

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

Contingencies:

Management has estimated the possible outflow of resources at the end of each annual reporting financial year, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

Fair value measurements and Impairment of financial assets:

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Defined benefits plan:

The Cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Recoverability of trade receivable:

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

Provisions:

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

Konark Synthetic Limited

Notes to Standalone Financial Statements for the year ended March 31, 2021

Note 04 - Property, Plant And Equipment & Capital Work-In-Progress

All amounts are in Rs.

| Description | Property, Plant and Equipment | | | | | | | | | | | | | Intangible Asset (Software) | Work in Progress | | |
|--|-------------------------------|---------------|-----------------|--------------|-------------------|---------------------|-----------------------|------------|--------------------------|----------------------|-------------------|-------------|-----------|-----------------------------|------------------|-------------|--|
| | Leasehold Land | Freehold Land | Office Building | ROU Building | Factory Buildings | Plant & Machineries | Electric Installation | Equipments | Fire Fighting Equipments | Furniture & Fixtures | Office Equipments | Vehicles | Computers | | | Total | |
| <u>Gross carrying amount (at cost)</u> | | | | | | | | | | | | | | | | | |
| As at 1st April 2020 | - | 9,74,053 | 4,85,35,549 | 1,24,72,091 | 1,99,24,674 | 32,06,76,117 | 1,39,64,615 | 8,89,527 | 72,860 | 65,70,912 | 29,51,870 | 2,15,40,879 | 30,81,472 | 45,16,54,618 | 24,03,698 | 4,56,25,581 | |
| Additions/Adjustments | - | - | - | - | - | - | - | 19,922 | - | - | 61,028 | - | 67,118 | 1,48,068 | - | 17,27,724 | |
| Deductions/Impairments | - | 2,97,081 | - | 10,95,003 | 1,35,74,209 | - | 27,47,078 | 21,546 | 51,873 | 6,67,419 | 1,55,310 | 23,33,802 | 1,38,576 | 2,10,81,897 | 3,50,000 | - | |
| Reversal of Assets classified as Held for sale | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| As at 31st March 2021 | - | 6,76,972 | 4,85,35,549 | 1,13,77,088 | 63,50,465 | 32,06,76,117 | 1,12,17,537 | 8,87,902 | 20,987 | 59,03,493 | 28,57,588 | 1,92,07,077 | 30,10,014 | 43,07,20,789 | 20,53,698 | 4,73,53,305 | |
| <u>Accumulated depreciation</u> | | | | | | | | | | | | | | | | | |
| As at 1st April 2020 | - | - | 32,67,476 | 26,25,704 | 1,43,61,302 | 25,57,08,892 | 1,19,87,489 | 7,41,558 | 71,811 | 60,67,365 | 26,11,281 | 1,81,89,368 | 29,30,929 | 31,85,63,175 | 22,91,254 | - | |
| Depreciation for the year | - | - | 7,68,444 | 21,64,649 | 3,12,146 | 1,19,82,729 | 1,50,094 | 13,524 | - | 23,906 | 1,00,564 | 5,24,411 | 21,983 | 1,60,62,450 | - | - | |
| Deductions/Impairments | - | - | - | - | 92,27,940 | - | 26,04,263 | 14,776 | 51,873 | 6,39,437 | 1,48,492 | 22,17,229 | 1,37,442 | 1,50,41,452 | 3,40,001 | - | |
| As at 31st March 2021 | - | - | 40,35,920 | 47,90,353 | 54,45,508 | 26,76,91,621 | 95,33,320 | 7,40,306 | 19,938 | 54,51,834 | 25,63,353 | 1,64,96,550 | 28,15,470 | 31,95,84,173 | 19,51,253 | - | |
| <u>Net Carrying amount</u> | | | | | | | | | | | | | | | | | |
| As at 31st March 2020 | - | 9,74,053 | 4,52,68,073 | 98,46,387 | 55,63,372 | 6,49,67,225 | 19,77,126 | 1,47,969 | 1,049 | 5,03,547 | 3,40,589 | 33,51,511 | 1,50,543 | 13,30,91,443 | 1,12,444 | 4,56,25,581 | |
| As at 31st March 2021 | - | 6,76,972 | 4,44,99,629 | 65,86,735 | 9,04,957 | 5,29,84,496 | 16,84,217 | 1,47,596 | 1,049 | 4,51,659 | 2,94,235 | 27,10,527 | 1,94,544 | 11,11,36,617 | 1,02,445 | 4,73,53,305 | |

Other intangible assets represents Computer software other than self generated goodwill.

Freehold land are not depreciated

Konark Synthetic Limited
Notes to Standalone Financial Statements for the year ended March 31, 2021

Note 5 - Non - Current Investments

| Particulars | As at 31 March , 2021 | | | | As at 31 March, 2020 | | | |
|--|-----------------------|----------------------|--|--------------------|------------------------------|----------------------|--|------------------------------|
| | Extent of Holding (%) | No. of Shares/ Units | Face Value (Rs.) Unless otherwise stated | Rs. | Extent of Holding (%) | No. of Shares/ Units | Face Value (Rs.) Unless otherwise stated | Rs. |
| In Equity Instruments: | | | | | | | | |
| Unquoted Fully Paid -up | | | | | | | | |
| Carried at Cost | | | | | | | | |
| Subsidiary Company | | | | | | | | |
| India Denim Limited | 61.17 | 7001000 | 10 | 8,48,88,000 | 61.17 | 7001000 | 10 | 8,48,88,000 |
| Associates | | | | | | | | |
| Konark Infratech Private Limited | 26.92 | 28000 | 10 | 2,80,000 | 26.92 | 28000 | 10 | 2,80,000 |
| Others | | | | | | | | |
| Silvassa Co-op. Society Limited | | 10 | 100 | 1,100 | | 10 | 100 | 1,100 |
| The City Co-op. Bank Ltd. | | 40 | 25 | 2,000 | | 40 | 25 | 2,000 |
| Quoted Fully Paid -up | | | | | | | | |
| Carried at cost | | | | | | | | |
| Sun Earth Ceramics limited | | 6800 | 10 | 2,04,000 | | 6800 | 10 | 2,04,000 |
| Total Equity Instruments | | | | 8,53,75,100 | | | | 8,53,75,100 |
| Less : Provision for diminution in the value of Investments | | | | 8,50,92,000 | | | | 8,50,92,000 |
| Total | | | | 2,83,100 | | | | 2,83,100 |
| Particulars | | | | | As at 31 March , 2021 | | | As at 31 March , 2020 |
| Aggregate amount of quoted investments (Market value of NIL (Previous Year NIL) (Company has made the Provision in the Diminution value of Such Investments) | | | | | | 2,04,000 | | 2,04,000 |
| Aggregate amount of unquoted investments. (Provision in diminution in value made for Rs. 84888000/-) | | | | | | 8,51,71,100 | | 8,51,71,100 |

Konark Synthetic Limited**Notes to Standalone Financial Statements for the year ended March 31, 2021****6 Non-Current Financial Assets - Others**

| Particulars | As at March 31,2021 | As at March 31,2020 |
|---|------------------------|------------------------|
| Bank deposits with more than 12 months maturity | 1,000 | 1,000 |
| Security Deposits Govts & Other | 79,34,002 | 64,82,192 |
| Total | 79,35,002 | 64,83,192 |

7 Deferred Tax Assets (Net)

| Particulars | As at March 31,2021 | As at March 31,2020 |
|---|------------------------|------------------------|
| <u>Tax effect of items constituting deferred tax assets</u> | | |
| Disallowance u/s 43B of I.T.Tax, 1961, Carry Forward of Losses and Impairment on financial assets | 2,26,72,355 | - |
| <u>Tax effect of items constituting deferred tax liabilities</u> | | |
| Difference between book balance and tax balance of property, plant and equipment | 1,59,93,297 | - |
| Total | 66,79,058 | - |

8 Inventories

| Particulars | As at March 31,2021 | As at March 31,2020 |
|--------------------|------------------------|------------------------|
| Inventories | | |
| Raw Materials | 28,88,192 | 9,91,450 |
| Stores, Spares | 38,26,737 | 1,20,97,580 |
| Work in Progress | 2,07,12,637 | 1,31,21,573 |
| Finished Goods | 9,20,34,879 | 13,78,86,950 |
| Total | 11,94,62,444 | 16,40,97,554 |

9 Current Financial Assets - Trade Receivables

| Particulars | As at March 31,2021 | As at March 31,2020 |
|--|------------------------|------------------------|
| (a) Unsecured, considered good; | 5,51,28,879 | 20,83,41,143 |
| (b) Having significant increase in Credit Risk | 16,28,89,238 | 12,56,94,009 |
| (c) Credit Impaired | 1,15,14,276 | 1,77,61,769 |
| | 22,95,32,393 | 35,17,96,921 |
| Less: Provision for Impairment | 1,15,14,276 | 1,77,61,769 |
| Total | 21,80,18,117 | 33,40,35,152 |

Konark Synthetic Limited**Notes to Standalone Financial Statements for the year ended March 31, 2021****10 Current Financial Assets - Cash & cash equivalents**

| Particulars | As at March 31,2021 | As at March 31,2020 |
|-------------------------|------------------------|------------------------|
| Cash & Cash Equivalents | | |
| Balance with banks; | | |
| (i) Current Accounts | 6,10,629 | 15,29,32,335 |
| (ii) Dividend Accounts | - | - |
| Cash on hands | 3,52,976 | 4,51,780 |
| Total | 9,63,605 | 15,33,84,115 |

11 Current Financial Assets - Bank balances other than above

| Particulars | As at March 31,2021 | As at March 31,2020 |
|---|------------------------|------------------------|
| Fixed Deposits with maturity more than 3 months | - | 37,38,646 |
| Total | - | 37,38,646 |

12 Current Financial Assets - Loans

| Particulars | As at March 31,2021 | As at March 31,2020 |
|-----------------------------|------------------------|------------------------|
| Unsecured, considered good; | | |
| - To Subsidiaries | 56,96,550 | 56,96,550 |
| - To Associate concern | 6,12,79,458 | 5,53,32,065 |
| - To employees | 11,89,075 | 12,71,075 |
| Total | 6,81,65,083 | 6,22,99,690 |

13 Current Financial Assets -Other Assets

| Particulars | As at March 31,2021 | As at March 31,2020 |
|--------------------------------|------------------------|------------------------|
| Other Advances | 76,00,000 | 76,00,000 |
| Less: Provision for Impairment | 76,00,000 | 76,00,000 |
| Total | - | - |

14 Current Tax Assets (Net)

| Particulars | As at March 31,2021 | As at March 31,2020 |
|---------------------------------------|------------------------|------------------------|
| Advance Income Tax (Net of Provision) | 1,08,12,345 | 79,06,781 |
| Total | 1,08,12,345 | 79,06,781 |

Konark Synthetic Limited**Notes to Standalone Financial Statements for the year ended March 31, 2021****15 Other Current Assets**

| Particulars | As at March 31,2021 | As at March 31,2020 |
|---|------------------------|------------------------|
| Unsecured, Considered Good, unless otherwise stated: | | |
| Receivable from Government Authorities | 70,01,515 | 47,23,132 |
| Prepaid Expenses | 6,79,796 | 6,29,023 |
| Advances to creditors | 18,80,447 | 1,22,548 |
| Other Current Assets | 16,41,727 | 27,96,781 |
| Total | 1,12,03,484 | 82,71,485 |

16 Equity Share Capital**Authorized**

| Particulars | No of Shares | Amount In Rupees |
|-------------------------|--------------------|---------------------|
| As at April 1, 2020 | 1,50,00,000 | 15,00,00,000 |
| Changes during the year | - | - |
| As at March 31, 2021 | 1,50,00,000 | 15,00,00,000 |

Issued , subscribed and paid up share**Movement in Equity Share Capital**

| | No of shares | Equity Share Capital par value |
|--------------------------------|------------------|-----------------------------------|
| A) Equity Share Capital | | |
| As at April 1, 2020 | 58,08,000 | 58,80,000 |
| Changes during the year | - | - |
| As at March 31, 2021 | 58,08,000 | 58,80,000 |

A) Rights, preference and restrictions attached to the shares

Each holder of equity shares is entitled to one vote per share and ranks pari passu. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

B) Shareholders holding more than 5 percent of Equity Shares

| Name of Shareholder | % holding in the class | As at March 31, 2021 No. of share held | As at March 31, 2020 No. of share held |
|--|------------------------|---|---|
| Equity Shares of Rs. 10/- each | | | |
| Rakadevi Dalmia | 17.36% | 10,08,091 | 21,08,091 |
| Kayo Investment And Finance Pvt. Ltd | 14.75% | 8,56,850 | 8,56,850 |
| Fillmore Trading & Investments Pvt. Ltd. | 14.46% | 8,40,000 | 8,40,000 |
| Prakashchand Dalmia (HUF) | 5.80% | 3,36,600 | 3,36,600 |
| Shonit Dalmia | 19.40% | 11,26,475 | 26,475 |

As per records of company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Konark Synthetic Limited**Notes to Standalone Financial Statements for the year ended March 31, 2021****C) The reconciliation of the number of shares outstanding as on March 31, 2021**

| Particulars | Number of Shares as at 31st March, 2021 | Number of Shares as at 31st March, 2020 |
|-----------------------------------|--|--|
| Number of shares at the beginning | 58,08,000 | 58,08,000 |
| Changes during the year | - | - |
| Number of shares at the end | 58,08,000 | 58,08,000 |

17 Other Equity

| Particulars | Capital Redemption Reserve | Securities Premium account | Capital Incentive Subsidy | General Reserve | Retained Earnings | Total |
|--|----------------------------------|----------------------------------|---------------------------------|--------------------|----------------------|--------------------|
| Balance as at 1st April, 2020 | 40,00,000 | 6,83,57,165 | 25,00,000 | 5,97,51,143 | (8,73,50,929) | 4,72,57,379 |
| Add : Profit /(Loss) for the year | - | - | - | - | 1,62,47,073 | 1,62,47,073 |
| Add : Other Comprehensive Income for the year | - | - | - | - | 9,94,040 | 9,94,040 |
| Add : Prior Period Adjustment | - | - | - | - | (22,20,943) | (22,20,943) |
| Balance as at 31st March 2021 | 40,00,000 | 6,83,57,165 | 25,00,000 | 5,97,51,143 | (7,23,30,759) | 6,22,77,547 |

18 Non-Current Financial Liabilities - Borrowings

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|------------------------------------|-------------------------|-------------------------|
| Borrowings | | |
| a) Secured Loan - Term Loan | | |
| (i) from Banks | | |
| Loan against Flat | 1,76,49,499 | 1,70,75,833 |
| Loan Against Property | 5,53,36,306 | 5,38,88,586 |
| Vehicle Loans (Against Motor Cars) | 31,480 | 97,480 |
| (ii) from Other | | |
| Loan Against Property | 3,07,67,216 | 2,93,64,307 |
| Vehicle Loans (Against Motor Cars) | 3,67,406 | 7,78,888 |
| b) Unsecured Loan | | |
| Loan From Related Parties | - | - |
| Other | 79,78,492 | 1,05,54,555 |
| Total | 11,21,30,399 | 11,17,59,648 |

Secured Loans-Term Loans:

- (a) Loan of Rs.17649499/- (P.Y. Rs. 17075833/-) against sanctioned of Rs. 5.72 Crores is Secured against the Flat No. 2101, situated at Orchid Crown, Tower B, Gokhale Road South, Dadar (W), Mumbai, which is payable in 120 EMI's of Rs. 788525 after getting the possession from the Developer. The loan is also guaranteed by Mr. Prakashchand Dalmia as a co-applicant. Rs. 573666/- Interest related to moratorium period added in principal amount

Konark Synthetic Limited**Notes to Standalone Financial Statements for the year ended March 31, 2021**

- (b) The loan of Rs. 55336306/- (P.Y. 59343993/-) including Current Maturities of Long Term Borrowings under note no. 23 from IDBI Bank Ltd is secured against the flat of Shri Amitabh Kejriwal-Director, situated at Flat No. 101, Santusthi, Janki Kutir, Juhu Ville Parle, Juhu, Mumbai - 400049. The loan was also guaranteed as co-applicants by Directors Mr. Prakashchand Dalmia, Mr. Amitabh Kejriwal and Authorised Signatory Mr. Shonit Dalmia. Terms of Payment is 180 EMI of Rs. 845328/- including interest @9.65% p.a. floating
- (c) Loan of Rs. 9411620/- (P.Y. 8998667/-) including Current Maturities of Long Term Borrowings under Note No. 23 is secured against Property from PNB Housing Finance Limited against Shop No. 8 situated at Skylark Building, Plot No. 63, Sector-11, CBD Belapur, Navi-Mumbai-400614 on the term i.e 180 EMI of Rs. 123150/- and interest rate is 11.75% p.a. The loan was also guaranteed as co-applicants by Mr. Prakashchand Dalmia, Mr. Amitabh Kejriwal, Mr. Shonit Dalmia, Mrs. Rakadevi Dalmia, Prakashchand Dalmia HUF and M/s Kayo Investments & Finance Pvt. Ltd..Rs. 558581/- Interest related to moretoriam period added in principal amount
- (d) Loan of Rs. 22784347/- (P.Y. 21760738/-) including Current Maturities of Long Term Borrowings under Note No. 23 is secured against Property from PNB Housing Finance Limited against Shop No. 6 and 11 situated at Skylark Building, Plot No. 63, Sector -11, CBD Belapur, Navi-Mumbai - 400614 on the term i.e 180 EMI of Rs. 272784/- and interest rate is 11.75% p.a floating , The loan was also guaranteed as co-applicants by Mr. Prakashchand Dalmia, Mr. Amitabh Kejriwal, Mr. Shonit Dalmia, Mrs. Rakadevi Dalmia, Prakashchand Dalmia HUF and M/s Kayo Investments & Finance Pvt. Ltd..Rs. 1265229/- Interest related to moretoriam period added in principal amount
- (e) Vehicle Loans of Konark Synthetics Limited: The loans are hypothecated against the specific vehicles for which it was sanctioned by the bank.Of the above loans, amounts (including current maturities under Note 23) of,-Rs. 1,28,959 is repayable in 8 remaining EMI of Rs. 16700 upto Sep. 05, 2021 -Rs. 7,81,562 is repayable in 22 remaining EMI of Rs. 38488 upto Dec. 05, 2022

19 Provisions

| Particulars | As at March 31,2021 | As at March 31,2020 |
|----------------------------------|------------------------|------------------------|
| Provisions | | |
| Provisions for Employee Benefits | | |
| - Provision For Gratuity | 48,84,968 | 61,93,323 |
| Total | 48,84,968 | 61,93,323 |

20 Deferred Tax Liabilities (Net)

| Particulars | As at March 31,2021 | As at March 31,2020 |
|---|------------------------|------------------------|
| <u>Tax effect of items constituting deferred tax liabilities</u> | | |
| Difference between book balance and tax balance of property, plant and equipments | - | 1,84,20,513 |
| Less : | | |
| <u>Tax effect of items constituting deferred tax assets</u> | | |
| Disallowance u/s 43B of I.T.Tax, 1961, Carry Forward of Losses and Impairment on financial assets | - | 1,59,44,024 |
| | - | 24,76,489 |

Konark Synthetic Limited**Notes to Standalone Financial Statements for the year ended March 31, 2021**

All amounts are in Rs.

21 Current Financial Liabilities - Borrowings

| Particulars | As at March 31,2021 | As at March 31,2020 |
|-------------------------------|------------------------|------------------------|
| a) Loans repayable on demands | | |
| (i) Secured - | | |
| From Banks | | |
| - Loan | - | 3,37,14,122 |
| - Cash credit | 13,55,58,130 | 19,53,33,502 |
| (ii) Unsecured - | | |
| Loans from Related Parties | 10,48,83,034 | 15,40,54,534 |
| Total | 24,04,41,164 | 38,31,02,158 |

Secured Loans Cash credit of Rs. 13.50 Crores has been sanctioned by Corporation Bank against paripassu first charge on inventory and book debts of the Company with margin of 25% on Stock and 40% on Book Debts; at interest rate of Base Rate + 4.50%.

Unsecured Loans-Loans from related parties is from Konark Realtech Private Limited and is payable on demand

22 Current Financial Liabilities - Trade Payables

| Particulars | As at March 31,2021 | As at March 31,2020 |
|---|------------------------|------------------------|
| (ii) Bills Payable Under Letter of Credit From Banks | - | 3,51,14,327 |
| (ii) Trade Payables | | |
| a) Total outstanding dues of Micro and small enterprises | 15,51,600 | 20,57,359 |
| b) Total outstanding dues of trade payable other than Micro and small enterprises | 9,61,20,042 | 11,13,61,232 |
| c) Other | 2,45,656 | 2,89,000 |
| Total | 9,79,17,298 | 14,88,21,918 |

23 Current Financial Liabilities - Other Liabilities

| Particulars | As at March 31,2021 | As at March 31,2020 |
|---|------------------------|------------------------|
| Other Financial Liabilities | | |
| a) Current maturities of long-term debts; | | |
| Secured Loans | 54,36,439 | 49,51,717 |
| Vehicle Loans | 5,11,637 | 5,62,190 |
| b) Interest accrued but not due on borrowings | 6,51,444 | 17,80,116 |
| c) Interest accrued and due on borrowings | 5,26,502 | 5,82,361 |
| d) Liability for expenses | 47,81,583 | 36,57,286 |
| e) Advance from Customer | 7,93,459 | 10,71,799 |
| f) Other | - | 18,313 |
| Total | 1,27,01,064 | 1,26,23,782 |

Konark Synthetic Limited**Notes to Standalone Financial Statements for the year ended March 31, 2021**

All amounts are in Rs.

24 Other Current Liabilities

| Particulars | As at March 31,2021 | As at March 31,2020 |
|---|------------------------|------------------------|
| a) Advance Received against Sale of Land and Building | - | 16,54,73,589 |
| b) Others | | |
| i) Duties and Taxes | 2,34,777 | 9,67,838 |
| ii) Payable-ESIC, PF & Prof. Tax etc. | 51,89,807 | 64,40,003 |
| iii) Payable-Employee | 79,10,210 | 1,66,10,098 |
| iv) Bank balance overdrawn as per books | - | 17,77,744 |
| Total | 1,33,34,794 | 19,12,69,272 |

25 Provisions

| Particulars | As at March 31,2021 | As at March 31,2020 |
|----------------------------------|------------------------|------------------------|
| Provisions | | |
| Provisions for Employee Benefits | | |
| Gratuity | 3,47,370 | 2,47,932 |
| Total | 3,47,370 | 2,47,932 |

Konark Synthetic Limited

Notes to Standalone Financial Statements for the year ended March 31, 2021

All amounts are in Rs.

| Sr. No. | Particulars | For the Period ended 31.03.2021 Amount (Rs.) | For the year ended 31.03.2020 Amount (Rs.) |
|------------|--|---|---|
| 26 | Revenue From Operations | | |
| | <u>Sales</u> | | |
| | Sale of Products | 18,12,97,080 | 64,39,11,447 |
| | Other Operating Revenue | 24,71,814 | 6,91,27,430 |
| | Total | 18,37,68,894 | 71,30,38,877 |
| 27 | Other Income | | |
| | Interest Income | 79,27,212 | 64,65,420 |
| | Foreign Exchange Fluctuation Gain | 7,369 | - |
| | Others* | 11,10,210 | 1,47,372 |
| | Total | 90,44,792 | 66,12,793 |
| | *Others includes Sundry Balance W/off | | |
| 28 | Cost of Materials Consumed | | |
| | Raw Material Consumed | | |
| | Opening Stock | 9,91,450 | 23,31,144 |
| | Add : Purchases | | |
| | Yarns | 5,45,97,666 | 7,82,17,568 |
| | | 5,55,89,116 | 8,05,48,712 |
| | Less: Closing Stock | 28,88,192 | 9,91,450 |
| | Total | 5,27,00,923 | 7,95,57,262 |
| 29 | Changes In Inventories Of Finished Goods, Work In Progress And Stock In Trade | | |
| | Opening Stock - Process | 1,31,21,573 | 1,96,35,878 |
| | Opening Stock - Finished | 13,78,86,950 | 17,46,52,253 |
| | Total - A | 15,10,08,523 | 19,42,88,131 |
| | Closing Stock - Process | 2,07,12,637 | 1,31,21,573 |
| | Closing Stock - Finished | 9,20,34,879 | 13,78,86,950 |
| | Total - B | 11,27,47,515 | 15,10,08,523 |
| | (Increase) / Decrease in Stocks Total - A-B | 3,82,61,008 | 4,32,79,608 |

Konark Synthetic Limited**Notes to Standalone Financial Statements for the year ended March 31, 2021**

| Sr. No. | Particulars | For the year ended 31.03.2021 Amount (Rs.) | For the year ended 31.03.2020 Amount (Rs.) |
|------------|--|---|---|
| 30 | Employee Benefits Expenses | | |
| | Salaries, Wages, Bonus & Other Allowance | 91,86,368 | 7,33,84,143 |
| | Gratuity | 7,44,765 | 8,86,417 |
| | Contribution to Provident Funds & ESIC | 1,67,591 | 30,47,476 |
| | Staff Welfare Expenses | 1,02,727 | 6,16,420 |
| | Total | 1,02,01,451 | 7,79,34,456 |

The disclosures required under Indian Accounting Standard 19 "Employee Benefits" are given below :

| A. Defined Contribution Plan | 2020-2021 | 2019-2020 |
|--|-----------|-----------|
| Contribution to Defined Contribution Plan, recognized as expense for the years are as under: | | |
| Employer's Contribution to Provident Fund | 1,38,509 | 23,63,191 |
| Employer's Contribution to ESI Scheme | 29,082 | 6,84,285 |

The contribution to provident fund is made to Employees' Provident Fund managed by Provident Fund Commissioner. The contribution towards ESIC made to Employees' State Insurance Corporation. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

B. Defined Benefit Plan

The present value of Employees' Gratuity obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

| | Gratuity (Unfunded) | |
|---|---------------------------|---------------------------|
| | As at 31st March, 2021 | As at 31st March, 2020 |
| a. Movement in present value of defined benefit obligation | | |
| Obligation at beginning of the year | 64,41,255 | 54,96,928 |
| Current Service Cost | 3,09,980 | 4,60,405 |
| Interest Cost | 4,34,785 | 4,26,012 |
| Actuarial (gain)/loss | (13,43,297) | 3,12,130 |
| Benefits paid | (6,10,385) | (2,54,220) |
| Obligation at the end of year | 52,32,338 | 64,41,255 |
| b. Reconciliation of fair value of assets and obligations | | |
| Fair value of plan assets at year end | - | - |
| Present value of obligation at year end | 52,32,338 | 64,41,255 |
| Amount recognised in Balance Sheet | | |
| - Current | 3,47,370 | 2,47,932 |
| - Non- Current | 48,84,968 | 61,93,323 |

Konark Synthetic Limited**Notes to Standalone Financial Statements for the year ended March 31, 2021**

| c. Expenses recognized during the year | year ended 31st March, 2021 | year ended 31st March, 2020 |
|--|--|--|
| Current Service Cost | 3,09,980 | 4,60,405 |
| Interest Cost | 4,34,785 | 4,26,012 |
| Expected return on plan assets | - | - |
| Actuarial (gain) / loss | (13,43,297) | 3,12,130 |
| Net Cost | (5,98,532) | 11,98,547 |
| d. Actuarial assumptions | year ended 31st March, 2021 | year ended 31st March, 2020 |
| Mortality Table (L.I.C.) | IALM 2006-08 (Ultimate) | IALM 2006-08 (Ultimate) |
| Rate of Interest (per annum) | 6.75 | 6.75 |
| Salary growth Rate (per annum) | 5.50 | 5.50 |
| Withdrawal Rate | 1.00 | 1.00 |

The estimated future salary increases takes into account inflation, seniority, promotion and other retirement factors including supply and demand in the employment market. The above information is certified by the actuary.

31 Finance Cost

| | | |
|----------------------|--------------------|--------------------|
| Interest Expense | 3,46,72,327 | 4,06,73,010 |
| Other Borrowing Cost | 9,07,297 | 42,96,910 |
| TOTAL | 3,55,79,624 | 4,49,69,920 |

Particulars

| For the year ended 31.03.2021 | For the year ended 31.03.2020 |
|-------------------------------------|-------------------------------------|
| Amount (Rs.) | Amount (Rs.) |

32 Other Expenses**(A) Manufacturing Expenses**

| | | |
|---|--------------------|--------------------|
| Power & Fuel | 80,90,855 | 1,85,63,801 |
| Stores and Spares Consumed | 1,38,97,744 | 1,17,01,913 |
| Repairs to Plant & Machinery | - | 8,50,418 |
| Repair & Maintainance - Other (At Plants) | 1,93,821 | 3,69,511 |
| Repairs to Factory Building | - | 28,000 |
| Security Charges | 6,66,622 | 12,91,268 |
| Labour Charges | 22,33,413 | 25,42,857 |
| Job work Charges | 1,02,019 | 1,65,11,458 |
| Freight, Octroi & Cartage | 99,609 | 94,127 |
| Other Manufacturing Expenses | 98,370 | 2,50,637 |
| Total - A | 2,53,82,453 | 5,22,03,990 |

Konark Synthetic Limited**Notes to Standalone Financial Statements for the year ended March 31, 2021**

| Particulars | For the year ended 31.03.2021 Amount (Rs.) | For the year ended 31.03.2020 Amount (Rs.) |
|--|---|---|
| (B) Administrative & General Expenses | | |
| Advertisement & Publicity | 1,39,760 | 98,160 |
| Bank Charges | 4,45,560 | 2,12,963 |
| Conveyance Expenses | 3,84,111 | 5,69,773 |
| Electricity | 1,45,210 | 4,65,664 |
| Filing Fees | 15,200 | 7,200 |
| Insurance | 4,58,533 | 6,86,997 |
| Membership & Subscription | 3,69,015 | 3,63,501 |
| General Expenses | 2,52,664 | 5,46,606 |
| Interest/Penalty | 2,67,410 | 9,92,757 |
| Professional Fees/ Legal Expenses | 11,40,200 | 15,20,063 |
| Printing & Stationary | 94,035 | 4,05,650 |
| Rent,Rates,Fees & Taxes | 7,73,585 | 24,81,288 |
| Repairs & Maintenance (Others) | 3,11,746 | 4,52,805 |
| Postage & Telegrams | 39,873 | 2,25,928 |
| Stamp & Hundi Papers | 26,570 | 84,650 |
| Sundry Balance W/Back | 1,329 | 7,86,614 |
| Telephone | 2,00,333 | 3,07,911 |
| Travelling | 79,843 | 7,56,503 |
| Vehicle Expenses | 3,06,849 | 9,55,369 |
| <u>Auditors Remuneration:</u> | | |
| - For Statutory Audit | 3,00,000 | 3,00,000 |
| - For Tax Audit | - | - |
| - For Certification & Review | 75,000 | 1,00,000 |
| - Others | 3,75,000 | 4,00,000 |
| Total - B | 58,26,827 | 1,23,20,403 |
| (C) Selling & Distribution Expenses | | |
| Marketing Expenses & Brokerage | 5,68,056 | 11,38,264 |
| Outward Freight & Octroi | | |
| Freight Charges | 7,14,669 | 16,04,563 |
| Claim and Discount on Sales | 2,80,41,983 | - |
| Sales Promotion Expenses | 4,89,763 | 6,67,892 |
| Sample & Development Expenses | 1,33,938 | 6,78,309 |
| Total - C | 2,99,48,408 | 40,89,028 |
| Total (A+B+C) | 6,11,57,689 | 6,86,13,421 |

Konark Synthetic Limited**Notes to Standalone Financial Statements for the year ended March 31, 2021**

33. The exceptional item for the year ended 31 March, 2021 consists of the following:
- Bad debts of Rs.73573513 represents the trade receivables written off during the year, the recovery of which is unrealistic in the opinion of the management.
 - Profit on sale of Fixed Assets/Store includes profit of Rs.188529527 on account of sale of Land, Building, Plant & Machinery and other assets of Sarigam unit on closure of business in the unit.
 - Profit on sale of Fixed Assets/Store includes profit of Rs.4843828 on account sale of Land, Building and other assets of Silvassa unit.
34. The Company is operating in single segment i.e. Textiles and thus there is no reportable segments as per Indian Accounting Standard (Ind AS) 108 "Operating Segment". There is no reportable geographical segment either.
35. As per Indian Accounting Standard 24 "Related Party Disclosures", the disclosure of Related Parties and transactions with them are given below:

A. List of related parties and nature of relationship**i) Subsidiaries and Fellow Subsidiaries:**

India Denim Limited – Subsidiary

Konark Infratech Private Limited – Associates

Konark Gujarat PV Private Limited – Subsidiary of Konark Infratech Private Limited

ii) Individual having significant influence:

Smt. Raka Devi Dalmia – Share Holder

iii) Key Managerial Personnel (KMP) and Relative:

Mr. Prakashchand Dalmia – Director

Mr. Amitabh Kejriwal – Managing Director

Mr. R.B. Somany – Chief Financial Officer

Mr. Mehnuddin Khan – Company Secretary

Ms. Shikha Dalmia – Relative of Director

Ms. Smita Kejriwal – Relative of Director

Ms. Namarta Dalmia – Relative of Director

iv) Enterprise over which Key Management Personnel are able to exercise significant influence:

M/s Konark Silk Mills

M/s Konark Realtech Private Limited

B) Transactions with Related Parties:

Figures in bracket belongs to previous year

| Particulars | Subsidiaries and Fellow Subsidiaries/ Associates | Individual having significant influence | KMP and Relatives of KMPs | Enterprise over which KMP have significant influence | Total |
|----------------------------|--|---|---------------------------|--|------------------------|
| Remuneration & Perquisites | - | - | 854120 (1085712) | - | 854120 (1085712) |
| Salary | - | - | 2728323 (2787200) | - | 2728323 (2787200) |
| Rent Expenses | - | - | - | 108000 (108000) | 108000 (108000) |
| Loan Taken | - | - | - | 23570000 (26820000) | 23570000 (26820000) |
| Loan Repaid | - | - | - | 72741500 (19278000) | 72415000 (19278000) |
| Interest Income | 6640425 (6182906) | - | - | - | 6640425 (6182906) |

Konark Synthetic Limited

Notes to Standalone Financial Statements for the year ended March 31, 2021

C) Disclosures of material transactions with Related Parties as mentioned above:

| Particular | 2020 - 2021 | 2019 - 2020 |
|--|-------------|-------------|
| Managerial Remuneration & Perquisites | | |
| Amitabh Kejriwal | 854120 | 1085712 |
| Salary Paid | | |
| R.B. Somany | 1000000 | 1200000 |
| Mehnuddin Khan | 334823 | 410000 |
| Sikha Dalmia | 600000 | 600000 |
| Smita Kejriwal | 193500 | 258000 |
| Namarta Dalmia | 600000 | 319200 |
| Rent Paid | | |
| Konark Silk Mills | 108000 | 108000 |
| Loans Taken | | |
| Konark Realtech Pvt. Ltd. | 23570000 | 26820000 |
| Loans Repaid | | |
| Konark Realtech Pvt. Ltd. | 72741500 | 19278000 |
| Interest Income | | |
| Konark Infratech Pvt. Ltd | 6640425 | 6182906 |

D) Balances with the Related Parties as at 31st March, 2021

Figures in bracket belongs to previous year

| Particulars | Subsidiaries and Fellow Subsidiaries/ Associates | Individual having significant influence | KMP and Relatives of KMPs | Enterprise over which KMP have significant influence | Total |
|------------------------------|--|---|---------------------------|--|--------------------------|
| Remuneration & Perquisites | - | - | 52690 (398120) | - | 52690 (398120) |
| Salary | - | - | 787740 (927790) | - | 787740 (927790) |
| Rent Expenses | - | - | - | 245610 (189000) | 189000 (189000) |
| Loan Taken | - | - | - | 104883034 (154054534) | 104883034 (154054534) |
| Loan Given | 61279458 (61028615) | - | - | - | 61279458 (61028615) |
| Investments in Equity Shares | 85168000 (85168000) | - | - | - | 85168000 (85168000) |
| Guarantee Given | 730600000 (730600000) | - | - | - | 730600000 (730600000) |

36. Earning Per Share (EPS):

| Particular | 2020-21 | 2019-20 |
|--|-------------|----------------|
| a) Basic earnings per share (After Exceptional Items) (In Rs.) | | |
| Profit attributable to the equity holders of the company (After Exceptional Items) | 16247073 | (165124562) |
| Weighted average number of equity shares used as the denominator | 5808000 | 5808000 |
| Basic Earnings Per Share (After Exceptional Items) | 2.80 | (28.43) |

Konark Synthetic Limited**Notes to Standalone Financial Statements for the year ended March 31, 2021****b) Basic earnings per share (Before Exceptional Items) (In Rs.)**

| | | |
|---|----------------|---------------|
| Profit attributable to the equity holders of the company (Before Exceptional Items) | (103552770) | (140778564) |
| Weighted average number of equity shares used as the denominator | 5808000 | 5808000 |
| Basic Earnings Per Share (Before Exceptional Items) | (17.83) | (9.62) |

c) Diluted earnings per share (After Exceptional Items) (In Rs.)

| | | |
|--|-------------|----------------|
| Profit attributable to the equity holders of the company (After Exceptional Items) | 16247073 | (165124562) |
| Weighted average number of equity shares used as the denominator | 5808000 | 5808000 |
| Diluted Earnings Per Share (After Exceptional Items) | 2.80 | (28.43) |

d) Diluted earnings per share (Before Exceptional Items) (In Rs.)

| | | |
|---|----------------|---------------|
| Profit attributable to the equity holders of the company (Before Exceptional Items) | (103552770) | (140778564) |
| Weighted average number of equity shares used as the denominator | 5808000 | 5808000 |
| Diluted Earnings Per Share (Before Exceptional Items) | (17.83) | (9.62) |

37. Breakup of Net Deferred Tax Expenses Provided:

| Particular | 2020-21 | 2019-20 |
|--|-----------------|------------------|
| A. Deferred Tax Liability (DTL) | | |
| Difference between book balance and tax balance of property, plant and equipment | -2427216 | -7780460 |
| Total DTL | -2427216 | -7780460 |
| B. Deferred Tax Assets (DTA) | | |
| Credit under u/s 43B & 40(a) | -214334 | -954386 |
| Carry forwarded losses | -6513997 | -12176889 |
| Difference due to rate of Income Tax | - | -2554714 |
| Total DTA | -6728331 | -15685989 |
| Net Deferred Tax Liability | -9155547 | -23466449 |

38. Contingent Liability/ Capital Commitments

The Bankers of the Company have given Guarantees to various Government Authorities amounting to Rs.150000/- (P.Y. Rs.3501000/-) for which the Company has given counter guarantee and margin money in form of fixed deposit/current account to the bankers amounting to Rs.150000/- (P.Y. Rs. 1013500/-).

The Company has given a Corporate Guarantee of Rs.270600000/- (P.Y. Rs.270600000/-) to the bankers of its subsidiary company namely India Denim Limited and a Corporate Guarantee of Rs.460000000/- (P.Y. Rs.460000000/-) to the bankers of its Associate Company' subsidiary company namely Konark Gujarat PV Private Limited against Term Loan and Working Capital Facilities sanctioned to the said companies.

The company has no capital and other commitments as on the Balance Sheet date.

The above contingent liability includes corporate guarantee of Rs.270600000 in respect of loan availed by its subsidiary company M/s. India Denim Limited. The accounts of the said subsidiary have been classified as NPA by the bankers of the company. The legal proceeding regarding the said matter when ultimately concluded, will have a material impact on financial position of the Company.

39. 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. Trade Receivables, Trade Payables & Advances are subject to confirmation and / or reconciliation with parties.

40. Additional information as per Revised Schedule III:

Konark Synthetic Limited**Notes to Standalone Financial Statements for the year ended March 31, 2021****Raw Material Consumed:**

| Particulars | Consumption |
|--------------|--------------------------------------|
| Yarn | 52700923 (79557262) |
| Total | 52700923 (79557262) |

Raw Material Purchased

| Particulars | Purchases |
|--------------|--------------------------------------|
| Yarn | 54597666 (78217568) |
| Total | 54597666 (78217568) |

Manufactured Goods, Sales Value, Closing Inventory and Opening Inventory:

| Particulars | Sales Value | Closing Inventory | Opening Inventory |
|---------------------------|---------------------------------------|---------------------------------------|--|
| Manufactured Goods | | | |
| Yarn | 90557635 (176254221) | 13233599 (9468448) | 9468448 (12972169) |
| Garments | - - | - - | - (1159000) |
| Other (Job Work) | 2471814 (69127430) | - - | - - |
| Total | 93029449 (245381651) | 13233599 (9468448) | 9468448 (14131169) |
| Traded Goods | | | |
| Fabric | 90739445 (467657227) | 78801279 (128418502) | 128418502 (160521084) |
| Total | 90739445 (467657227) | 78801279 (128418502) | 128418502 (160521084) |

Work in Process

| Particulars | Work in Process 2020-2021 | Work in Process 2019-2020 |
|--------------------|------------------------------|------------------------------|
| Yarn | 20712637 | 11373365 |
| Fabric | - | - |
| Readymade Garments | - | 1748208 |
| Total | 20712637 | 13409914 |

41. Auditors Remuneration:

| Particular | 2020-21 | 2019-20 |
|----------------------------|---------------|---------------|
| Statutory Audit Fees | 300000 | 300000 |
| Tax Audit Fees | - | - |
| For Certification & Review | 75000 | 100000 |
| For Others | - | - |
| Total | 375000 | 400000 |

Konark Synthetic Limited**Notes to Standalone Financial Statements for the year ended March 31, 2021**

42. As on the Balance Sheet date, the Company does not have any Foreign Currency Exposure. Disclosure in respect to hedging of Foreign Currency by a derivative instrument or otherwise thereof is not applicable.

43. CIF Value of Imports:

| Particular | 2020-21 | 2019-20 |
|-----------------|-----------------|----------|
| Stores & Spares | 1,84,489 | - |
| Total | 1,84,489 | - |

44. Disclosure pursuant to Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Section 186 of the Company Act, 2013:

A. Details of investments made are given in note 5

B. Details of There are no loans given by the Company in accordance with Section 186 of the Act read with rules issued thereunder are as follows (the previous year figures are shown in brackets):

| Name of the Company | Amount Outstanding 31 st March, 2021 | Maximum Outstanding during the Year |
|----------------------------|--|--|
| India Denim Limited | 5696550 (5696550) | 5696550 (5696550) |
| Konark Infratech Pvt. Ltd. | 61279458 (55332065) | 61279458 (55332065) |

Loans & Advances shown above fall under the category of Short-Term Loans and the same are in nature of Loans and are repayable on demand. The loan of Konark Infratech Pvt. Ltd. is interest bearing.

C. Details of guarantees issued by the Company are as follows:

| Guarantees outstanding, given on behalf of | Purpose | Amount Outstanding 31 st March, 2021 |
|--|-------------------------|--|
| India Denim Limited | Against Bank Borrowings | 270600000 (270600000) |
| Konark Gujarat PV Private Limited | Against Bank Borrowings | 460000000 (460000000) |

45. Events after reporting date

There have been no events after the reporting date that require disclosure in these financial statements.

46. The ongoing Covid-19 pandemic has caused significant disturbance and slowdown of economic activities globally. The lockdown ordered by the Government of India has resulted in significant reduction in economic activities and also the business operations of the Company in terms of sales and production. The Management has considered the possible effects that may result from the pandemic on the recoverability/ carrying value of the assets. Based on the current indicators of future economic conditions, the management expects to recover the carrying amount of the assets, however the management will continue to closely monitor any material changes to future economic conditions. Given the uncertainties, the final impact on Company's assets in future may differ from that estimated as at the date of approval of these financial statements.

47. The Financial Statements have been prepared in the format prescribed by the Schedule III to the Companies Act, 2013. Previous year figures have been regrouped / rearranged wherever necessary to make them comparable with those of the Current Year.

As per our report of even date attached

For Jhunjhunwala Jain & Associates LLP
Chartered Accountants
Firm Registration No: 113675W

For and on behalf of the Board of directors

Amitabh Kejriwal
(Managing Director)

Satish Deshmukh
(Director)

(CA Priteesh Jitendra Jain)
Partner
Membership No : 164931
Place : Mumbai
Date : 6th July, 2021

R.B. Somany
(Chief Finance Officer)

INDEPENDENT AUDITOR'S REPORT

To the members of **KONARK SYNTHETIC LIMITED**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **KONARK SYNTHETIC LTD** ("the Holding Company"), its subsidiaries (the Holding company and its subsidiaries together referred to as "the Group") its associates Comprising of Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and notes to consolidated financial statement, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of reports of other auditors on separate financial statements and on the other financial information of subsidiary and associate the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 As amended ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the Consolidated state of affairs of the Company as at March 31, 2021, their consolidated Loss including other comprehensive income, their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to the following matters:

- a) *In the financial statements for the year ended on March 31, 2020, the company have not accounted, the debit balance of non-controlling interest on account of consolidation of Rs. 12,37,32,087 (Debit) as on March 31, 2020. The adjustment for the same is made in the current financial statements by reducing the said amount from retained earnings. Consequently, the comparative amount as on March 31, 2020 of non-controlling interest were shown less by Rs. 12,37,32,087 (Debit) and amount of other equity were shown excess by Rs. 12,37,32,087 (Debit).*

Our opinion is not modified in respect of these above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to be communicated in our report:

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

Based on the work we have performed, if we conclude that there is any material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associates in accordance with the Ind AS and other accounting principles generally accepted in India read with the companies (Indian accounting standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provision of the act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the directors of the holding company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those respective board of directors of the companies included in the group and of its associates are also responsible for overseeing the financial reporting process of the group and of its associates.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements:

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain Sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group and its associates of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated financial statements. We are responsible for the direction, Supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of holding company and such other entities included in consolidated financial statement of which we are independent auditor regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters:

We did not audit the financial statements and other financial information, in respect of a subsidiary whose financial statements include total assets of Rs 2036.87 lacs as at March 31, 2021 and total revenues of Rs 0.38 lacs, Net loss of Rs.2010.88, Other Comprehensive Income of Rs. NIL and net cash inflow of Rs.2.01 lacs for the year ended on that date and financial statements and other information of an associate which reflects group's share of net profit of Rs. 19.77 lacs for the year ended March 31, 2021, whose financial statements and other financial information have been audited by other auditors. These financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amount and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub section (3) of section 143 of the act, in so far as it relates to the aforesaid subsidiaries and associates, is based solely on the reports of such other auditors. Our opinion on the consolidated financial statements, and our report on the other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

We would like to draw attention on matters reported by the auditor of the subsidiary company India Denim limited in its report under Emphasis of Matter and notes to accounts and considering the same we report as under:

- a) During the year the company has not recognized Deferred Tax Assets on losses due to uncertainty of future profit but the Company has continued to carry old deferred tax asset recognized in earlier year amounting to Rs 2,03,19,855/-. This, in our opinion is not in accordance with the Ind AS 12 "Income Taxes" which requires that each year the Deferred Tax Asset and Liabilities shall be reviewed.
- b) Company has reduced the value of inventory by Rs. 3,98,75,000/-. The inventories are lying since the last 5 years therefore it has been considered as scrap; hence value had been reduced to scrapped value.
- c) The Company has taken secured loan from banks, but account of the company wrongly classified as NPA by all the banks which had been challenged by the company before Honorable Courts hence company has not accounted for interest on the secured loans.
- d) The Gratuity and Other retirement benefits are recorded on cash basis. This, in our opinion is not in accordance with the Ind AS 19 "Employee Benefits" which requires that each year the provision for Gratuity and other retirement benefits is to be made.

Statutory auditor of the subsidiary company has not qualified their report in respect of the above matters and accordingly, our opinion is not modified considering our reliance on the work done and the report of the auditor of subsidiary company.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statement and other financial information of subsidiary and associate as noted in the other matter paragraph we report that:

- a) We/the other auditors whose report we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Statement of Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of Consolidated Financial Statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended except Ind AS 12 "Income Taxes" and Ind AS 19 "Employee Benefits" as mentioned in other matter paragraph.
- e) On the basis of the written representations received from the directors of holding company as on March 31, 2021 taken on record by the Board of Directors of Holding company and report of statutory auditors of its subsidiary and associate, none of the directors of group company are disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy and operating effectiveness of the Internal financial controls over financial reporting with reference to these consolidated financial statements of the holding company and its subsidiary and associate company, refer to our separate report in "Annexure A" to this report.
- g) In our Opinion and based on the consideration of reports of other statutory auditors of subsidiary and associate incorporated in India the Managerial Remuneration for the year ended March 31, 2021 has been paid/provided by the Holding company, subsidiary and associate to its directors in accordance with the provisions of sec 197 read with schedule V to the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of subsidiary and an associate as noted in other matters paragraph:
- i. Note 39 of the Consolidated financial statements disclose the impact of pending litigations on its financial position of the group and its associate in consolidated financial statements.
- ii. Provisions has been made in consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. No amount was required to be transferred, to the Investor Education and Protection Fund by the Holding company, subsidiary and its associate.

For Jhunjhunwala Jain & Associates LLP
Chartered Accountants
Firm Registration No: 113675W

(CA Priteesh Jitendra Jain)
Partner
Membership No. : 164931
UDIN : 21164931AAAAGI7446

Place : Mumbai
Date : July 6, 2021

ANNEXURE “A”

To the Independent Auditors’ Report of even date on the Consolidated Financial Statements of Konark Synthetic Limited.

Report on the Internal Financial Controls Over Financial Reporting with reference to the aforesaid Consolidated Financial Statements under Clause (i) Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **KONARK SYNTHETIC LIMITED** (“the Holding Company”) and its subsidiary and associate which are companies incorporated in India, as of March 31, 2021 in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The respective board of directors of the holding company, its subsidiary and associate which are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Holding company, its subsidiary and associates internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standard on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, and the audit evidence obtained by the other auditors in terms of their report referred to in the other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial control system over financial reporting with reference to these consolidated financial statements.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

A company’s internal financial control over financial reporting with reference to these consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting with reference to these consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to these Consolidated Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors, as referred to in other matters paragraph, the Holding Company, its subsidiary and its associate, which are companies incorporated in India have maintained in all material respects, an adequate internal financial controls system over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting were operating effectively as at March 31, 2021,

based on the internal control over financial reporting criteria established by the company considering the essential components of internal financial control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

Our report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the holding company, in so far as it relates to separate financial statements of a subsidiary and an associate, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary and an associate.

For Jhunjhunwala Jain & Associates LLP

Chartered Accountants

Firm Registration No: 113675W

(CA Priteesh Jitendra Jain)

Partner

Membership No. : 164931

UDIN : 21164931AAAAG17446

Place : Mumbai
Date : July 6, 2021

Konark Synthetic Limited
CIN:L17200MH1984PLC033451
Consolidated Balance Sheet as at March 31, 2021

Amounts in Rs.

| Assets | Note No. | As at March 31, 2021 | As at March 31, 2020 |
|--|----------|-----------------------|-----------------------|
| Non-current Assets | | | |
| (a) Property, Plant and Equipment | 5 | 25,88,42,548 | 30,35,61,895 |
| (b) Capital work-in-progress | | 4,73,53,305 | 4,56,25,581 |
| (c) Intangible assets | | 1,02,445 | 1,12,444 |
| (d) Financial Assets | | | |
| (i) Investments | 6 | 4,14,76,059 | 3,94,98,998 |
| (ii) Others | 7 | 87,48,530 | 72,96,720 |
| (e) Other non-current assets | | - | - |
| (f) Deferred Tax assets | 8 | 2,69,98,913 | 2,03,19,855 |
| Total Non-current assets | | 38,35,21,801 | 41,64,15,493 |
| Current Assets | | | |
| (a) Inventories | 9 | 13,63,37,444 | 22,08,47,554 |
| (b) Financial Assets | | | |
| (i) Trade Receivables | 10 | 21,80,18,117 | 47,10,80,235 |
| (ii) Cash and cash equivalents | 11 | 25,09,806 | 15,34,30,315 |
| (iii) Bank balances other than above | 12 | - | 37,38,646 |
| (iv) Loans | 13 | 6,24,68,533 | 5,66,03,140 |
| (iv) Investment | | - | - |
| (v) Others | 14 | - | - |
| (c) Current Tax Assets (Net) | 15 | 1,12,22,823 | 83,13,760 |
| (d) Assets classified as held for sale | | - | 4,25,02,718 |
| (e) Other Current Assets | 16 | 2,72,19,490 | 2,44,56,185 |
| Total current assets | | 45,77,76,213 | 98,09,72,552 |
| Total Assets | | 84,12,98,014 | 1,39,73,88,046 |
| Equity and Liabilities | | | |
| Equity | | | |
| (a) Equity Share Capital | 17 | 5,80,80,000 | 5,80,80,000 |
| (b) Other Equity | 18 | (21,44,12,875) | (23,21,44,712) |
| (c) Non-Controlling Interest | | (20,18,22,575) | - |
| Total Equity | | (35,81,55,450) | (17,40,64,712) |
| Liabilities | | | |
| Non-current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 19 | 49,69,48,504 | 49,65,27,753 |
| (b) Provisions | 20 | 48,84,968 | 61,93,323 |
| (c) Deferred tax Liabilities (Net) | 21 | - | 24,76,489 |
| Total non-current Liabilities | | 50,18,33,472 | 50,51,97,565 |
| Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 22 | 45,47,39,078 | 59,42,77,126 |
| (ii) Trade Payables | | | |
| (a) total outstanding dues of micro enterprises and small enterprises- and | 23 | 15,51,600 | 20,57,359 |
| (b) total outstanding dues of creditors other than micro enterprises and small enterprises." | | 11,23,95,088 | 16,33,70,049 |
| (iii) Other Financial Liabilities | 24 | 11,31,15,404 | 11,31,32,724 |
| (b) Other Current Liabilities | 25 | 1,54,48,327 | 19,31,70,004 |
| (c) Current Tax Liabilities (Net) | | - | - |
| (d) Provisions | 26 | 3,70,495 | 2,47,932 |
| Total current Liabilities | | 69,76,19,993 | 1,06,62,55,194 |
| Total Liabilities | | 1,19,94,53,465 | 1,57,14,52,759 |
| Total Equity and Liabilities | | 84,12,98,014 | 1,39,73,88,046 |

Summary of significant accounting policies

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date attached
For Jhunjhunwala Jain & Associates LLP
 Chartered Accountants
 Firm Registration No: 113675W

For and on behalf of the Board of directors

Amitabh Kejriwal
 (Managing Director)

Satish Deshmukh
 (Director)

(CA Priteesh Jitendra Jain)
 Partner
 Membership No : 164931
 Place : Mumbai
 Date : 6th July, 2021

R.B. Somany
 (Chief Finance Officer)

Konark Synthetic Limited
CIN:L17200MH1984PLC033451
Statement of Consolidated Profit and Loss for the Year ended March 31,2021

Amounts in Rs.

| | Particulars | Note No. | For the year ended March 31,2021 | For the year ended March 31,2020 |
|-------------|---|----------|-------------------------------------|-------------------------------------|
| I. | Revenue | | | |
| | Revenue from operations | 27 | 18,37,68,894 | 71,30,38,877 |
| | Other Income | 28 | 90,83,283 | 66,65,672 |
| | Total Revenue (I) | | 19,28,52,177 | 71,97,04,549 |
| II. | Expenses | | | |
| | Cost of Material Consumed | 29 | 5,27,00,923 | 7,95,57,262 |
| | Purchase of Stock-in-trade | | 9,77,95,765 | 43,50,56,327 |
| | Change in inventories of finished goods/stock in trade | 30 | 7,81,36,008 | 7,53,06,200 |
| | Employee benefit expenses | 31 | 1,05,01,451 | 7,82,79,456 |
| | Finance Costs | 32 | 3,55,79,624 | 4,49,69,920 |
| | Impairment of financial assets | | 13,07,97,590 | 2,41,36,775 |
| | Depreciation and amortisation expenses | 5 | 3,88,26,970 | 4,82,25,434 |
| | Other Expenses | 33 | 6,22,99,546 | 17,60,40,764 |
| | Total Expenses (II) | | 50,66,37,877 | 96,15,72,138 |
| III | Profit / (loss) before Share of Profit/(Loss) in Associates, exceptional items and income tax (I-II) | | (31,37,85,700) | (24,18,67,589) |
| IV | Share of Profit/(Loss) in Associates | | 19,77,061 | 19,04,302 |
| V | Profit / (loss) before exceptional items and tax (III+IV) | | (31,18,08,638) | (23,99,63,287) |
| VI | Exceptional item | | | |
| | - Diminution in the value of Investments of subsidiary | | - | - |
| | - Profit / (Loss) on sale of Fixed Assets/ Store | | 19,33,73,355 | (2,43,45,998) |
| | - Bad Debts | | (7,35,73,513) | - |
| VII | Profit / (Loss) before tax (V + VI) | | (19,20,08,796) | (26,43,09,285) |
| VIII | Tax expenses | | | |
| | Current tax | | 4,00,000 | - |
| | Deferred Tax | | (95,04,804) | (2,34,66,449) |
| | Tax expense for earlier years | | (40,157) | - |
| IX | Profit / (Loss) for the year (VII - VIII) | | (18,28,63,835) | (24,08,42,836) |
| X | Other Comprehensive Income | | | |
| | Items that will not be classified to profit or loss | | | |
| | - Remeasurement gain/(loss) on defined benefit plans | | 13,43,297 | (3,12,130) |
| | - Income tax relating to remeasurement (gain)/loss on above | | (3,49,257) | - |
| XI | Other Comprehensive Income for the year | | 9,94,040 | (3,12,130) |
| | Total Comprehensive Income for the year (X+XI) | | (18,18,69,795) | (24,11,54,966) |
| | Net Profit Attributable to: | | | |
| | a) Owners of the Company | | (10,47,73,347) | (24,08,42,836) |
| | b) Non-Controlling Interest | | (7,80,90,488) | - |
| | Other Comprehensive Income Attributable to: | | | |
| | a) Owners of the Company | | 9,94,040 | (3,12,130) |
| | b) Non-Controlling Interest | | - | - |
| | Total Comprehensive Income Attributable to: | | | |
| | a) Owners of the Company | | (10,37,79,307) | (24,11,54,966) |
| | b) Non-Controlling Interest | | (7,80,90,488) | - |
| XI | Earnings Per Equity Share of Face Value of Rs.10 each | | | |
| | Basic – After Exceptional Items | | (18.04) | (41.47) |
| | Basic – Before Exceptional Items | | (38.67) | (37.28) |
| | Diluted – After Exceptional Items | | (18.04) | (41.47) |
| | Diluted – Before Exceptional Items | | (38.67) | (37.28) |

Summary of significant accounting policies

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date attached

For Jhunjhunwala Jain & Associates LLP

Chartered Accountants

Firm Registration No: 113675W

(CA Priteesh Jitendra Jain)

Partner

Membership No : 164931

Place : Mumbai

Date : 6th July, 2021

For and on behalf of the Board of directors

Amitabh Kejriwal
(Managing Director)

Satish Deshmukh
(Director)

R.B. Somany
(Chief Finance Officer)

Konark Synthetic Limited
CIN:L17200MH1984PLC033451
Standalone Cash Flow Statement For The Year Ended March 31, 2021

(Amount in Rs)

| Particulars | For the year ended 31st March, 2021 | | For the year ended 31st March, 2020 | |
|---|--|-----------------------|--|---------------------|
| A. Cash flow from operating activity | | | | |
| Cash flow from operating activity | | | | |
| Net Profit before tax & Extra Ordinary Items | | (19,20,08,796) | | (23,99,63,287) |
| Adjustment for : Depreciation | 3,88,26,970 | | 4,82,25,434 | |
| Interest paid | 3,55,79,624 | | 4,49,69,920 | |
| Provision for Impairment | 13,07,97,590 | | 2,41,36,775 | |
| (Profit)Loss on Sale of Fixed Assets | (19,33,73,355) | | - | |
| Interest Income (considered Separately) | (79,27,212) | 39,03,616 | (64,65,420) | 11,08,66,708 |
| Operating Profit before working capital changes | | (18,81,05,180) | | (12,90,96,579) |
| Working Capital Changes | | | | |
| (Increase)Decrease in Sundry debtors & Other receivables | 25,30,62,119 | | (4,28,33,024) | |
| (Increase)Decrease in Loans & Advances | (58,65,393) | | (2,97,58,769) | |
| (Increase)Decrease in Inventories | 8,45,10,109 | | 8,02,31,521 | |
| Increase(Decrease) in Trade Payable(Incl.Work'g Cap.Fin) & other payables | (36,62,25,583) | (3,45,18,748) | 11,59,88,460 | 12,36,28,189 |
| Cash Generated From operations | | (22,26,23,928) | | (54,68,390) |
| Income Tax Paid | | (29,09,064) | | (15,75,952) |
| Cash Flow Before Prior Period & Extra Ordinary Items | | (22,55,32,992) | | (70,44,342) |
| Prior Period & Extra Ordinary Items | | (22,20,943) | | (81,246) |
| Net Cash Flow From Operating Activities (I) | | (22,77,53,935) | | (71,25,588) |
| Cash Flow From Investing Activities | | | | |
| Purchase of Fixed Assets | (18,75,792) | | (1,46,10,604) | |
| Interest Income | 79,27,212 | | 64,65,420 | |
| Advance Received against Sale of Land and Building | - | | 15,86,23,589 | |
| Sale of Fixed Assets | 24,17,40,279 | | 70,94,748 | |
| Net Cash Outflow for investing Activities (II) | | 24,77,91,699 | | 15,75,73,153 |
| Cash flow after investing activities (III) = (I-II) | | 2,00,37,765 | | 15,04,47,565 |
| Cash Flow From Financing Activities | | | | |
| Proceeds from long term borrowing (Net of Repayments) | 4,20,751 | | 58,44,865 | |
| Proceeds from short term borrowing (Net of Repayments) | (13,95,38,047) | | 3,39,54,433 | |
| Interest paid | (3,55,79,624) | | (4,49,69,920) | |
| Net Cash Flow from Financing Activity (IV) | | (17,46,96,921) | | (51,70,621) |
| Cash flow after Financing Activity (V)=(III-IV) | | (15,46,59,156) | | 14,52,76,944 |
| Cash & Cash Equivalent (Opening Balance) | | 15,71,68,961 | | 1,18,92,017 |
| Cash & Cash Equivalent (Closing balance) | | 25,09,806 | | 15,71,68,961 |
| Increase in cash & cash equivalent (VI) | | (15,46,59,156) | | 14,52,76,944 |

Summary of significant accounting policies

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date attached
For Jhunjhunwala Jain & Associates LLP
 Chartered Accountants
 Firm Registration No: 113675W

For and on behalf of the Board of directors

Amitabh Kejriwal
 (Managing Director)

Satish Deshmukh
 (Director)

(CA Priteesh Jitendra Jain)
 Partner
 Membership No : 164931
 Place : Mumbai
 Date : 6th July, 2021

R.B. Somany
 (Chief Finance Officer)

Konark Synthetic Limited
Consolidated Statement of changes in equity as at March 31, 2021

A. Equity Share Capital

| Particulars | (Amount in Rs.) |
|-------------------------------|--------------------|
| As at 31st March, 2020 | 5,80,80,000 |
| Changes during 2020 -21 | - |
| As at 31st March, 2021 | 5,80,80,000 |

B. Other Equity

| Particulars | Capital Redemption Reserve | Securities Premium account | Capital Incentive Subsidy | General Reserve | Retained Earnings | Total |
|--|----------------------------------|----------------------------------|---------------------------------|--------------------|-----------------------|-----------------------|
| Balance as at 31st March, 2020 | 40,00,000 | 6,88,07,066 | 25,00,000 | 5,97,51,143 | (36,72,02,921) | (23,21,44,712) |
| Add : Profit & Loss for the year 2020-21 | - | - | - | - | (10,47,73,347) | (10,47,73,347) |
| Add : Other Comprehensive Income for the year 2020-21 | - | - | - | - | 9,94,040 | 9,94,040 |
| Add : Restatement of Non-Controlling Interest upto 31.03.2020 | - | - | - | - | 12,37,32,087 | 12,37,32,087 |
| Add : Prior Period Adjustments | - | - | - | - | (22,20,943) | (22,20,943) |
| Balance as at 31st March, 2021 | 40,00,000 | 6,88,07,066 | 25,00,000 | 5,97,51,143 | (34,94,71,084) | (21,44,12,875) |

Summary of significant accounting policies 4

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date attached

For Jhunjhunwala Jain & Associates LLP
Chartered Accountants
Firm Registration No: 113675W

(CA Priteesh Jitendra Jain)

Partner
Membership No : 164931
Place : Mumbai
Date : 6th July, 2021

For and on behalf of the Board of directors

Amitabh Kejriwal
(Managing Director)

Satish Deshmukh
(Director)

R.B. Somany
(Chief Finance Officer)

KONARK SYNTHETIC LIMITED**Notes to the Consolidated Financial Statement for the year Ended March 31, 2021****Note 1 Corporate Information:**

The Consolidated Financial Statements comprise financial statements of Konark Synthetic Limited ("the company") and its domestic subsidiary namely, India Denim Limited and associate concern Konark Infratech Private Limited (collectively "the Group") for the year ended March 31, 2021. The Company is a limited Company domiciled and incorporated in India and its shares are publicly traded on the Bombay Stock Exchange (BSE), in India. The registered office of the Company is situated at Building No.7, Mittal Industrial Estate, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai -400059, India.

Group is engaged in the business of Trading and Manufacturing of Textile and also in Power generation.

Note 2 Basis of Preparation and Presentation:

The Consolidated financial statements have been prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standard) Rules, 2015 (Ind AS).

The Consolidated financial statements have been prepared as a going concern basis under the historical cost basis, except for certain financial assets and liabilities, which are measured at fair value / amortised cost if any.

The Consolidated financial statements are presented in Indian Rupees (Rs.) and all values are rounded to the nearest Rupees, except when otherwise indicated.

Note 3 Basis of Consolidation:

- a) The consolidated financial statements comprise the financial statement of the Company and its subsidiaries and associates as at 31st March 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
- b) Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements, the Group's voting rights and potential voting rights and the size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired during the year are included in the consolidated financial statements from the date the Group obtains control and assets, liabilities, income and expenses of a subsidiary disposed off during the year are included in the consolidated financial statements till the date the Group ceases to control the subsidiary.

Consolidation procedure:

- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- 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 parent 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 Indian Accounting Standard (Ind AS) 110 – "Consolidated Financial Statements". In case an associate, company follows equity method of consolidation as per Ind AS.
- c) Non-Controlling Interest's share of profit/loss of consolidated subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to shareholders of the Company.
- d) Non-Controlling Interest's share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet.
- e) The details of the Subsidiaries, / Step-Down Subsidiaries and Associates in the consolidated financial statement are as follows:

| Name of the Subsidiary Company | Financial Year of the Subsidiary/Associates company ended on | Extent of Holding/Subsidiary Company's Interest | Country of Incorporation |
|---|--|---|--------------------------|
| India Denim Limited | March 31, 2021 | 61.17 % | India |
| Konark Infratech Private Limited. (KIPL)* | March 31, 2021 | 26.925% | India |
| Konark Gujrat PV Private Limited | March 31, 2021 | 100% by KIPL | India |

* Konark Infratech Private Limited is an associate concern of Konark Synthetic Limited.

Note 4 Significant Accounting Policies:

4.1 Property Plant and Equipment:

Property, plant and equipment are carried at cost of acquisition or construction, net of recoverable taxes less accumulated depreciation and accumulated impairment losses, if any. Cost includes purchases price, borrowing cost and any cost directly attributable to the bringing the assets to its working condition for its intended use.

Capital work in progress includes cost of property, plant and equipment under installation as at the balance sheet date.

Depreciation on the Property plant and equipment is provided using straight line method over useful life of assets as specified in schedule II to the Companies Act, 2013, Depreciation on Property Plant & equipment addition/deletion during the year has been provided on pro-rata basis from the date of such addition or upto date of such deletion as the case may be. Freehold land is not depreciated.

The assets' residual values, useful lives and method of depreciation are reviewed at each financial year end and are adjusted prospectively, if appropriate.

Property plants and equipment are eliminated from financial statement, either on disposal or when retired from active use. Profits/Losses arising in the case of retirement/disposal of property plant and equipment are recognized in the statement of profit and losses in the year of occurrence.

Leasehold Lands are amortized over period of lease. Buildings constructed on leasehold land are depreciated based on the useful life specified in schedule II to the Companies Act, 2013, where the lease period of land is beyond the life of the building.

4.2 Intangible Assets:

Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any Cost includes expenditure that is directly attributable to the acquisition of the intangible assets.

Identifiable intangible assets are recognised when it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be reliably measured.

Computer software are capitalized at the amount paid to acquire the respective license for use and are amortized over period of useful lives. The assets useful lives are reviewed at each financial year end.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

4.3 Leases:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding liability is included in the balance sheet as a finance lease liability. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

4.4 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. Finished products are determined at raw material cost plus costs of conversion, comprising labour costs and an attributable proportion of manufacturing overheads based on normal levels of activity.

4.5 Cash and cash equivalents:

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

4.6 Impairment of assets:

An asset is considered as impaired when at the date of Balance Sheet, there are indications of impairment and the carrying amount of the asset, or where applicable, the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the net asset selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss in the statement of profit and loss. The impairment loss recognised in the prior accounting period is reversed if there has been a change in the estimate of recoverable amount. Post impairment, depreciation is provided on the revised carrying value of the impaired asset over its remaining useful life.

4.7 Financial instruments – initial recognition, subsequent measurement and impairment:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

l) Financial assets - Initial recognition and measurement:

All financial assets are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

Financial assets - Subsequent measurement:

For the purpose of subsequent measurement of financial assets are classified in two broad categories:-

- a) Financial assets at fair value
- b) Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured **at amortised cost** (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- a) **Business model test:** The objective of the Group's business model is to hold the financial asset to collect the contractual cash flow and selling financial assets.
- b) **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured **at fair value through other comprehensive income** unless the asset is designated at fair value through profit or loss under the fair value option.

- a) **Business model test:** The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets.
- b) **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

All other financial asset is measured at fair value through profit or loss.

Financial assets - Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily

derecognised (i.e. removed from the Group's statement of financial position) when:

- a) The rights to receive cash flows from the asset have expired, or
- b) The Group has transferred its rights to receive cash flow from the asset.

II) Financial liabilities - Initial recognition and measurement:

The financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities - Subsequent measurement:

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Financial Liabilities - Financial guarantee contracts:

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined and the amount recognised less cumulative amortisation.

Financial Liabilities - Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another, from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

4.8 Current and non-current classification:

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

The Group has presented non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Companies Act, 2013 notified by MCA.

An asset is classified as current when it is:

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
- b) Held primarily for the purpose of trading & manufacturing.
- c) Expected to be realised within twelve months after the reporting period, or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when it is:

- a) Expected to be settled in normal operating cycle,
- b) Held primarily for the purpose of trading, & manufacturing.
- c) Due to be settled within twelve months after the reporting period, or
- d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The Group has identified twelve months as its normal operating cycle.

4.9 Provisions, Contingent Liabilities, Contingent Assets and Commitments:

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event. It is probable that an

outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using equivalent period government securities interest rate. Unwinding of the discount is recognised in the statement of profit and loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

4.10 Dividend Distribution:

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Dividend payable and corresponding tax on dividend distribution is recognised directly in other equity.

4.11 Sales & Purchase:

Revenue from sale of goods is recognized when significant risk and rewards of ownership of goods have passed to the buyer. Sales are recorded excluding GST, net of return, rate difference and sales claim. Purchases are recorded excluding GST, net of return, rate differences and purchase claims.

4.12 Foreign Currency Reinstatement and translation:

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 yearend are restated at year end rates. Exchange difference relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of depreciable fixed asset is adjusted to the carrying cost of the fixed asset. All other exchange differences are dealt with in the Statement of Profit and Loss. Non monetary foreign currency items are carried at cost.

4.13 Borrowing Cost:

Borrowing costs specifically relating to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalised (net of income on temporarily deployment of funds) as part of the cost of such assets. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalised during a period does not exceed the amount of borrowing cost incurred during that period. All other borrowing costs are expensed in the period in which they occur.

In case of subsidiary company, the secured loans from banks are classified as NPA during 2016-17 and 2017-18, since then no transactions are routed through the accounts, Interest /charges are not debited by the banks.

4.14 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.

4.15 Employee Benefit:

Short term employee benefits are recognised as an expense in the statement of profit and loss of the year in which the related services are rendered.

Post employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognized at the present value of the amounts payable determined using actuarial valuation techniques based on Projected Unit Credit Method. Actuarial gain/losses in respect of post employment and other long term benefits are charged to Statement of Profit and Loss.

The Gratuity and Other retirement benefits in case of its subsidiary India Denim Limited are recorded on cash basis.

Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

4.16 Taxes on Income

Income tax expense represents the sum of current tax (including MAT and income tax for earlier years) and deferred tax. Tax is recognised

in the statement of profit and loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in such cases the tax is also recognised directly in equity or in other comprehensive income. Any subsequent change in direct tax on items initially recognised in equity or other comprehensive income is also recognised in equity or other comprehensive income.

Current tax provision is computed for income calculated after considering allowances and exemptions under the provisions of the applicable Income Tax Laws. Current tax assets and current tax liabilities are off set, and presented as net.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised. Deferred tax assets and liabilities are measured at the applicable tax rates. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

In case of subsidiary company India Denim Limited, the company has not followed the Ind AS 12 Income Taxes by maintaining the deferred tax asset of Rs.2,03,19,855/- despite the company incurring losses and had uncertainty of future taxable income.

4.17 Earnings per share:

Basic earnings per share is computed using the net profit for the year attributable to the shareholders' and weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed using the net profit for the year attributable to the shareholder' and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

4.18 Significant Accounting Judgements, Estimates and Assumptions:

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based on its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Property, plant and equipment and Intangible Assets:

Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values as per Schedule II of the Companies Act, 2013 or are based on the Group's historical experience with similar assets and taking into account anticipated technological changes, whichever is more appropriate.

Income Tax:

The Group reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to an adjustment to the amounts reported in the financial statements.

Contingencies:

Management has estimated the possible outflow of resources at the end of each annual reporting financial year, if any, in respect of contingencies/claim/litigations against the Group as it is not possible to predict the outcome of pending matters with accuracy.

Impairment of financial assets:

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Defined benefits plan:

The Cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Recoverability of trade receivable:

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

Provisions:

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

Konark Synthetic Limited
Notes to Consolidated Financial Statements for the year ended March 31, 2021
Note 05 - Property, Plant And Equipment & Capital Work-In-Progress

All amounts are in Rs.

| Description | Property, Plant and Equipment | | | | | | | | | | Intangible Assets | | | Work in Progress | |
|---|-------------------------------|---------------|-----------------|-------------------|--------------|---------------------|----------------------|-------------------|-------------|-----------|-------------------|-----------|----------|------------------|-------------|
| | Leasehold Land | Freehold Land | Office Building | Factory Buildings | ROU Building | Plant & Machineries | Furniture & Fixtures | Office Equipments | Vehicles | Computers | Total | Software* | Internet | | Total |
| Gross carrying amount (at cost) | - | 1,04,51,132 | 4,85,35,549 | 12,99,85,511 | 1,24,72,091 | 66,58,29,012 | 79,19,372 | 32,13,168 | 2,27,55,620 | 37,25,479 | 90,48,86,934 | 24,03,698 | - | 24,03,698 | 4,56,25,581 |
| As at April 1, 2020 | - | 1,04,51,132 | 4,85,35,549 | 12,99,85,511 | 1,24,72,091 | 66,58,29,012 | 79,19,372 | 32,13,168 | 2,27,55,620 | 37,25,479 | 90,48,86,934 | 24,03,698 | - | 24,03,698 | 4,56,25,581 |
| Additions/Adjustments | - | - | - | - | - | - | - | 80,950 | - | 67,118 | 1,48,068 | - | - | - | 17,27,724 |
| Deductions/Impairments | - | 2,97,081 | - | 1,35,74,209 | 10,95,003 | 28,20,497 | 6,67,419 | 1,55,310 | 23,33,802 | 1,38,576 | 2,10,81,897 | 3,50,000 | - | 3,50,000 | - |
| As at March 31, 2021 | - | 1,01,54,051 | 4,85,35,549 | 11,64,11,302 | 1,13,77,088 | 66,30,08,515 | 72,51,953 | 31,38,808 | 2,04,21,818 | 36,54,021 | 88,39,53,105 | 20,53,698 | - | 20,53,698 | 4,73,53,305 |
| Accumulated depreciation | | | | | | | | | | | | | | | |
| As at April 1, 2020 | - | - | 32,67,476 | 5,37,95,598 | 26,25,704 | 50,85,18,380 | 73,48,402 | 28,53,006 | 1,93,43,372 | 35,73,101 | 60,13,25,039 | 22,91,254 | - | 22,91,254 | - |
| Depreciation for the year | - | - | 7,68,444 | 37,47,182 | 21,64,649 | 3,14,75,831 | 23,906 | 1,00,564 | 5,24,411 | 21,983 | 3,88,26,970 | - | - | - | - |
| Deductions/Impairments | - | - | - | 92,27,940 | - | 26,70,912 | 6,39,437 | 1,48,492 | 22,17,229 | 1,37,442 | 1,50,41,452 | 3,40,001 | - | 3,40,001 | - |
| Reversal of Assets classified as Held for sale* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| As at March 31, 2021 | - | - | 40,35,920 | 4,83,14,840 | 47,90,353 | 53,73,23,299 | 67,32,871 | 28,05,078 | 1,76,50,554 | 34,57,642 | 62,51,10,557 | 19,51,253 | - | 19,51,253 | - |
| Net Carrying amount | | | | | | | | | | | | | | | |
| As at 31st March 2020 | - | 1,04,51,132 | 4,52,68,073 | 7,61,89,913 | 98,46,387 | 15,73,10,632 | 5,70,970 | 3,60,162 | 34,12,247 | 1,52,378 | 30,35,61,895 | 1,12,444 | - | 1,12,444 | 4,56,25,581 |
| As at 31st March 2021 | - | 1,01,54,051 | 4,44,99,629 | 6,80,96,462 | 65,86,735 | 12,56,85,216 | 5,19,082 | 3,33,730 | 27,71,263 | 1,96,379 | 25,88,42,548 | 1,02,445 | - | 1,02,445 | 4,73,53,305 |

Other intangible assets represents Computer software other than self generated goodwill

Konark Synthetic Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2021

Note 6 - Non - Current Investments

| Particulars | As at 31 March , 2021 | | | | As at 31 March, 2020 | | | |
|---|-----------------------|----------------------|---|--------------------|-----------------------|----------------------|---|--------------------|
| | Extent of Holding (%) | No. of Shares/ Units | Face Value (Rs.) Unless otherwise stated | Rs. | Extent of Holding (%) | No. of Shares/ Units | Face Value (Rs.) Unless otherwise stated | Rs. |
| A. In Equity Instruments: | | | | | | | | |
| Unquoted Fully Paid -up | | | | | | | | |
| Carried at Cost | | | | | | | | |
| Investment in Associates (Equity Method) | | | | | | | | |
| Konark Infratech Private Limited | 26.92 | 28,000 | 10.00 | 2,80,000 | 26.92 | 28,000 | 10.00 | 2,80,000 |
| Share in post acquisition profits | | | | 4,11,92,959 | | | | 3,92,15,898 |
| Others | | | | | | | | |
| Silvassa Co-op. Society Limited | | 10 | 100.00 | 1,100 | | 10 | 100.00 | 1,100 |
| The City Co-op. Bank Ltd. | | 40 | 25.00 | 2,000 | | 40 | 25.00 | 2,000 |
| Quoted Fully Paid -up | | | | | | | | |
| Carried at cost | | | | | | | | |
| Sun Earth Ceramics limited | | 6,800 | 10.00 | 2,04,000 | | 6,800 | 10.00 | 2,04,000 |
| Total Equity Instruments | | | | 4,16,80,059 | | | | 3,97,02,998 |
| Less : Provision for diminution in the value of Investments | | | | 2,04,000 | | | | 2,04,000 |
| Total | | | | 4,14,76,059 | | | | 3,94,98,998 |

Konark Synthetic Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2021

Amounts in Rs.

7 Non-Current Financial Assets - Others

| Particulars | As at March 31,2021 | As at March 31,2020 |
|---|------------------------|------------------------|
| Bank deposits with more than 12 months maturity | 1,000 | 1,000 |
| Security Deposits Govts & Other | 87,47,530 | 72,95,720 |
| Total | 87,48,530 | 72,96,720 |

8 Deferred Tax Assets (Net)

| Particulars | As at March 31,2021 | As at March 31,2020 |
|---|------------------------|------------------------|
| Tax effect of items constituting deferred tax assets | | |
| Disallowance u/s 43B of I.T.Tax, 1961, Carry Forward of Losses and Impairment on financial assets | 7,39,91,325 | 5,13,18,970 |
| Tax effect of items constituting deferred tax liabilities | | |
| Difference between book balance and tax balance of property, plant and equipment | 4,69,92,412 | 3,09,99,115 |
| | 2,69,98,913 | 2,03,19,855 |

9 Inventories

| Particulars | As at March 31,2021 | As at March 31,2020 |
|--|------------------------|------------------------|
| Inventories | | |
| Raw Materials | 28,88,192 | 9,91,450 |
| Work in Progress | 2,07,12,637 | 1,31,21,573 |
| Finished Goods | 9,20,34,879 | 19,28,86,950 |
| Stores, Spares | 38,26,737 | 1,38,47,580 |
| Wastage & Others(Old and Non Moving Stock) | 1,68,75,000 | - |
| Total | 13,63,37,444 | 22,08,47,554 |

10 Current Financial Assets - Trade Receivables

| Particulars | As at March 31,2021 | As at March 31,2020 |
|--|------------------------|------------------------|
| (a) Unsecured, considered good; | 5,51,28,879 | 20,83,41,143 |
| (b) Having significant increase in Credit Risk | 16,28,89,238 | 26,27,39,092 |
| (c) Credit Impaired | 14,85,59,359 | 1,77,61,769 |
| | 36,65,77,476 | 48,88,42,004 |
| Less: Provision for Credit Impaired | 14,85,59,359 | 1,77,61,769 |
| Total | 21,80,18,117 | 47,10,80,235 |

Konark Synthetic Limited**Notes to Consolidated Financial Statements for the year ended March 31, 2021****11 Current Financial Assets - Cash & cash equivalents**

| Particulars | As at March 31,2021 | As at March 31,2020 |
|-------------------------|------------------------|------------------------|
| Cash & Cash Equivalents | | |
| Balance with banks; | | |
| (i) Current Accounts* | 21,38,159 | 15,29,59,865 |
| (ii) Dividend Accounts | - | - |
| Cash in hand | 3,71,647 | 4,70,451 |
| Total | 25,09,806 | 15,34,30,315 |

* Cash and cash equivalents includes in P.Y. Rs.14.52 cr. Held in escrow account as per conditions laid down in Tri Party agreement entered with bankers and the buyers of Land and Building of sarigam unit. Equivalent amount is included in ' Advance against sale of Land and Building" in "Other Current Liabilities"

12 Current Financial Assets - Bank balances other than above

| Particulars | As at March 31,2021 | As at March 31,2020 |
|---|------------------------|------------------------|
| Fixed Deposits with maturity more than 3 mths | - | 37,38,646 |
| Total | - | 37,38,646 |

13 Current Financial Assets - Loans

| Particulars | As at March 31,2021 | As at March 31,2020 |
|-----------------------------|------------------------|------------------------|
| Unsecured, considered good; | | |
| - To Subsidiaries | - | - |
| - To Associate concern | 6,12,79,458 | 5,53,32,065 |
| - To employees | 11,89,075 | 12,71,075 |
| Total | 6,24,68,533 | 5,66,03,140 |

14 Current Financial Assets -Other Assets

| Particulars | As at March 31,2021 | As at March 31,2020 |
|--------------------------------|------------------------|------------------------|
| Other Advances | 76,00,000 | 76,00,000 |
| Less: Provision for Impairment | 76,00,000 | 76,00,000 |
| Total | - | - |

15 Current Tax Assets (Net)

| Particulars | As at March 31,2021 | As at March 31,2020 |
|---------------------------------------|------------------------|------------------------|
| Advance Income Tax (Net of Provision) | 1,12,22,823 | 83,13,760 |
| Total | 1,12,22,823 | 83,13,760 |

Konark Synthetic Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2021

16 Other Current Assets

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Unsecured, Considered Good, unless otherwise stated: | | |
| Receivable from Government Authorities & Others | 1,31,32,865 | 1,09,06,870 |
| Prepaid Expenses | 6,79,796 | 6,29,023 |
| Advances to creditors | 1,17,30,111 | 1,01,23,510 |
| Other Current Assets | 16,76,719 | 27,96,781 |
| Total | 2,72,19,490 | 2,44,56,185 |

17 Equity Share Capital

| Authorized | No of Shares | Amount |
|---|--------------------|-----------------------------------|
| As at April 1, 2020 (of Rs.10/- each) | 1,50,00,000 | 15,00,00,000 |
| Changes during the year | - | - |
| As at March 31, 2021 (of Rs.10/- each) | 1,50,00,000 | 15,00,00,000 |
| Issued, subscribed and paid up share capital | | |
| Movement in Equity Share Capital | | |
| | No of shares | Equity Share Capital par value |
| A) Equity Share Capital | | |
| As at April 1, 2020 (of Rs.10/- each) | 58,08,000 | 5,80,80,000 |
| Add: Shares issued during the year | - | - |
| Add: Bonus shares issued during the year | - | - |
| Less: Calls unpaid (Other than directors) | - | - |
| As at March 31, 2021 (of Rs.10/- each) | 58,08,000 | 5,80,80,000 |

18 Other Equity

| Particulars | Capital Redemption Reserve | Securities Premium account | Capital Incentive Subsidy | General Reserve | Retained Earnings | Total |
|--|----------------------------------|----------------------------------|---------------------------------|--------------------|-----------------------|-----------------------|
| Balance as at 31st March, 2020 | 40,00,000 | 6,88,07,066 | 25,00,000 | 5,97,51,143 | (36,72,02,921) | (23,21,44,712) |
| Add : Profit / (Loss) for the year 2020-21 | - | - | - | - | (10,47,73,347) | (10,47,73,347) |
| Add : Restatement of Non-Controlling Interest upto 31.03.2020* | - | - | - | - | 12,37,32,087 | 12,37,32,087 |
| Add : Other Comprehensive Income | - | - | - | - | 9,94,040 | 9,94,040 |
| Less : Prior Period Adjustment | - | - | - | - | (22,20,943) | (22,20,943) |
| Balance as at 31st March, 2021 | 40,00,000 | 6,88,07,066 | 25,00,000 | 5,97,51,143 | (34,94,71,084) | (21,44,12,875) |

* The company in the financial statements for the year ended on March 31, 2020 have not accounted, the debit balance of non-controlling interest on account of consolidation as on March 31, 2020. The adjustment for the same is made in the current financial statements.

Konark Synthetic Limited**Notes to Consolidated Financial Statements for the year ended March 31, 2021****19 Non-Current Financial Liabilities - Borrowings**

| Particulars | As at March 31,2021 | As at March 31,2020 |
|------------------------------------|------------------------|------------------------|
| Borrowings | | |
| a) Secured Loan - Term Loan | | |
| (i) From Banks | | |
| Loan against Flat | 1,76,49,499 | 1,70,75,833 |
| Loan Against Property | 5,53,36,306 | 5,38,88,586 |
| Vehicle Loans (Against Motor Cars) | 31,480 | 97,480 |
| Term Loan | - | - |
| (ii) From Other | | |
| Loan Against Property | 3,07,67,216 | 2,93,64,307 |
| Vehicle Loans (Against Motor Cars) | 3,67,406 | 7,78,888 |
| b) Unsecured Loan | | |
| Inter Corporate Loans | 37,55,74,267 | 37,55,24,267 |
| Other | 1,72,22,330 | 1,97,98,393 |
| Total | 49,69,48,504 | 49,65,27,753 |

Term Loans of India Denim Limited Term Loan from BOB, SBI, INDIAN BANK, SBIN, PNB and SBT are secured by first charge paripassu on 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 and is payable over a period of 5 Years.

Secured Loans-Term Loans of Konark Synthetic Limited

- (a) Loan of Rs.17649499/- (P.Y. Rs. 17075833/-) against sanctioned of Rs. 5.72 Crores is Secured against the same Flat i.e. Flat No. 2101, situated at Orchid Crown, Tower B, Gokhale Road South, Dadar (W), Mumbai, which is payable in 120 EMIs of Rs. 788525 after getting the possession from the Developer. The loan is also guaranteed by Mr. Prakashchand Dalmia as a co-applicant.Rs. 573666/- Interest related to moratorium period added in principal amount
- (b) The loan of Rs. 55336306/- (P.Y. 59343993/-) including Current Maturities of Long Term Borrowings under note no. 25 from IDBI Bank Ltd is secured against the flat of Shri Amitabh Kejriwal-Director, situated at Flat No. 101, Santusthi, Janki Kutir, Juhu Ville Parle, Juhu, Mumbai - 400049. The loan was also guaranteed as co-applicants by Directors Mr. Prakashchand Dalmia, Mr. Amitabh Kejriwal and Authorised Signatory Mr. Shonit Dalmia. Terms of Payment is 180 EMI of Rs. 845328/- including interest @9.65% p.a. floating
- (c) Loan of Rs. 9411620/- (P.Y. 8998667/-) including Current Maturities of Long Term Borrowings under Note No. 25 is secured against Property from PNB Housing Finance Limited against Shop No. 8 situated at Skylark Building, Plot No. 63, Sector-11, CBD Belapur, Navi-Mumbai-400614 on the term i.e 180 EMI of Rs. 123150/- and interest rate is 11.75% p.a. The loan was also guaranteed as co-applicants by Mr. Prakashchand Dalmia, Mr. Amitabh Kejriwal, Mr. Shonit Dalmia, Mrs. Rakadevi Dalmia, Prakashchand Dalmia HUF and M/s Kayo Investments & Finance Pvt. Ltd..Rs. 558581/- Interest related to moretoriam period added in principal amount
- (d) Loan of Rs. 22784347/- (P.Y. 21760738/-) including Current Maturities of Long Term Borrowings under Note No. 25 is secured against Property from PNB Housing Finance Limited against Shop No. 6 and 11 situated at Skylark Building, Plot No. 63, Sector -11, CBD Belapur, Navi-Mumbai - 400614 on the term i.e 180 EMI of Rs. 272784/- and interest rate is 11.75% p.a floating , The loan was also guaranteed as co-applicants by Mr. Prakashchand Dalmia, Mr. Amitabh Kejriwal, Mr. Shonit Dalmia, Mrs. Rakadevi Dalmia, Prakashchand Dalmia HUF and M/ s Kayo Investments & Finance Pvt. Ltd..Rs. 1265229/- Interest related to moretoriam period added in principal amount
- (e) Vehicle Loans of Konark Synthetics Limited: The loans are hypothecated against the specific vehicles for which it was sanctioned by the bank.Of the above loans, amounts (including current maturities under Note 25) of,-Rs. 1,28,959 is repayable in 8 remaining EMI of Rs. 16700 upto Sep. 05, 2021 -Rs. 7,81,562 is repayable in 22 remaining EMI of Rs. 38488 upto Dec. 05, 2022

Konark Synthetic Limited**Notes to Consolidated Financial Statements for the year ended March 31, 2021****20 Provisions****Borrowings**

| Particulars | As at March 31,2021 | As at March 31,2020 |
|----------------------------------|------------------------|------------------------|
| Provisions | | |
| Provisions for Employee Benefits | | |
| - Provision For Gratuity | 48,84,968 | 61,93,323 |
| Total | 48,84,968 | 61,93,323 |

21 Deferred Tax Liabilities (Net)

| Particulars | As at March 31,2021 | As at March 31,2020 |
|---|------------------------|------------------------|
| Tax effect of items constituting deferred tax liabilities | | |
| Difference between book balance and tax balance of property, plant and equipments | - | 1,84,20,513 |
| Less : | | |
| Tax effect of items constituting deferred tax assets | | |
| Disallowance u/s 43B of I.T.Tax, 1961, Carry Forward of Losses and Impairment on financial assets | - | 1,59,44,024 |
| | - | 24,76,489 |

22 Current Financial Liabilities - Borrowings

| Particulars | As at March 31,2021 | As at March 31,2020 |
|-------------------------------|------------------------|------------------------|
| a) Loans repayable on demands | | |
| (i) Secured - | | |
| From Banks | | |
| - Loan | - | 3,37,14,122 |
| - Cash credit | 25,73,31,139 | 31,71,06,511 |
| (ii) Unsecured - | | |
| Loans from Related Parties | 19,74,07,939 | 24,34,56,493 |
| Total | 45,47,39,078 | 59,42,77,126 |

Secured Loans - Konark Synthetic Limited Cash credit of Rs. 13.50 Crores has been sanctioned by Corporation Bank against paripassu first charge on inventory and book debts of the Company with margin of 25% on Stock and 40% on Book Debts; at interest rate of Base Rate + 4.50%.

Cash Credit Of India Denim Limited Loans repayable on demand from all banks are secured against first charge hypothecation of Stock of raw material, semi-finished goods and finished goods, Store and Spares, Packing Material, Consumables and Book Debts and second charge on Land and Building and Plant & Machinery of the Company. The above secured loans from banks are classified as NPA during 2016-17 and 2017-18, since then no transactions are routed through the accounts, Interest /charges are not debited by the banks and hence the balances are remain unchanged. Above loans are personally guaranteed by promoters (Mr. Prakashchand Dalmia and Mr. Amitabh Kejriwal) along with corporate guarantee of M/s Konark Synthetics Limited and M/s Fillmore Trading and Investment Pvt. Ltd.

Unsecured Loans-Loans from related parties is from Konark Realtech Private Limited and is payable on demand.

Konark Synthetic Limited**Notes to Consolidated Financial Statements for the year ended March 31, 2021****23 Current Financial Liabilities - Trade Payables**

| Particulars | As at March 31,2021 | As at March 31,2020 |
|---|------------------------|------------------------|
| (i) Bills Payable Under Letter of Credit From Banks | - | 3,51,14,327 |
| (ii) Trade Payables | | |
| a) Total outstanding dues of Micro and small enterprises | 15,51,600 | 20,57,359 |
| b) Total outstanding dues of trade payable other than Micro and small enterprises | 11,21,49,432 | 12,79,66,722 |
| c) Other | 2,45,656 | 2,89,000 |
| Total | 11,39,46,688 | 16,54,27,408 |

24 Current Financial Liabilities - Other Liabilities

| Particulars | As at March 31,2021 | As at March 31,2020 |
|---|------------------------|------------------------|
| Other Financial Liabilities | | |
| a) Current maturities of long-term debts: | | |
| Term Loans | - | - |
| Secured Loans from bank | 10,58,50,779 | 10,53,66,057 |
| Unsecured Loans | - | - |
| Vehicle Loans | 5,11,637 | 5,62,190 |
| b) Interest accrued but not due on borrowings | 6,51,444 | 17,80,116 |
| c) Interest accrued and due on borrowings | 5,26,502 | 5,82,361 |
| d) Liability for expenses | 47,81,583 | 37,51,888 |
| e) Unpaid/Unclaimed dividends | - | - |
| f) Advance from Customer | 7,93,459 | 10,71,799 |
| g) Other | - | 18,313 |
| Total | 11,31,15,404 | 11,31,32,724 |

25 Other Current Liabilities

| Particulars | As at March 31,2021 | As at March 31,2020 |
|---|------------------------|------------------------|
| a) Advance Received against Sale of Land and Building | - | 16,54,73,589 |
| b) Others | - | - |
| i) Taxes & duty | 5,68,946 | 12,72,706 |
| ii) Payable-ESIC, PF & Prof. Tax etc. | 51,89,807 | 64,40,003 |
| iii) Payable-Employee | 96,89,574 | 1,82,05,962 |
| iv) Bank Overdraft | - | 17,77,744 |
| Total | 1,54,48,327 | 19,31,70,004 |

Konark Synthetic Limited**Notes to Consolidated Financial Statements for the year ended March 31, 2021****26 Provisions**

| Particulars | As at March 31,2021 | As at March 31,2020 |
|--------------------------|------------------------|------------------------|
| Provisions | | |
| Gratuity | 3,47,370 | 2,47,932 |
| Provision for Audit Fees | 23,125 | - |
| Total | 3,70,495 | 2,47,932 |

| Sr. No. | Particulars | For the Period ended 31.03.2021 Amount (Rs.) | For the Period ended 31.03.2020 Amount (Rs.) |
|---------|-------------|--|--|
|---------|-------------|--|--|

27 Revenue From Operations

| | | |
|-------------------------|---------------------|---------------------|
| Sales | | |
| Sale of Products | 18,12,97,080 | 64,39,11,447 |
| Other Operating Revenue | 24,71,814 | 6,91,27,430 |
| Total | 18,37,68,894 | 71,30,38,877 |

28 Other Income

| | | |
|-----------------------------------|------------------|------------------|
| Interest Income | 79,27,212 | 64,65,420 |
| Foreign Exchange Fluctuation Gain | 7,369 | - |
| Others* | 11,10,210 | 2,00,251 |
| Total | 90,44,792 | 66,65,672 |

*Others includes sundry balances W/off

29 Cost Of Material Consumed

| | | |
|-----------------------|--------------------|--------------------|
| Raw Material Consumed | | |
| Opening Stock | 9,91,450 | 23,31,144 |
| Add : Purchases | 5,45,97,666 | 7,82,17,568 |
| | 5,55,89,116 | 8,05,48,712 |
| Less: Closing Stock | 28,88,192 | 9,91,450 |
| Total | 5,27,00,923 | 7,95,57,262 |

Konark Synthetic Limited**Notes to Consolidated Financial Statements for the year ended March 31, 2021**

| Sr. Particulars No. | For the Period ended 31.03.2021 Amount (Rs.) | For the Period ended 31.03.2020 Amount (Rs.) |
|---|--|--|
| 30 Changes In Inventories Of Finished Goods, Work In Progress And Stock In Trade | | |
| Opening Stock - Process | 1,48,71,573 | 2,48,83,878 |
| Opening Stock - Finished | 19,28,86,950 | 25,81,80,845 |
| Total - A | 20,77,58,523 | 28,30,64,723 |
| Closing Stock - Process | 2,07,12,637 | 1,48,71,573 |
| Closing Stock - Finished | 10,89,09,879 | 19,28,86,950 |
| Total - B | 12,96,22,515 | 20,77,58,523 |
| (Increase) / Decrease in Stocks Total - A-B | 7,81,36,008 | 7,53,06,200 |
| 31 Employee Benefits Expenses | | |
| Salaries, Wages & Bonus | 94,86,368 | 7,37,29,143 |
| Gratuity & other Allowances | 7,44,765 | 8,86,417 |
| Contribution to Funds | 1,67,591 | 30,47,476 |
| Staff Welfare Expenses | 1,02,727 | 6,16,420 |
| Total | 1,05,01,451 | 7,82,79,456 |
| 32 Finance Cost | | |
| Interest Expenses | 3,46,72,327 | 4,06,73,010 |
| Other Borrowing Cost | 9,07,297 | 42,96,910 |
| Total | 3,55,79,624 | 4,49,69,920 |
| 33 Other Expenses | | |
| A. Manufacturing Expenses | | |
| Power & Fuel | 83,18,327 | 1,87,43,295 |
| Stores & Spares & Packing Material Consumed | 1,38,97,744 | 1,17,01,913 |
| Repairs to Building | - | 28,000 |
| Repairs to Plant & Machinery | - | 8,50,418 |
| Repair & Maintainance - Other (At Plants) | 1,93,821 | 3,69,511 |
| Security Charges | 12,87,399 | 30,26,744 |
| Labour Charges | 22,33,413 | 25,42,857 |
| Job work Charges | 1,02,019 | 1,65,11,458 |
| Freight, Octroi & Cartage | 99,609 | 94,127 |
| Other Direct Manufacturing Expenses | 1,05,370 | 2,50,637 |
| Total - A | 2,62,37,702 | 5,41,18,960 |

Konark Synthetic Limited**Notes to Consolidated Financial Statements for the year ended March 31, 2021**

| Sr. No. | Particulars | For the Period ended 31.03.2021 Amount (Rs.) | For the Period ended 31.03.2020 Amount (Rs.) |
|---|---|--|--|
| B. Administrative & general Expenses | | | |
| | Advertisement Expenses | 1,39,760 | 98,160 |
| | Bank Charges | 4,45,560 | 2,13,091 |
| | Conveyance Expenses | 3,84,111 | 5,69,773 |
| | Electricity | 1,45,210 | 4,65,664 |
| | Filing Fees | 15,200 | 7,200 |
| | Insurance | 4,58,533 | 6,86,997 |
| | Interest/Penalty | 4,15,790 | 9,92,757 |
| | Marketing Expenses & Brokerage | 5,68,056 | 11,38,264 |
| | Membership & Subscription | 3,69,015 | 3,63,501 |
| | Miscellaneous Expenses/General Expenses | 2,64,804 | 6,70,361 |
| | Outward Freight & Octroi | 7,14,669 | 16,04,563 |
| | Postage Telegram | 39,873 | 2,25,928 |
| | Printing & Stationery | 94,035 | 4,05,650 |
| | Professional Fees/ Legal Expenses | 11,50,200 | 15,60,063 |
| | Rent,Rates,Fees & Taxes | 7,73,585 | 24,81,288 |
| | Repairs & Maintenance (Others) | 3,11,746 | 4,52,805 |
| | Claim and Discount on Sales | 2,80,41,983 | - |
| | Sales Promotion Expenses | 4,89,763 | 6,67,892 |
| | Sample & Development Expenses | 1,33,938 | 6,78,309 |
| | Stamp & Hundi Paper | 26,570 | 84,650 |
| | Sundry Balances W/off | 1,329 | 78,13,228 |
| | Telephone Expenses | 2,00,333 | 3,07,911 |
| | Travelling Expenses; | 96,743 | 7,67,653 |
| | Vehicle Expenses | 3,06,849 | 9,55,369 |
| | Vat Receivable Written off | 54,188 | - |
| | Bad Debts | - | 9,82,60,726 |
| | Auditors Remuneration: | | |
| | - For Statutory Audit | 3,45,000 | 3,50,000 |
| | - For Tax Audit | - | - |
| | - For Certification | - | - |
| | - For Other | 75,000 | 1,00,000 |
| | Total B | 3,60,61,844 | 12,19,21,804 |
| | Total (A+B) | 6,22,99,546 | 17,60,40,764 |

Konark Synthetic Limited**Notes to Consolidated Financial Statements for the year ended March 31, 2021**

34. In the financial statements for the year ended on March 31, 2020, the company have not accounted, the debit balance of non-controlling interest on account of consolidation of Rs.12,37,32,087 (Debit) as on March 31, 2020. The adjustment for the same is made in the current financial statements by reducing the said amount from retained earnings.
35. The exceptional item for the year ended 31 March, 2021 consists of the following of parent company:
- Bad debts of Rs.73573513 represents the trade receivables written off during the year, the recovery of which is unrealistic in the opinion of the management.
 - Profit on sale of Fixed Assets/Store includes profit of Rs.188529527 on account of sale of Land, Building, Plant & Machinery and other assets of Sarigam unit on closure of business in the unit.
 - Profit on sale of Fixed Assets/Store includes profit of Rs.4843828 on account sale of Land, Building and other assets of Silvassa unit.

36. Segment Reporting:

The group is operating in single segment i.e. Textiles and thus there is no reportable segments as per Indian Accounting Standard (IND AS) 108 "Operating Segment". There is no reportable geographical segment either:

37. As per Indian Accounting Standard 24 "Related Party Disclosures" 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:

A. Related Parties :**I. Subsidiaries of Subsidiaries:**

Konark Gujarat PV Private Limited - Subsidiary of Konark Infratech Private Limited

II. Individual having significant influence:

Smt. Rakadevi Dalmia – Share Holder

III. Key Managerial Personnel and Relative:

Mr. Prakashchand Dalmia – Chairman

Mr. Amitabh Kejriwal – Managing Director

Mr. Shonit Dalmia – Director

Mr. Punit Desai – Director

Mr. R. B. Somany – Chief Financial Officer

Mr. Mehnuddin Khan – Company Secretary

Ms. Smita Kejriwal – Relative of Director

Ms. Namarta Dalmia – Relative of Director

Ms. Shikha Dalmia – Relative of Director

IV. Enterprise over which Key Management Personnel are able to exercise significant influence:

M/s Konark Silk Mills

M/s Konark Realtech Private Limited

Konark Synthetic Limited**Notes to Consolidated Financial Statements for the year ended March 31, 2021****B. Transactions:**

| Particulars | Individual having significant influence | KMP and Relatives of KMPs | Enterprise over which KMP have significant influence | Total |
|----------------------------|---|---------------------------|--|------------------------|
| Remuneration & Perquisites | - | 854120 (1085712) | - | 854120 (1085712) |
| Salary | - | 2728323 (2787200) | - | 2728323 (2787200) |
| Rent Expenses | - - | - - | 108000 (108000) | 108000 (108000) |
| Loan Taken | | - - | 26742946 (28677431) | 26742946 (28677431) |
| Loan Repaid | | | 72741500 (19278000) | 72741500 (19278000) |

C. Disclosures of material transactions with Related Parties as mentioned above:

| | 2020-2021 | 2019-2020 |
|--------------------------------|-----------|-----------|
| Managerial Remuneration | | |
| Amitabh Kejriwal | 854120 | 1085712 |
| Salary Paid | | |
| R.B. Somany | 1000000 | 1200000 |
| Mehnuddin Khan | 334823 | 410000 |
| Shikha Dalmia | 600000 | 600000 |
| SmitaKejriwal | 193500 | 258000 |
| Namarta Dalmia | 600000 | 319200 |
| Rent Paid | | |
| Konark Silk Mills | 108000 | 108000 |
| Loans Taken | | |
| Konark Realtech Pvt. Ltd. | 26742946 | 28677431 |
| Loans Repaid | | |
| Konark Realtech Pvt. Ltd. | 72741500 | 19278000 |

Konark Synthetic Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2021

D. Balances with the Related Parties as at 31st March, 2021

| Particulars | Subsidiaries and Fellow Subsidiaries/ Associates | Individual having significant influence | KMP and Relatives of KMPs | Enterprise over which KMP have significant influence | Total |
|----------------------------|--|---|---------------------------|--|--------------------------|
| Remuneration & Perquisites | - | - | 52690 (398120) | | 398120 (398120) |
| Salary | - | - | 787740 (927790) | | 787740 (927790) |
| Rent Expenses | - | - | - | 254610 (189000) | 254610 (189000) |
| Loan Taken | - | - | - | 243456493 (243456493) | 233456493 (233456493) |

38. Earnings Per Share:

| Particular | 2020-21 | 2019-20 |
|---|----------------|----------------|
| a) Basic earnings per share (After Exceptional Items) (In Rs.) | | |
| Profit attributable to the equity holders of the company (After Exceptional Items) | (10,47,73,347) | (24,08,42,836) |
| Weighted average number of equity shares used as the denominator | 5808000 | 5808000 |
| Basic Earnings Per Share (After Exceptional Items) | (18.04) | (41.47) |
| b) Basic earnings per share (Before Exceptional Items) (In Rs.) | | |
| Profit attributable to the equity holders of the company (Before Exceptional Items) | (22,45,73,190) | (21,64,96,838) |
| Weighted average number of equity shares used as the denominator | 5808000 | 5808000 |
| Basic Earnings Per Share (Before Exceptional Items) | (38.67) | (37.28) |
| c) Diluted earnings per share (After Exceptional Items) (In Rs.) | | |
| Profit attributable to the equity holders of the company (After Exceptional Items) | (10,47,73,347) | (24,08,42,836) |
| Weighted average number of equity shares used as the denominator | 5808000 | 5808000 |
| Diluted Earnings Per Share (After Exceptional Items) | (18.04) | (41.47) |
| d) Diluted earnings per share (Before Exceptional Items) (In Rs.) | | |
| Profit attributable to the equity holders of the company (Before Exceptional Items) | (22,45,73,190) | (21,64,96,838) |
| Weighted average number of equity shares used as the denominator | 5808000 | 5808000 |
| Diluted Earnings Per Share (Before Exceptional Items) | (38.67) | (37.28) |

39. Contingent Liability / Capital Commitments:

The Bankers of the Parent Company have given Guarantees to various Government Authorities amounting to Rs.150000/- (P.Y. Rs.3501000/-) for which the Company has given counter guarantee and margin money in form of fixed deposit/current account to the bankers amounting to Rs.150000/- (P.Y. Rs. 1013500/-).

The Parent Company has given a Corporate Guarantee of Rs.27,06,00,000/- (P.Y. Rs.27,06,00,000/-) to the bankers of its subsidiary company namely India Denim Limited and a Corporate Guarantee of Rs.46,00,00,000/- (P.Y. Rs.46,00,00,000/-) to the bankers of its Associate Company' subsidiary company namely Konark Gujarat PV Private Limited against Term Loan and Working Capital Facilities sanctioned to the said companies.

The company has no capital and other commitments as on the Balance Sheet date.

Konark Synthetic Limited**Notes to Consolidated Financial Statements for the year ended March 31, 2021**

The above contingent liability includes corporate guarantee of Rs.27,06,00,000 in respect of loan availed by its subsidiary company M/s. India Denim Limited. The accounts of the said subsidiary have been classified as NPA by the bankers of the company. The legal proceeding regarding the said matter when ultimately concluded, will have a material impact on financial position of the Company.

40. 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 confirmation and /or reconciliation with parties.
41. As on the Balance Sheet date, the Company does not have any Foreign Currency Exposure. Disclosure in respect to hedging of Foreign Currency by a derivative instrument or otherwise thereof is not applicable.

42. CIF Value of Imports:

| Particular | 2020-21 | 2019-20 |
|-----------------|-----------------|----------|
| Stores & Spares | 1,84,489 | - |
| Total | 1,84,489 | - |

43. Events after reporting date

There have been no events after the reporting date that require disclosure in these financial statements.

44. The ongoing Covid-19 pandemic has caused significant disturbance and slowdown of economic activities globally. The lockdown ordered by the Government of India has resulted in significant reduction in economic activities and also the business operations of the Company in terms of sales and production. The Management has considered the possible effects that may result from the pandemic on the recoverability/ carrying value of the assets. Based on the current indicators of future economic conditions, the management expects to recover the carrying amount of the assets, however the management will continue to closely monitor any material changes to future economic conditions. Given the uncertainties, the final impact on Company's assets in future may differ from that estimated as at the date of approval of these financial statements.
45. The Financial Statements have been prepared in the format prescribed by the Schedule III to the Companies Act, 2013. Previous year figures have been regrouped / rearranged wherever necessary to make them comparable with those of the Current Year.

As per our report of even date attached

For Jhunjunwala Jain & Associates LLP
Chartered Accountants
Firm Registration No: 113675W

For and on behalf of the Board of directors

Amitabh Kejriwal
(Managing Director)

Satish Deshmukh
(Director)

(CA Priteesh Jitendra Jain)
Partner
Membership No : 164931
Place : Mumbai
Date : 6th July, 2021

R.B. Somany
(Chief Finance Officer)

KONARK SYNTHETIC LIMITED

CIN: L17200MH1984PLC033451

Building No.7, Mittal Industrial Estate, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400059.
Tel: 022-4089 6300; Fax: 022-4089 6322; Email: info@konarkgroup.co.in; Website: www.konarkgroup.co.in

MGT-11 - PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

37th Annual General Meeting - 30th September, 2021

CIN : L17200MH1984PLC033451
Name of the Company : Konark Synthetic Limited
Registered Office : Building No.7, Mittal Industrial Estate, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400059
 Name of the Member (s)/ Joint holder (s) : _____
 Registered address : _____
 Email Id : _____
 Folio No/Client Id : _____
 DP ID : _____

I/We, being a Member(s) of _____ shares of the above named Company hereby appoint:

1. Name: _____
 Address: _____
 Email ID: _____
 Signature: _____, or failing him/her
2. Name: _____
 Address: _____
 Email ID: _____
 Signature: _____, or failing him/her
3. Name: _____
 Address: _____
 Email ID: _____
 Signature: _____, or failing him/her

as my/our proxy to attend and vote (on poll) for me/us on my /our behalf at the 37th Annual General Meeting of the Company to be held on Thursday, 30th day of September, 2021 at 3.30 p.m. at the Registered office of the Company at Building No.7, Mittal Industrial Estate, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400059 and at any adjournment thereof in respect of such resolution as are indicated overleaf:

| Resolution Number | Resolutions | Vote (Optional see note 2) Please mention no. of Shares) | | |
|---------------------------|---|---|---------|---------|
| | | For | Against | Abstain |
| Ordinary Business: | | | | |
| 1. | Ordinary Resolutions for adoption of: | | | |
| a) | The Standalone Audited Financial Statements for the year ended 31 st March, 2021 together with the Reports of the Directors' and the Auditors' thereon; and | | | |
| b) | The Consolidated Audited Financial Statements for the financial year ended 31 st March, 2021 together with the report of Auditors' thereon. | | | |
| 2. | Ordinary Resolution for appointment of director in place of Mr. Amitabh kejiwal, Managing Director of the Company, who retires by rotation and being eligible, offers himself for re-appointment. | | | |
| 3. | Ordinary Resolution for appointment of the statutory auditor of the Company. | | | |
| Special Business | | | | |
| 4. | Ordinary Resolution for appointment Mr. Shonit Dalmia (DIN: 00059650) as Non Executive Director. | | | |
| 5. | Special Resolution for approval for giving loan or guarantee or providing security in connection with loan availed by the Company to its Subsidiary, Associate or any other person specified under section 185 of the Companies Act, 2013 | | | |
| 6. | Ordinary Resolution for approval of Material Related Party Transaction | | | |

Signed this _____ day of _____ 2021

Signature of Shareholder: _____

Signature of Proxyholder(s): _____

| |
|--------------------------------------|
| Affix Revenue Stamp of Re.1 |
|--------------------------------------|

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. It is optional to indicate the preference. In case members leave the for, against or abstain column blank against any or all resolutions, their proxy will be entitled to vote in the manner as he/she may deemed appropriate.

KONARK SYNTHETIC LIMITED

CIN: L17200MH1984PLC033451

Building No.7, Mittal Industrial Estate, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400059.
Tel: 022-4089 6300; Fax: 022-4089 6322; Email: info@konarkgroup.co.in; Website: www.konarkgroup.co.in

ATTENDANCE SLIP**37TH ANNUAL GENERAL MEETING - 30TH SEPTEMBER, 2021**

(To be completed and presented at the Entrance)

| | |
|-------------------------------------|--|
| Regd. Folio No. / DP ID & Client ID | |
| Name and address of shareholder(s) | |
| Joint Holder 1 | |
| Joint Holder 2 | |
| No. of share(s) held | |

I/We hereby my/our presence at the 37th Annual General Meeting of the KONARK SYNTHETIC LIMITED to be held on the Thursday, 30th September, 2021 at 3.30 P.M. at the Registered office of the Company at Building No.7, Mittal Industrial Estate, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400059.

Signature of Member/Proxy/Representative

Notes:

1. Please fill in the Folio / DP ID/client ID No., name and sign the Attendance slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
2. Please read the instructions for e-voting given along with Annual Report. The Voting period starts from Monday, 27th September, 2021 (10.00 a.m.) and end on Wednesday, 29th September, 2021 (5.00 p.m.). The voting module shall be disabled by CDSL for voting thereafter.

To,
Konark Synthetic Ltd.
 Building No. 7, Mittal Industrial Estate,
 Andheri - Kurla Road, Saki-Naka. 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

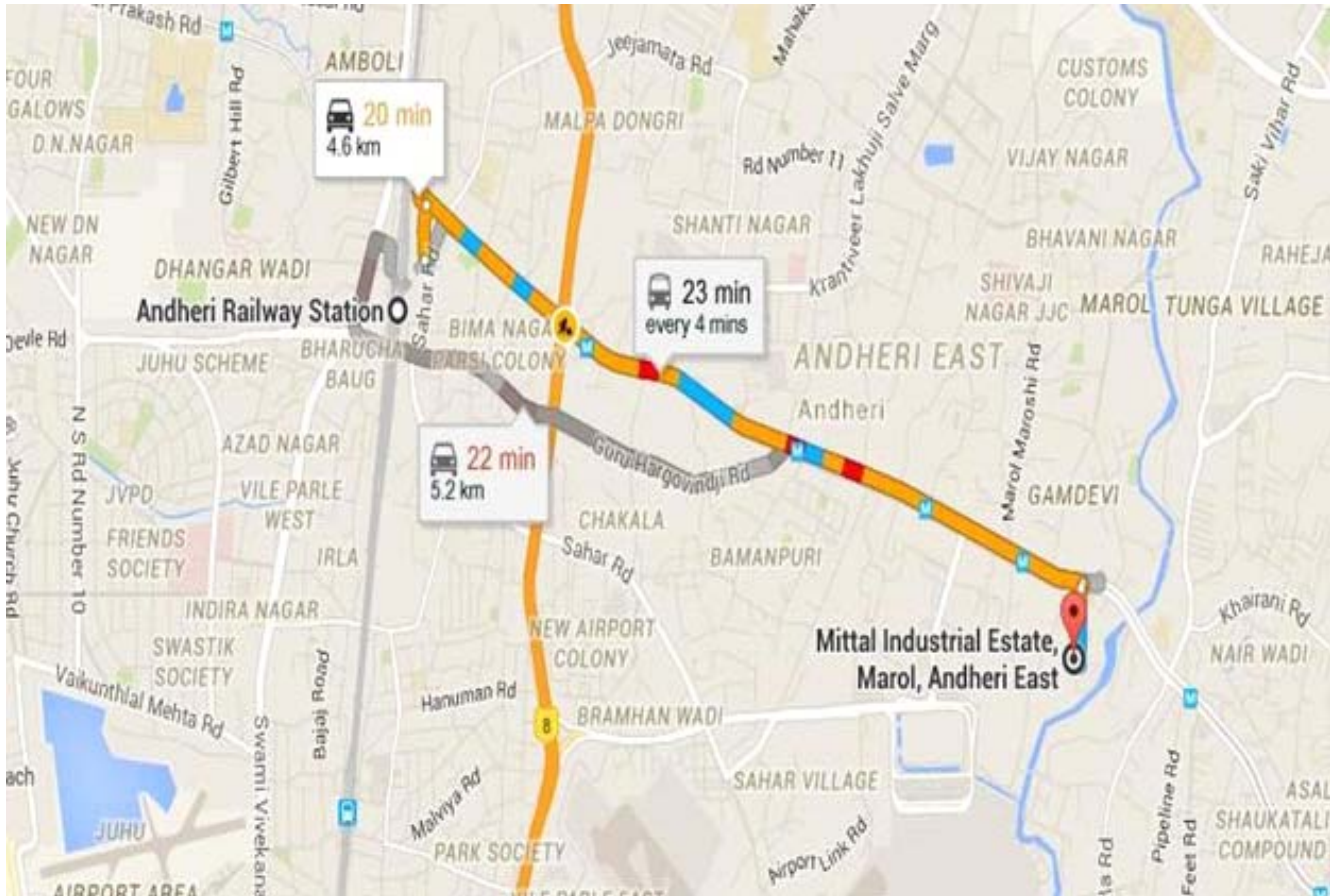
Third holder

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 info@konarkgroup.co.in.

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

ROUTE MAP OF AGM VENUE





If Not Delivered , Please return to :

KONARK SYNTHETIC LIMITED

Building No.7, Mittal Industrial Estate, Andheri Kurla Road,
Sakinaka, Andheri (East), Mumbai – 400059.

Tel: 022-4089 6300; Fax: 022-4089 6322;

Email: info@konarkgroup.co.in; Website: www.konarkgroup.co.in