

KONARK

29th
Annual Report
2012-13

Konark Synthetic Ltd.

KONARK

BOARD OF DIRECTORS

Mr. Prakashchand Dalmia
Mr. Amitabh Kejriwal
Mr. Mahendra Agarwal
Mr. Satish Deshmukh

Chairman & Managing Director
Whole Time Director
Director
Director

AUDITORS

M/s. Bhuwania & Agrawal Associates
Chartered Accountants,
Mumbai

BANKERS

Indian Bank
Corporation Bank

REGISTERED OFFICE

Building No.7, Mittal Industrial Estate,
Andheri Kurla Road, Sakinaka,
Andheri (East),
Mumbai - 400 059.
Tel. No.: 022-4089 6300
Fax No.: 022-4089 6322
Email : info@konarkgroup.co.in

REGISTRAR & SHARE TRANSFER AGENTS

Purva Shareregistry (India) Pvt. Ltd.
9, Shiv Shakti Industrial Estate,
J.R. Boricha Marg,
Lower Parel (East),
Mumbai- 400 011.
Tel. No.: 022-23018261/6761
Fax No.:022-23012517
Email : busicomp@vsnl.com

PLANTS LOCATION

SILVASSA UNIT

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

BENGALURU UNIT

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

SARIGAM UNIT

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

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NOTICE

Notice is hereby given that 29th Annual General Meeting of the members of **KONARK SYNTHETIC LIMITED** will be held on Monday, the 30th day of September, 2013 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-400 059 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and the Statement of Profit & Loss for the year ended as on that date and Reports of the Board of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Satish Deshmukh, who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint M/s. Bhuwania & Agrawal Associates, Chartered Accountants, Mumbai (having FRN:101483W) as Statutory Auditors of the Company to hold office from the conclusion of ensuing Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board of Directors

Place: Mumbai
Date: 30th May, 2013

Prakashchand Dalmia
Chairman & Managing Director

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

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF ON POLL ONLY. A PROXY NEED NOT BE A MEMBER. PROXY FORM IS ENCLOSED. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Corporate Members are requested to send a duly certified copy of the Board resolution pursuant to Section 187 of the Companies Act, 1956 authorising their representative to attend and vote at the Annual General Meeting or any adjournment thereof.
3. The Register of Members and Share Transfer Books will remain closed from Friday, the 27th day of September, 2013 to Monday, 30th day of September, 2013 (both days inclusive).
4. Members desirous of seeking any information about the accounts of the Company can send their queries so as to reach at-least ten days before the meeting at the Company's Registered Office, so that the information required can be made readily available at the meeting.
5. Members are requested to intimate change in their address immediately to the Company's Registrar and Share Transfer Agents, viz. Purva Sharegistry (India) Pvt. Ltd., Unit : Konark Synthetic Limited, 9, Shiv Shakti Industrial Estate, J. R. Boricha Marg, Lower Parel (East), Mumbai - 400 011.

6. The unclaimed dividend of the Company upto the financial year ended 31st March, 2005 has transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government as established required under Section 205C of the Companies Act, 1956.
7. In terms of Sections 205A and 205C of the Companies Act, 1956, the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company is required to be transferred to the Investors Education and Protection Fund (IEPF) established by the Central Government and no claims shall lie against the said fund or the Company for the amount of dividend so transferred to the fund. Shareholders who have not yet encashed their dividend warrant(s) for the financial year ended 31st March, 2006 or for any subsequent financial years are requested to make their claims to the Company.
8. Members holding shares in same set of names under different folios are requested to apply for consolidation of such folios along with relevant Share Certificates to the Company's Registrar and Share Transfer Agents, viz. Purva Sharegistry (India) Pvt. Ltd., Unit : Konark Synthetic Limited, 9, Shiv Shakti Industrial Estate, J. R. Boricha Marg, Lower Parel (East), Mumbai - 400 011 to serve better.
9. Members are requested to bring copies of Annual Report to the Annual General Meeting.
10. The Members / Proxies should bring the attendance slip duly filed in and signed for attending the meeting.
11. Members are requested to quote Ledger Folio Number / Client ID / DP ID in their correspondence.
12. Members are requested to bring their original photo ID (like PAN Card, Aadhar Card, Voting Card etc., having photo identity) while attending the meeting.
13. In pursuance of Clause 49(IV)(G) of the Listing Agreement, the details of Director seeking re-appointment at the ensuing Annual General Meeting to be held on Monday, 30th day of September, 2013 are given as follows:

Name of Director	Mr. Satish Deshmukh
Date of Birth	9 th August, 1950
Nationality	Indian
Date of appointment as Director	30 th May, 2011
Designation	Non Executive/Independent Director
Qualification	Engineering, Finance and IT Background
Experience/Expertise	He has over 37 years of experience in Airline and Automobile industries.
Shareholding in the Company Equity shares of ₹ 10/- each	NIL
List of Directorship held in other companies	Konark Gujarat PV Private Limited
List of Chairmanship and Membership in Public Companies	Member of Audit and Remuneration Committees of the Company
Relationship with existing Directors of the Company	None

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the 29th Annual Report together with the Audited Financial Statements of Accounts of your Company for the financial year ended 31st March, 2013:

FINANCIAL RESULTS:

(₹ in Lacs)

Sr. No.	Particulars	For the Year ended 31 st March, 2013	For the Year ended 31 st March, 2012
1.	Total Revenue	10506.72	9638.08
2.	Less: Total Expenses	9483.26	8713.89
3.	Profit before Depreciation & Amortization Expenses, Finance Cost and Tax	1023.46	924.19
4.	Less : Depreciation and Amortization Expenses	273.70	275.88
	Less: Finance Cost	614.35	463.67
5.	Profit before exceptional and extraordinary items and tax	135.41	184.64
6.	Less: Prior Period Expenses	0.37	4.45
	Less: Short Provision for Taxation	(1.20)	2.20
7.	Profit before Exceptional Item & Tax	136.24	177.99
8.	Less: Exceptional Item	-	-
9.	Profit before Tax	136.24	177.99
10.	Less: Provision for Tax	43.72	59.67
11.	Profit after Tax	92.52	118.32
12.	Balance of Profit as per last Balance Sheet	936.16	817.84
13.	Balance of Profit carried to Balance Sheet	1028.68	936.16

REVIEW OF BUSINESS OPERATIONS:

During the year under review, the Company earned total revenue of ₹ 10506.72 Lac as against ₹ 9638.08 Lac in the previous year. The revenue out of operations earned to ₹ 10265.87 Lac and other income earned to ₹ 240.84 Lac. The profit before tax was ₹ 136.24 Lac as against ₹ 177.99 Lac in previous year. The profit after tax was ₹ 92.52 Lac as against ₹ 118.32 Lac in the previous year.

TEXTILE DIVISION:

Textile is a Primary Segment and there is no geographic segment as such. During the year under review, the textile division achieved a turnover of ₹ 15968.28 Lac as compared to ₹ 15011.28 Lac in the previous year. The financial performance of Textile Division has improved as compared to the previous year.

The year under review was one of the most challenging years for the textile sector across the world. Despite the extremely difficult business environment, the Company could manage to show better results in domestic market which was increased by 6% as compared to previous year. Your Directors are optimistic about the future growth of the Company and are putting their best efforts to accelerate the growth speed.

POWER DIVISION:

The Company has one other segment i.e. Power Generation (Energy) which had started in last quarter of the Financial Year 2011-12 operating through its step down subsidiary Company Konark Gujarat PV Private Limited. During the

financial year 2012-13, the revenue earned from power generation activity was ₹ 1404.15 Lac as compared to ₹ 350.10 Lac in the previous year. The Company continues to focus on cost reduction measures and improve efficiency to pathway the business in this division.

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.

DIRECTORS:

In accordance with the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Satish Deshmukh, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. Your Board recommends for his re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i) in the preparation of the Annual Accounts for the year ended 31st March, 2013, the applicable accounting standards (except AS 15) have been followed and no material departures have been made from the same;
- ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and Profit of the Company for the year ended on that date;
- iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities.
- iv) the directors have prepared the accounts for the financial year ended 31st March, 2013 on a "Going Concern" basis.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENT:

The Ministry of Corporate Affairs (MCA) vide General Circular No.2/2011 No. 51/12/2007-CL-III dated 8th February, 2011 read with General Circular No.3/2011 No. 5/12/2007-CL-III dated 21st February, 2011 has granted a general exemption from attaching the Balance Sheet of subsidiary companies with holding Company's Balance Sheet if the holding Company presents in its Annual Report the Consolidated Financial Statements duly audited by its Statutory Auditors. The Company is publishing Consolidated Financial Statements in its Annual Report and accordingly, the Company is not attaching the Balance Sheets of the subsidiary companies.

Further, as required under the said circular, a statement of financial information of the subsidiary companies viz. India Denim Limited, Konark Infratech Private Limited and Konark Greentech Private Limited and step down subsidiary Companies viz. Konark Gujarat PV Private Limited (subsidiary Company of Konark Infratech Private Limited), Konark Wind Projects Private Limited and Konark Solartech Private Limited (subsidiary companies of Konark Greentech Private Limited) is given in Annexure attached to this report.

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

PUBLIC DEPOSITS:

Your Company has neither accepted nor renewed any deposit within the meaning of Section 58A and 58AA of the Companies Act, 1956 and rules made thereunder during the year ended 31st March, 2013.

AUDITORS:

M/s. Bhuwania & Agrawal Associates, Chartered Accountants, Mumbai (FRN:101483W) the Statutory Auditors of the Company hold the office upto the conclusion of the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

The Company has received a letter from them to the effect that their re-appointment, if made, would be in conformity with the limits prescribed under Section 224 (1B) of the Companies Act, 1956. The Board recommends their re-appointment as Statutory Auditors of the Company to hold office from the conclusion of ensuing Annual General Meeting upto the conclusion of next Annual General Meeting of the Company.

AUDITORS' REPORT:

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

COST AUDITORS:

Pursuant to the provisions of Section 233B of the Companies Act, 1956 and in terms of the order no. 52/26/CAB-2010 dated 24th January, 2012 issued by Central Government, the Company with the prior approval of the Central Government has appointed Mr. Sandeep Kumar Poddar, Practising Cost Accountant, Mumbai as the Cost Auditors of the Company for Audit of the cost accounting records for the financial year 2012-13.

LISTING OF SECURITIES:

The Equity Shares of the Company are listed at BSE Limited. The Company has paid the Annual listing fees to the BSE Limited and custodian fees to the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the financial year 2013-14.

CORPORATE GOVERNANCE:

The Company has complied with the provisions of the Clause 49 of the Listing Agreement during the year under review. A detailed report on compliance of the Corporate Governance along with certificate from the Statutory Auditors and Management Discussion and Analysis Report are attached to this report.

PARTICULARS OF EMPLOYEES:

No employee was in receipt of remuneration exceeding the limits during the year under review as prescribed under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, hence your directors have nothing to report in this regard.

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

The disclosure of particulars with respect to conservation of energy, research and development and technology absorption, adoption and innovation pursuant to the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, is annexed hereto and forms part of this report.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

(₹ in Lacs)

Particulars	2012-13	2011-12
Foreign Exchange Earning	-	-
Foreign Exchange Outgo	7.12	6.52

ACKNOWLEDGMENTS:

Your Directors would 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

Place: Mumbai
Date: 30th May, 2013

Prakashchand Dalmia
Chairman & Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2013.

CONSERVATION OF ENERGY:

A) Energy Conservation measures taken:

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

B) Impact of the above measures:

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

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

PARTICULARS AS PER FORM B

Research & Development (R & D):

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

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

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

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

(iii) Future plan of action

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

Expenditure on research and development

- Capital Expenditure	₹	Nil
- Recurring Expenditure	₹	Nil
- Percentage of Turnover	₹	Nil

Technology Absorption, Adoption & Innovation:

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

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

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

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

FORM A
FORM FOR DISCLOSURE OF PARTICULARS TO CONSERVATION OF ENERGY

Particulars	31 st March, 2013	31 st March, 2012
A. POWER AND FUEL CONSUMPTION		
ELECTRICITY		
a. (i) Purchase (KWH) (Specialty Yarn)	5707578	5242792
Total Amount (₹)	23205457	21487109
Rate / Unit (₹)	4.07	4.10
(ii) Purchase (KWH) (Fabric)	568666	843400
Total Amount (₹)	3914911	5355815
Rate / Unit (₹)	6.88	6.35
(iii) Purchase (KWH) - Garments	236452	247334
Total Amount (₹)	1503100	1468515
Rate / Unit (₹)	6.36	5.94
b. Own Generation (Through Diesel) - Garments		
Generation (KWH) (Generator)	106939	111518
Total Amount (₹)	881986	824120
Rate / Unit (₹)	8.25	7.39
c. Furnance Oil	Nil	Nil
d. Other / Internal Generation	Nil	Nil
B. FABRIC		
Coal (used in Boiler)		
Qty. (In Metric Tons)	556.940	542.11
Total Cost (In ₹)	2591930	2634287
Average Rate (₹ Per Ton)	4653.88	4859.32
Diesel (Used In Boiler)	10902	7602.25
Total Cost of the Diesel	576762	381634
Average Cost (₹ Per Liter)	52.90	50.20
Gas (Used In Boiler)	0.00	1660
Total Cost of the Gas	0.00	75263
Average Cost (₹ Per Kgs.)	0.00	45.34
C. CONSUMPTION PER UNIT OF PRODUCTION (KWH)		
Yarn (Per Kg.)	3.37	3.31
Fabric (Per Mtr.)	0.39	0.31
Garments (Per Pcs)	0.97	1.02

Information as required under General Circular No.2/2011 No. 51/12/2007-CL-III dated 8th February, 2011 issued by the Ministry of Corporate Affairs (MCA) relating to Subsidiary Companies for the year ended 31st March, 2013

(Amount in ₹)

Particulars	India Denim Ltd.	Konark Infratech Pvt. Ltd.	Konark Greentech Pvt. Ltd.	*Konark Gujarat PV Pvt. Ltd.	**Konark Wind Projects Pvt. Ltd.	**Konark Solartech Pvt. Ltd.
Share Capital	114,459,000	520,000	100,000	20,100,000	100,000	100,000
Reserves	40,871,662	67,297	(63,607)	95,180,088	30,330	(49,958)
Total Assets	682,373,598	228,514,037	4,622,815	611,585,783	5,192,229	57,626
Total Liabilities	682,373,598	228,514,037	4,622,815	611,585,783	5,192,229	57,626
Investments (except in subsidiary companies)	-	-	-	-	-	-
Turnover & Other Receipts	573,650,735	14,149,660	-	141,707,105	756,000	-
Profit/(Loss) before Taxation	1,140,729	(40,743)	(24,267)	14,916,828	97,446	(17,089)
Provision for Taxation	217,366	-	-	(3,400,000)	30,000	-
Profit/(Loss) after Taxation	923,363	(40,743)	(24,267)	11,516,828	67,446	(17,089)
Proposed Dividend	-	-	-	-	-	-

* Wholly owned Subsidiary of Konark Infratech Pvt. Ltd.

** Wholly owned Subsidiary of Konark Greentech Pvt. Ltd.

For and on Behalf of the Board of Directors

Place: Mumbai
Date : 30th May, 2013

Prakashchand Dalmia
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry structure and developments

TEXTILE BUSINESS:

The Indian Textile Industry is one of the leading textile industries in the world. Indian textile industry largely depends upon the textile manufacturing and export. Textile industry has made a major contribution to the national economy in terms of direct and indirect employment generation and net foreign exchange earnings. The sector contributes about 14 per cent to industrial production, about 4 per cent to the Gross Domestic Product (GDP), and 17 per cent to the country's export earnings. It provides direct employment to over 35 million people. The textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

POWER SECTOR BUSINESS:

The power sector ranked sixth among the leading sectors of the Indian economy, attracted US\$ 4.6 billion in Foreign Direct Investment (FDI) since 2000, according to the Ministry of Commerce and Industry's Department of Industrial Policy & Promotion (DIPP). FDI in petroleum and natural gas totaled US\$ 2.7 billion for the period, ranking the sector ninth in foreign investment. The Government has initiated several policies to promote and garner investments in the power sector. To accelerate capacity addition, several policy initiatives have been undertaken by the Ministry of Power.

2. Opportunities and Threats

The textile industry & power sector in India is today one of the fastest growing business segments in the country. The Government of India has promoted a number of export promotion policies for the Textile & Power Sector in the year 2012-13. It has allowed upto 100 per cent Foreign Direct Investment in power sector & 100 per cent for textile sector under the automatic route. The Government have taken a number of steps for expansion of Textile & Clothing (T&C) sector including technology upgradation and modernization of textile mills ,support for industry infrastructure); Integrated Scheme for Development of Power loom Sector along with Group Work shed Scheme for the sector; Scheme for skill upgradation of textiles workers and other capacity building programmes for the industry like Knitwear Technology Mission. The Government has also initiated a number of steps for weaving and processing sector which include interest reimbursement, margin money subsidy and capital subsidy.

The investment in the Power sector is very positive. Effective and investment friendly policy roadmaps designed by the Government of India are increasing the liberalization of the nation's power sector. Initiatives include ambitious five-year plans for increasing installed electricity infrastructure, the New Exploration and Licensing Policy for increasing the production of oil and gas, and the nuclear sector's recent embrace of international companies to provide equipment and related services. It is one of the most critical components of infrastructure that affects economic growth and the well-being of our nation.

India has the world's 5th largest electricity generation capacity and it is the 6th largest energy consumer accounting for 3.4% of global energy consumption. Due to the fast-paced growth of the Indian economy, the country's energy demand has grown at an average of 3.6% p.a. over the past 30 years. The power sector provides one of the most important inputs for the development of a country and availability of reliable and inexpensive power is critical for its sustainable economic development.

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

3. Performance

Overall performance:

The overall performance during the year 2012-13 has been reasonably satisfactory. This has been possible due to:

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

Business Review:

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

Financial Review:

During the year under review, Company has managed better production activity by utilizing its capacities at optimum levels. The revenue from operations has been increased by 6% in this year. This reflects increase in consumer confidence and growing market consumption along with other cost cutting major including better finance control, working capital management, etc. The Company is looking forward for growth, there has been continuous increase in sales volume due to which there has been increase in consumption of materials for productions.

The Company has entered in Power Generation (Energy) sector in last quarter of the Financial Year 2011-12 operating through its step down subsidiary Company Konark Gujarat PV Private Limited., revenue of this segment increase positively. The revenue earned from power generation activity was ₹ 1404.15 Lacs as compared to ₹ 350.10 Lacs in the previous year.

4. Segment –Wise performance

Segment wise performance together with discussion on financial performance with reference to operational performance has been dealt within the Directors' Report which should be treated as forming part of this Management Discussion and Analysis Report.

5. Outlook

TEXTILE DIVISION:

Demand (both domestic as well as international) for textiles remains satisfactory. 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 and international markets.

POWER DIVISION:

In order to sustain GDP growth rate, it is essential that power sector also grow at the similar rate. In recent years, India's energy demand has been increasing very fast due to population growth and economic development. Further growth of the power sector is critically dependent on fuel and this requires immediate and focused attention of the government to put in policy framework. The Company continues to focus on cost reduction measures and improve efficiency to pathway the business in this division.

6. 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.

Power sector is highly capital intensive sector business in nature with long gestation periods. Since most of the projects have long time frame, there are certain inherent risk in both the internal as well as external environment. Company monitors the external environment & manages the internal environment to mitigate the risks faced by the Company.

7. 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.

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.

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.

REPORT ON CORPORATE GOVERNANCE

In accordance with the Clause 49 of the Listing Agreement entered with the BSE Limited and some of the best practices followed on Corporate Governance, the report containing the details of governance system and processes at Konark Synthetic Limited is as under:

1. 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. The Board has four directors. No Director is related to any other Director on the Board in term of the definition of 'relative' given under the Companies Act, 1956 except Mr. Prakashchand Dalmia and Mr. Amitabh Kejriwal, who are relatives of each other. The Company complies with the norms prescribed under Clause 49 of the Listing Agreement for constitution of Board of Directors.

b. Board Procedure

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

Matter discussed at Board meeting generally relate to Company's performance, business operations, quarterly/half yearly/annual results of the Company, review of reports, Audit Committee and compliance with their recommendation, suggestion, non compliance of any regulatory, statutory or listing requirements etc.

c. Attendance at Board meetings and the last AGM

During the year under review, the Board of Directors met 8 (eight) times viz., 30th May, 2012, 30th June, 2012, 11th August, 2012, 25th September, 2012, 10th November, 2012, 19th November, 2012, 28th January, 2013 and 13th February, 2013. As stipulated, the gap between two board meetings did not exceed 4 months.

Details of composition and category of Directors, their attendance at each Board meeting held during the financial year 2012-13, at the last Annual General Meeting (AGM) and their directorships in other companies and membership / chairmanship in committees are as follows:

Name	Attendance at Board Meetings		Directorship in other Public Limited Companies	Membership / Chairmanship of Committees (excluding this Company)		Attendance at AGM held on 25 th September, 2012
	Held	Attended		Chairman	Member	
Category			Director			
1. Executive Director/ Promoters						
Mr. Prakashchand Dalmia (Chairman and Managing Director)	8	8	1	-	-	Yes
Mr. Amitabh Kejriwal (Whole Time Director)	8	8	1	-	-	Yes
2. Non- Executive/ Independent Directors						
Mr. Mahendra Agarwal	8	7	1	-	-	Yes
Mr. Satish Deshmukh	8	7	-	-	-	Yes

Notes:

- None of the Directors on the Board is a member of more than 10 Committees and Chairman in more than 5 Committees, across all Companies in which they are Director.
- The directorship held by directors as mentioned above do not include Alternate Directorships and Directorships in Foreign Companies, Section 25 Companies and Private Companies.

3. AUDIT COMMITTEE

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

The Audit Committee met 4 (Four) times viz. 30th May, 2012, 11th August, 2012, 10th November, 2012 and 13th February, 2013 during the year under review. The details of meetings attended by each member during the year ended 31st March, 2013 are as follows:

Name of the Member	Designation	No. of Meetings Held	Meetings attended
Mr. Mahendra Agarwal	Chairman	4	4
Mr. Satish Deshmukh	Member	4	4
Mr. Prakashchand Dalmia	Member	4	4

The gap between two audit committee meetings was not more than four months, in compliance with Listing Agreement.

Mr. A. K. Singhal, Compliance Officer of the Company acts as secretary to the Committee.

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

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

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

4. REMUNERATION COMMITTEE

The Remuneration Committee has been constituted to recommend and review compensation plans of Executive Directors, based on their performance, defined assessment criteria and job responsibilities.

During the under review, the Remuneration Committee Meeting held once on 30th June, 2012. The Composition of the committee and the details of meeting attended by each member are as follows:

Name of the Member	Designation	No. of Meeting Held	Meeting attended
Mr. Mahendra Agarwal	Chairman	1	1
Mr. Satish Deshmukh	Member	1	1
Mr. Prakashchand Dalmia	Member	1	1

Mr. A. K. Singhal, Compliance Officer of the Company acts as secretary to the Committee.

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

Details of remuneration paid to Executive Directors during the year ended 31st March, 2013 and shares held by them are as follows:

(Amount in ₹)

Name of the Directors	Salary	Perquisites or Allowances	Contribution to PF & others	Sitting fees	Total	No. of Shares Held
Mr.Prakashchand Dalmia	900000	321939	Nil	Nil	1221939	57501
Mr. Amitabh Kejriwal	660000	81899	Nil	Nil	741899	68200

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

5. INVESTORS' GRIEVANCE COMMITTEE

The Investors' Grievance Committee met 4 (four) times viz. 30th May, 2012, 11th August, 2012, 10th November, 2012 and 13th February, 2013 during the year under review. The composition of the Investors' Grievance Committee and the number of meetings attended by each member during the year ended on that date are as follows:

Name of the Member	Designation	No. of Meetings Held	Meetings attended
Mr. Mahendra Agarwal	Chairman	4	4
Mr. Prakashchand Dalmia	Member	4	4
Mr. Amitabh Kejriwal	Member	4	4

Mr. A. K. Singhal, Compliance Officer of the Company acts as secretary to the Committee.

Name of Compliance Officer

Mr. A. K. Singhal is Compliance Officer of the Company.

Status of Investors' Complaint

Opening	Received during the year	Resolved during the year	Pending
2	1	3	0

6. SUBSIDIARY COMPANIES

As on 31st March, 2013, the Company has three subsidiary and three steps down subsidiary companies:

a) Subsidiary Companies:

1. India Denim Limited
2. Konark Infratech Private Limited
3. Konark Greentech Private Limited

b) Step down Subsidiary Companies:

1. Konark Gujarat PV Private Limited (Subsidiary Company of Konark Infratech Private Limited)
2. Konark Wind Projects Private Limited (Subsidiary Company of Konark Greentech Private Limited)
3. Konark Solartech Private Limited (Subsidiary Company of Konark Greentech Private Limited)

Except India Denim Limited and Konark Gujarat PV Private Limited, no other subsidiary Company falls under the norms prescribed in Clause 49 of the Listing Agreement for "Material non-listed Indian Subsidiaries".

7. GENERAL BODY MEETINGS

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

Financial Year	Date of AGM	Time	Venue	Special Resolutions
2009 - 10	24 th September, 2010	3.30 p.m.	Building No. 7, Mittal Industrial Estate, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 059.	<ol style="list-style-type: none"> 1. To approve the remuneration payable to Mr. Shonit Dalmia, Whole Time Director of the Company. 2. To approve the re-appointment of Mr. Amitabh Kejriwal, Whole Time Director of the Company. 3. To approve the remuneration payable to Mr. Prakashchand Dalmia, Managing Director of the Company. 4. To approve the re-appointment of Ms. Smita Kejriwal to hold place of profit as an Executive of the Company. 5. To approve the re-appointment of Ms. Shikha Dalmia to hold place of profit as an Executive of the Company.
2010 - 11	26 th September, 2011	3.30 p.m.	Building No. 7, Mittal Industrial Estate, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 059.	<ol style="list-style-type: none"> 1. To alter the Article of Association of the Company. 2. To authorise Board of Directors of the Company u/s 81(1A) of the Companies Act, 1956 to create, issue, offer and allot securities of the Company as QIPs / FCCBs / GDRs / ADRs or other permissible securities /instruments, for a value not exceeding ₹ 500 Crores.
2011 - 12	25 th September, 2012	3.30 p.m.	Building No. 7, Mittal Industrial Estate, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 059.	<ol style="list-style-type: none"> 1. To approve the re-appointment of Mr. Prakashchand Dalmia as Managing Director of the Company. 2. To authorise Board of Directors of the Company u/s 81(1A) of the Companies Act, 1956 to create, issue, offer and allot securities of the Company as QIPs / FCCBs / GDRs / ADRs or other permissible securities/instruments, for a value not exceeding ₹ 500 Crores.

During the year under review, no resolution was passed by means of Postal Ballot. None of the business proposed to be transacted in the ensuing Annual General Meeting require passing a Special Resolution through Postal Ballot.

8. DISCLOSURES

a. Related Party Transactions

Transactions with related parties are disclosed in Note No.28 B of Note on Accounts of the Financial Statements in the Annual Report. However, these transactions are not likely to have any conflicts with the Company's interest. The Audit Committee has reviewed these transactions as mandatorily required under Clause 49 of the Listing Agreement.

b. Disclosure of Accounting treatment

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

c. Disclosure of Risk Management

The Company has initiated the risk assessment and minimization procedure.

d. Compliance by the Company

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

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

The Company has laid down code of conduct for the Directors, Senior Management and Employees of the Company. A declaration to the effect that the Directors and Senior Managerial personnel have adhered to the same, signed by the Managing Director and CEO of the Company and the Auditors' Certificate on compliance of Clause 49 of the Listing Agreement by the Company forms part of this report.

f. Review of Directors' Responsibility Statement

The Board in its report has confirmed that the annual accounts for the year ended 31st March, 2013 have been prepared as per applicable Accounting Standards (except AS 15) and policies and that sufficient care has been taken for maintaining adequate accounting records.

g. CEO Certification

In terms of the requirements of Clause 49(V) of the Listing Agreement, the CEO has submitted necessary certificate to the Board at its meeting held on 30th May, 2013 stating the particulars specified under the said clause.

h. Code for Prevention of Insider Trading Practices

In compliance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), 1992, the Company has laid down a comprehensive Code of Conduct for prevention of Insider Trading for 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.

i. Whistle Blower policy

The Company has no formal Whistle Blower policy, however it takes cognizance of complaint made and suggestions given by the employees and whenever necessary, suitable corrective steps are taken for it. No employee was denied to access the audit committee for the same purpose.

9. MEANS OF COMMUNICATIONS

- a. The quarterly, half-yearly and annual results of the Company are forwarded to the BSE Limited, where the Company's shares are listed and published in 'Financial Express', 'Business Standard' and 'Mumbai Lakshdeep'.
- b. The audited financial results and the shareholding pattern are displayed on the Company's website at www.konarkgroup.co.in The Company also regularly provides information to the Stock Exchange as per the requirement of Listing Agreement and updates the same on the Company's website simultaneously.
- c. The Management Discussion and Analysis Report is a part of the Annual Report and is annexed separately.
- d. The Company has not made any presentations to institutional investors or to the analysts during the year under review.

10. SHAREHOLDERS' INFORMATION

a. Next Annual General Meeting:

29th Annual General Meeting

Date : Monday, 30th September, 2013

Time : 3.30 p.m.

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

b. Financial Year: 1st April, 2013 to 31st March, 2014.

c. Financial Calendar:

Subject Matter	Tentative Dates of the Board Meeting
Financial results for the quarter ending 30 th June, 2013	By 14 th August, 2013
Financial results for quarter ending 30 th September, 2013	By 14 th November, 2013
Financial Reporting of quarter ending 31 st December, 2013	By 14 th February, 2014
Financial Reporting of quarter / year ending 31 st March, 2014	By 30 th May, 2014 (Audited Results).

d. Date of Book Closure: Friday, the 27th day of September, 2013 to Monday, 30th day of September, 2013 (both days inclusive).

e. Listing on Stock Exchange : BSE Limited (BSE)

f. Listing Fees: The Company has paid the necessary listing fees to BSE Limited for the year 2013-14.

g. Custodial Fees: The Company has paid custodial fees for the year 2013-14 to NSDL and CDSL on the basis of the number of beneficial accounts maintained by them as on 31st March, 2013.

h. Stock Code : 514128

Scrip Id : KONARKSY

ISIN : INE517D01019

i. Market Price Data: High and low quotations of shares traded on the BSE Limited during each month for the year 2012-13 as compared to BSE Sensex are as follows:

Month	Volume (No. of Shares)	Share Price of shares of the Company at BSE* (₹)		BSE Sensex* (Points)	
		High	Low	High	Low
April 2012	538	22.30	19.85	17664.10	17010.16
May 2012	2	22.00	22.00	17432.33	15809.71
June 2012	2	22.00	22.00	17448.48	15748.98
July 2012	26	20.95	20.95	17631.19	16598.48
August 2012	-	-	-	17972.54	17026.97
September 2012	13	20.90	19.95	18869.94	17250.80
October 2012	5312	19.00	13.55	19137.29	18393.42
November 2012	3989	14.16	12.19	19372.70	18255.69
December 2012	793	13.41	12.11	19612.18	19149.03
January 2013	2897	13.40	10.65	20203.66	19508.93
February 2013	7163	12.80	09.70	19966.69	18793.97
March 2013	6957	09.69	07.53	19754.66	18568.43

*Source: www.bseindia.com

j. Registrar and Share Transfer Agents:

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.: 2301 6761/ 8261,
Fax No.: 2301 2517
Email: busicomp@vsnl.com

k. Share Transfer System:

All shares sent or transferred in physical form are registered by the Registrar and Share Transfer Agents (RTA) within 15 days of the lodgment, if documents are found in order. Shares under objection are returned within two weeks. All requests for dematerialization of shares 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.

l. Shareholding Pattern as on 31st March, 2013:

Sr.No	Category of Holders	No. of Shares held	% of Shares held
1.	Promoter and Promoter group	4,355,417	74.99
2.	Mutual Funds/UTI	-	-
3.	Banks / Financial Institutions / Insurance Companies (Central / State Govt. Institutions / Non Govt. Institutions)	-	-
4.	Venture Capital Funds	-	-
5.	FII's	-	-
6.	Bodies Corporate	1,16,577	2.00
7.	Individuals	12,44,089	21.42
8.	Clearing Member	-	-
9.	NRI / OCBs	12,605	0.22
10.	Trust	-	-
11.	Hindu Undivided Family	79,312	1.37
	TOTAL	5,808,000	100.00

m. The Distribution of Shareholding as on 31st March, 2013:

Distribution of Share holding as on 31 st March, 2013					
Shares having nominal value of (in ₹)		No. of Share Holders	Percentage to the total no. of share holder	Amount (in ₹)	Percentage to the total amount
From	To				
1	5000	2150	91.22	2,956,530	5.09
5001	10000	100	4.24	809,570	1.39
10001	20000	42	1.78	643,220	1.11
20001	30000	16	0.68	422,230	0.73
30001	40000	9	0.38	316,140	0.54
40001	50000	2	0.08	89,000	0.15
50001	100000	14	0.59	839,870	1.45
100001 and above		25	1.02	52,003,440	89.54
TOTAL		2358	100.00	58,080,000	100.00

n. Dematerialization of Equity Shares :

As on 31st March, 2013 about 96.65% of the Company equity shares have been dematerialized.

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

Your Company has not issued any ADRs, GDRs, Warrants or any convertible instruments.

p. Plant locations:

SILVASSA UNIT	SARIGAM UNIT	BENGALURU UNIT
Plot No.25, Silvassa Industrial Co-op. Soc., 66 KVA Sub - Station Road, Village - Amla, Dist. Silvassa - 396 230. (UT of Dadra and Nagar Haveli)	Plot No. 13 to 20, Opp. JBF Industries Limited, G.I.D.C. Industrial Area, Village –Sarigam, Taluka - Umargam Dist. - Valsad, Gujarat– 396 155.	No. 62/4, 13, 14, 15, Begur Road, 11 th Cross, Ward No. 12, Bommanahalli, Bengaluru - 560 068.

q. Address for investor correspondence:

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

Mr. A. K. Singhal, Compliance Officer
Konark Synthetic Ltd.
Building No.7, Mittal Industrial Estate,
Andheri Kurla Road, Sakinaka,
Andheri (East), Mumbai - 400 059.
Tel. No.: (022) 40896300
Fax No.: (022) 40896322
Email : 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 6761/8261
Fax No.: 022 - 2301 2517
Email : busicomp@vsnl.com

DECLARATION ON COMPLIANCE OF CODE OF CONDUCT

To
The Members of
Konark Synthetic Limited

I, Prakashchand Dalmia, Chairman & Managing Director of the Company declare that all Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct during the year 2012-13.

For Konark Synthetic Limited

Place: Mumbai
Date : 30th May, 2013

Prakashchand Dalmia
Chairman & Managing Director

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

To,
The Members of
Konark Synthetic Limited

We have examined the records concerning Compliance of the conditions of Corporate Governance by **Konark Synthetic Limited** for the year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with BSE Limited.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has, in all material respect, complied with the conditions of Corporate Governance as stipulated in the Listing Agreement.

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

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

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

Place: Mumbai
Date : 30th May, 2013

N. K. AGRAWAL
Partner
M. NO. 34659

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KONARK SYNTHETIC LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Konark Synthetic Limited, which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India except non provision of Gratuity as prescribed by (AS-15) exact quantum are unascertained refer Note Number 26:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:
- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable except for the non provision of Gratuity as referred in Note No. 26 of the Notes on Account;
 - (e) On the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

N. K. AGRAWAL
Partner
Membership No. 34659

Place: Mumbai
Date : 30th May, 2013

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our report of even date, we report that:

1. In respect of its Fixed Assets:

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.

2. In respect of its Inventories:

- (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.

3. In respect of the loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:

- (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has granted unsecured loans to its subsidiaries with or without interest during the year of which details are as follows.

(₹ in Lac)			
No. of Parties	Loan Given*	Maximum Balance	Closing Balance
3	3186.53	3163.29	1847.33

* includes interest amount.

- (b) In our opinion, interest where charged and other terms and conditions of loans given by the companies are prima facie not prejudicial to the interest of the Company.
- (c) The Principal amounts are repayable over a period of three to five years, while the interest is payable annually or stipulated if any at the discretion of Company.
- (d) In respect of said loan and interest thereon, there are no over due amounts.
- (e) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has taken interest free unsecured loans from associate Company listed in the register maintained under Section 301 of the Companies Act, 1956.

(₹ in Lac)			
No. of Parties	Loan Taken*	Maximum Balance	Closing Balance
1	4295.90	3960.31	3960.31

- f) In our opinion and according to the information and explanations given to us other terms and conditions of above loan taken is prima facie not prejudicial to the interest of the Company.
 - g) In absence of any stipulated term for repayment of principal amount we are unable to comment on whether the principal amount is due for repayment.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, we have not observed any continuing failure to correct any weaknesses in the internal controls system.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
 - a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
 - b) As per information and explanations given to us and in our opinion, the transaction entered into by the Company with parties covered u/s 301 of the Act does not exceeds five lacs rupees in a financial year therefore requirement of reasonableness of transactions does not arises.
6. The Company has not accepted any deposits from the public covered under Section 58A and 58AA of the Companies Act, 1956.
7. As per information and explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rule, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. In respect of statutory dues:
 - (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us, there is no amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes.
10. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. According to information and explanations given to us, the Company is trading in Shares, Mutual funds & other Investments. Proper records & timely entries have been maintained in this regard & further investments specified are held in their own name.
15. According to the information and explanations given to us, the Company has given Corporate Guarantee to the banks towards the loans taken by one of its subsidiary, amounting to ₹ 2706.00 Lac. In our opinion and as per the information and explanation given, terms and conditions of those corporate guarantees are not prejudicial to the interest of the Company.
16. Based on our audit procedures and on the information given by the management, we report that the Company has not raised any new term loans during the year except vehicles and property loans. The term loan outstanding at the beginning of the year, have been applied for the purposes for which they were raised.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any monies by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

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

N. K. AGRAWAL
Partner
Membership No. 34659

Place: Mumbai
Date : 30th May, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

Sr. No	PARTICULARS	NOTE NO.	AS AT 31.03.2013 Amount (₹)	AS AT 31.03.2012 Amount (₹)
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
a.	Share capital	2	58,080,000	58,080,000
b.	Reserves and surplus	3	237,476,208	228,223,848
c.	Money received against share warrants		-	-
2	Share application money pending allotment		-	-
3	Non-current liabilities			
a.	Long-term borrowings	4	400,282,097	51,303,590
b.	Deferred tax liabilities (Net)	5	40,056,448	38,434,658
c.	Other Long term liabilities		-	-
d.	Long-term provisions		-	-
4	Current liabilities			
a.	Short-term borrowings	6	235,545,935	409,464,485
b.	Trade payables	7	166,784,263	203,155,699
c.	Other current liabilities	8	57,453,806	82,866,238
d.	Short-term provisions	9	7,815,209	9,361,493
	TOTAL		<u>1,203,493,966</u>	<u>1,080,890,011</u>
II.	ASSETS			
1	Non-current assets			
a.	Fixed assets			
	(i) Tangible assets	10	369,126,540	396,066,945
	(ii) Intangible assets		453,385	705,322
	(iii) Capital work-in-progress		32,650,716	696,000
	(iv) Intangible assets under development		-	-
b.	Non-current investments	11	85,271,100	85,271,100
c.	Deferred tax assets (Net)	5	-	-
d.	Long-term loans and advances	12	86,753,750	74,251,260
e.	Other non-current assets	13	8,227,747	17,966,058
2	Current assets			
a.	Current investments		-	-
b.	Inventories	14	178,401,911	146,207,352
c.	Trade receivables	15	297,617,967	280,204,605
d.	Cash and cash equivalents	16	13,359,752	14,431,661
e.	Short-term loans and advances	17	129,132,537	63,144,957
f.	Other current assets	18	2,498,561	1,944,751
	TOTAL		<u>1,203,493,966</u>	<u>1,080,890,011</u>

Notes On Accounts Including Significant Accounting Policies 1 to 42

As per our reports of even date attached

For BHUWANIA & AGRAWAL ASSOCIATES

Chartered Accountants
Firm Registration No.101483W

N. K. AGRAWAL

Partner
Membership No. 34659

Place : Mumbai.

Date : 30th May, 2013

For and on behalf of the Board of Directors

PRAKASHCHAND DALMIA
Chairman & Managing Director

AMITABH KEJRIWAL
Whole Time Director

MAHENDRA AGARWAL
Director

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2013

Sr. No	PARTICULARS	NOTE NO.	FOR THE YEAR 2012-13 Amount (₹)	FOR THE YEAR 2011-12 Amount (₹)
I.	Revenue from operations	19	1,026,587,345	961,522,500
II.	Other income	20	24,084,334	2,286,221
III.	Total Revenue (I + II)		1,050,671,679	963,808,721
IV.	Expenses:			
	Cost of materials consumed	21	844,174,425	731,237,167
	Purchases of Stock-in-Trade		-	-
	Change in inventories of finished goods/stock in trade	22	(40,488,878)	(2,848,287)
	Employee benefits expense	23	51,893,359	53,338,620
	Finance costs	24	61,435,129	46,366,873
	Depreciation and amortization expense	10	27,369,964	27,588,150
	Other expenses	25	92,746,960	89,661,876
	Total expenses		1,037,130,960	945,344,399
V.	Profit before exceptional and extraordinary items and tax (III-IV)		13,540,719	18,464,322
VI.	Exceptional items			
	Prior Period Expenses		36,841	445,360
	Short Provision for Taxation		(120,272)	220,267
VII.	Profit before extraordinary items and tax (V - VI)		13,624,150	17,798,695
VIII.	Extraordinary Items		-	-
IX.	Profit before tax (VII- VIII)		13,624,150	17,798,695
X	Tax expense:			
	(1) Current tax		2,750,000	3,342,162
	(2) Deferred tax		1,621,790	2,624,566
XI	Profit (Loss) for the period from continuing operations (VII-VIII)		9,252,360	11,831,967
XII	Profit/(loss) from discontinuing operations		-	-
XIII	Tax expense of discontinuing operations		-	-
XIV	Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		9,252,360	11,831,967
XV	Profit (Loss) for the period (XI + XIV)		9,252,360	11,831,967
XVI	Earnings per equity share:			
	(1) Basic		1.59	2.04
	(2) Diluted		1.59	2.04

Notes On Accounts Including Significant Accounting Policies 1 to 42

As per our reports of even date attached

For BHUWANIA & AGRAWAL ASSOCIATES

Chartered Accountants
Firm Registration No.101483W

N. K. AGRAWAL

Partner
Membership No. 34659

Place : Mumbai.

Date : 30th May, 2013

For and on behalf of the Board of Directors

PRAKASHCHAND DALMIA
Chairman & Managing Director

AMITABH KEJRIWAL
Whole Time Director

MAHENDRA AGARWAL
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lac)

PARTICULARS	31 ST MARCH, 2013	31 ST MARCH, 2012
CASH FLOW FROM OPERATING ACTIVITY		
Net Profit before tax & Extra Ordinary Items	135.41	184.64
Adjustment for : Depreciation	273.70	275.88
Interest paid	614.35	463.67
Provision for Bad Debts	4.89	-
(Profit)/Loss on Sale of Fixed Assets	0.91	0.87
Interest Income (considered separately)	(237.52)	(22.31)
Operating Profit before working capital changes	791.74	902.75
WORKING CAPITAL CHANGES		
(Increase)/Decrease in Sundry Debtors	(179.03)	(840.91)
(Increase)/Decrease in Loans & Advances	(663.75)	(887.74)
(Increase)/Decrease in Inventories	(321.95)	72.66
Increase/(Decrease) in Trade Payable (Incl.Work'g Cap.Fin)	(622.36)	1,142.18
Cash Generated From operations	(995.35)	388.94
Interest paid	(614.35)	(463.67)
Cash Flow Before Prior Period & Extra Ordinary Items	(1,609.70)	(74.73)
Prior Period & Extra Ordinary Items	0.37	4.45
Net Cash Flow From Operating Activities (I)	(1,610.07)	(79.18)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(324.57)	(7.79)
Interest Income	237.52	22.31
Sale of fixed assets	2.34	4.63
Net Cash Outflow for Investing Activities (II)	(84.71)	19.15
Cash Flow After Investing Activities (III) = (I-II)	(1,694.78)	(60.03)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowing (Net of Repayments)	3,489.79	(642.50)
Unsecured Loan	(1,742.63)	783.45
Investment	0.00	(1.20)
Dividend paid	(1.57)	(42.35)
Direct Tax Paid	(61.13)	(41.73)
Net Cash Flow from Financing Activity (IV)	1,684.06	55.67
Cash Flow After Financing Activity (V)=(III-IV)	(10.72)	(4.36)
Opening Balance:		
Cash & Cash Equivalent (Opening Balance)	144.32	148.68
Cash & Cash Equivalent (Closing Balance)	133.60	144.32
Increase in Cash & Cash Equivalent (VI)	(10.72)	(4.36)

As per our reports of even date attached

For BHUWANIA & AGRAWAL ASSOCIATES

Chartered Accountants
Firm Registration No.101483W

N. K. AGRAWAL

Partner
Membership No. 34659

Place : Mumbai.

Date : 30th May, 2013

For and on behalf of the Board of Directors

PRAKASHCHAND DALMIA
Chairman & Managing Director

AMITABH KEJRIWAL
Whole Time Director

MAHENDRA AGARWAL
Director

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2013

1. SIGNIFICANT ACCOUNTING POLICIES:

A. GENERAL

Financial statements have been prepared under Historical Cost Convention, in accordance with the Generally Accepted Accounting Principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company.

B. USE OF ESTIMATE

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

C. FIXED ASSETS

(a) Fixed Assets are stated at cost net of recoverable taxes and includes amounts added revaluation, less accumulated depreciation and impairment loss, if any. All costs, including trial run production and financing cost till commencement of commercial production are capitalized net of cenvat.

(b) Capital Work in Progress:

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

D. DEPRECIATION

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

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

E. IMPAIRMENT OF ASSETS

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

F. INVESTMENT

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

G. INVENTORIES

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

H. TRANSACTIONS IN FOREIGN EXCHANGE

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

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

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

I. SALES & PURCHASE

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

J. BORROWING COST

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

K. EXPORT INCENTIVES

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

L. EMPLOYEES RETIREMENT BENEFIT

Contribution to Provident Fund and leave encashment benefits are charged to Statement of Profit and Loss on actual basis. Gratuity and other retirement benefits have been recorded on cash basis.

M. PROVISION FOR CURRENT AND DEFERRED TAX

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

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

N. PROVISION, CONTINGENT LIABILITY AND CONTINGENT ASSETS

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

NOTES ON ACCOUNTS

(Amount in ₹)

Note No.	Particulars	As At 31.03.2013	As At 31.03.2012
2	SHARE CAPITAL		
	Authorised Capital		
	15000000 Equity Shares of ₹ 10/- each (Previous Year 15000000 Equity Shares of ₹ 10 /- each)	150,000,000	150,000,000
	TOTAL	150,000,000	150,000,000
	Issued, Subscribed and Paid Up		
	5808000 Equity Shares of ₹ 10/- each (Previous Year 5808000 Equity Shares of ₹ 10 /- each)	58,080,000	58,080,000
	TOTAL	58,080,000	58,080,000

Reconciliation of Outstanding Shares as on 31.03.2013

Sr. No.	Particulars	Equity Shares		Preference Shares	
		Number	₹	Number	₹
1	Shares outstanding at the beginning of the year	5,808,000	58,080,000	-	-
2	Shares Issued during the year	-	-	-	-
3	Shares bought back during the year	-	-	-	-
4	Shares outstanding at the end of the year	5,808,000	58,080,000	-	-
	Rights, Preference and Restrictions attached to Equity Shares.				
	<p>“Equity Shareholder is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuring General Meeting. Dividend is paid to the Equity Shareholders, whose name appears in the register of members as on record date.</p> <p>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 the distribution of all preferential amounts. Distribution will be in the proportion to the number of equity shares held by the shareholders.”</p>				

Details of Shareholders holding more than 5% of Equity Share Capital as on 31.03.2013

Sr. No.	Name of the Shareholder	As At 31.03.2013		As At 31.03.2012	
		No. of Shares Held	% of Shareholding	No. of Shares Held	% of Shareholding
1	Rakadevi Dalmia	2,108,091	36.30%	2,108,091	36.30%
2	Kayo Investment And Finance Pvt. Ltd	856,850	14.75%	856,850	14.75%
3	Fillmore Trading & Investments Pvt. Ltd.	840,000	14.46%	840,000	14.46%
4	Prakashchand Dalmia (HUF)	336,600	5.80%	336,600	5.80%
	TOTAL	4,141,541	71.31%	4,141,541	71.31%

NOTES ON ACCOUNTS

(Amount in ₹)

Note No.	Particulars	As At 31.03.2012	Additions during the year	Deductions during the year	As At 31.03.2013
3	RESERVES AND SURPLUS				
	Capital Reserve	-	-	-	-
	Capital Redemption Reserve	4,000,000	-	-	4,000,000
	Securities Premium Account	68,357,165	-	-	68,357,165
	Capital Incentive Subsidy	2,500,000	-	-	2,500,000
	General Reserve	59,751,143	-	-	59,751,143
	Surplus in Profit & Loss Account *	93,615,540	9,252,360	-	102,867,900
	TOTAL	228,223,848	9,252,360	-	237,476,208

		31.03.2013	31.03.2012
	* Profit for the period	-	11,831,967
	Less: Dividend on Equity Shares	-	-
	Less: Dividend Distribution Tax	-	-
	Less: Transfer to General Reserve	-	-
	TOTAL	9,252,360	11,831,967

Note No.	Particulars	As At 31.03.2013	As At 31.03.2012
4	NON-CURRENT LIABILITIES		
	LONG TERM BORROWINGS		
	Secured		
A.	Term Loans		
	-From Banks		
	Indian Bank	16,357,098	51,303,590
	-Loan against Flat	16,934,827	-
	- Vehicle Loans (Against Motor Cars)	3,790,172	-
	TOTAL - I	37,082,097	51,303,590
	Unsecured		
B.	Loans & Advances from Related Parties		
	Inter Corporate Loans	363,200,000	-
	TOTAL - II	363,200,000	-
	TOTAL I + II	400,282,097	51,303,590
	Secured Loans:		
	Term Loans:		
	a) Term Loans from INDIAN BANK and CORPORATION BANK are Secured against		
	i) Mortgage of entire fixed and moveable properties including land & Building of the Company.		
	ii) Hypothecation of entire Plant & Machinery, Machinery Spares, Tools and Accessories, Electrical Installation and Furniture & Fixtures of the Company and		
	iii) Floating charge on all the other Assets of the Company.		
	b) All loans are personally guaranteed by the Managing Director and two other Directors.		

NOTES ON ACCOUNTS

(Amount in ₹)

Note No.	Particulars	As At 31.03.2013	As At 31.03.2012
	<p>c) The Term Loan is payable in quarterly instalments and the same should be paid in total five years.</p> <p>Vehicle Loans: The Loans against the cars are hypothecation of the specific car against which it was sanctioned.</p> <p>Unsecured Loans: Above loan is not gauranted by any director of the Company and is payable after 31.03.2013</p>		
5	DEFERRED TAX LIABILTY		
	Deferred Tax Liabilities	51,236,606	49,428,480
	Deferred Tax Assets	11,180,158	10,993,822
	Deferred Tax Liabilities (NET)	40,056,448	38,434,658
6	CURRENT LIABILTIES		
	SHORT TERM BORROWINGS		
	A. Secured		
	Loans repayable on demand		
	-From Bank		
	Indian Bank	93,723,253	93,386,174
	Corporation Bank	72,917,267	72,909,810
	-From Others	-	-
	B. Unsecured		
	-From Bank		
	IDBI Bank Limited	-	-
	C. Loans & Advances from Related Parties	32,831,415	210,870,500
	Others	36,074,000	32,298,000
	Of the above ₹ Nil is guaranteed by Directors and/or others		
	TOTAL	235,545,935	409,464,485
	a) All working capital loans are secured by Hypothecation on Stock of Raw Materials, Semi-finished, Finished Goods, Stores & Spare, Packing Materials, Consumables & Book Debts and second charge on Land & Building and Plant & Machinery of the Company.		
	b) All loans are personally guaranteed by the Managing Director and two other Director.		
7	TRADE PAYABLES		
	i) Acceptance	75,965,118	81,090,212
	ii) Sundry Creditors		
	For Trade Goods & Expenses	86,212,268	107,779,782
	For Capital Goods	-	-
	For Others	4,606,877	14,285,706
	TOTAL	166,784,263	203,155,699

NOTES ON ACCOUNTS

(Amount in ₹)

Note No.	Particulars	As At 31.03.2013	As At 31.03.2012
8	OTHER CURRENT LIABILITIES		
	Current Maturities of Long-term debts	36,796,086	65,114,950
	Interest Accrued and due	654,126	1,537,876
	Unpaid/Unclaimed dividends	283,317	440,523
	Advance Received against Sale of Land	9,300,000	7,600,000
	Loan From Fillmore Trading & Investment Pvt. Ltd & Others	-	-
	Other Payables		
	a) Taxes & duty	2,132,797	316,893
	b) Payable-ESIC, PF & Prof. Tax etc.	661,472	182,323
	c) Payable-Employee	7,626,008	7,673,673
	TOTAL	57,453,806	82,866,238
9	SHORT TERM PROVISIONS		
	Dividend on Equity Shares (incl'd DDT)	-	-
	Income Tax / Wealth Tax	2,750,000	3,342,162
	Others (Expenses Payable)	5,065,209	6,019,331
	TOTAL	7,815,209	9,361,493

NOTES ON ACCOUNTS
NOTE NO. 10 FIXED ASSETS

(Amount in ₹)

DESCRIPTION	GROSS BLOCK		DEPRECIATION		NET BLOCK					
	As at 01.04.2012 (₹)	Additions/ Adjustments (₹)	Deductions/ Adjustments (₹)	As at 31.03.2013 (₹)	Up to 01.04.2012 (₹)	For the year (₹)	Deductions/ Adjustments (₹)	Up to 31.03.2013 (₹)	As at 31.03.2012 (₹)	As at 31.03.2013 (₹)
Tangible :										
LAND										
Leasehold Land	6,180,340	-	-	6,180,340	367,173	62,421	-	429,594	5,750,746	5,813,167
Freehold Land	1,069,088	-	-	1,069,088	-	-	-	-	1,069,088	1,069,088
BUILDING										
Factory Buildings	75,556,575	-	-	75,556,575	17,080,416	2,523,590	-	19,604,006	55,952,569	58,476,159
Plant & Machineries	484,710,767	315,000	383,733	484,642,034	168,671,025	22,256,907	58,777	190,869,155	293,772,879	316,039,742
Furniture & Fixtures	6,322,113	-	-	6,322,113	3,856,145	278,061	0	4,134,206	2,187,907	2,465,968
Office Equipments	2,079,179	30,866	-	2,110,045	1,234,652	103,795	0	1,338,447	771,598	844,527
Vehicles	19,302,991	-	-	19,302,991	8,132,763	1,726,620	-	9,859,383	9,443,608	11,170,228
Computers	2,529,495	130,710	-	2,660,205	2,341,427	140,635	0	2,482,062	178,143	188,068
Intangible:										
Software*	2,132,326	26,000	-	2,158,326	1,427,004	277,937	-	1,704,941	453,385	705,322
Total	599,882,874	502,576	383,733	600,001,717	203,110,608	27,369,964	58,777	230,421,795	369,579,922	396,772,266
Previous Year	600,651,031	1,183,804	1,951,961	599,882,874	176,923,961	27,588,152	1,401,506	203,110,608	396,772,266	423,727,067
Capital Work in progress	696,000	31,954,716	-	32,650,716	-	-	-	-	32,650,716	696,000

*other than internally generate

NOTES ON ACCOUNTS NOTE No. 11 - NON - CURRENT INVESTMENTS (Long Term Investments) (Amount in ₹)

	Particulars	As At	As At
		31 March, 2013	31 March, 2012
A	Trade Investments (Refer A below)		
	(a) Investment in Equity instruments	85,268,000	85,268,000
	(b) Other non-current investments (specify nature)	-	-
	Total (A)	85,268,000	85,268,000
B	Other Investments (Refer B below)		
	(a) Investment in equity instruments	207,100	207,100
	(b) Other non-current investments (specify nature)	-	-
	Total (B)	207,100	207,100
	Grand Total (A + B)	85,475,100	85,475,100
	Less : Provision for diminution in the value of Investments	204,000	204,000
	Total	85,271,100	85,271,100
	Particulars	2013	2012
		Amount (₹)	Amount (₹)
	Aggregate amount of quoted investments (Market value of NIL (Previous Year NIL) (Company has made the Provision in the Diminution value of Such Investments)	204,000	204,000
	Aggregate amount of unquoted investments.	85,271,100	85,271,100

A.	Details of Trade Investments	Subsidiary / Associate / JVI Controlled Entity / Others	Face Value (₹) unless other wise stated	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (in ₹)	Whether stated at Cost Yes/No	If Answer to Column (9) is 'No' - Basis of valuation
				2013	2012			2013	2012			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(a)	Investment in Equity Instruments											
	India Denim Limited	Subsidiary	10	6461000	unquoted	Fully	61.17	62.09	84,888,000	63,288,000	Yes	-
	Share Application in India Denim Limited	Subsidiary	10	2160000	-	-	-	-	0	21,600,000	Yes	-
	Konark Infotech Private Limited	Subsidiary	10	28000	unquoted	Fully	53.85	52.00	280,000	280,000	Yes	-
	Konark Greentech Private Limited	Subsidiary	10	10000	unquoted	Fully	100	0.00	100,000	100,000	Yes	-
	Total								85,268,000	85,268,000		
B.	Details of Other Investments											
(a)	Investment in Equity											
	Silvassa Co-op. Society Limited	Others	100	10	unquoted	Fully	N.A	N.A	1,100	1,100	Yes	
	The City Co-op. Bank Ltd.	Others	25	40	unquoted	Fully	N.A	N.A	2,000	2,000	Yes	
	Sun Earth Ceramics limited	Others	10	6800	Quoted	Fully	N.A	N.A	204,000	204,000	Yes	
	Total								207,100	207,100		

NOTES ON ACCOUNTS

(Amount in ₹)

Note No.	Particulars	As At 31.03.2013	As At 31.03.2012		
12	NON-CURRENT ASSETS				
	LONG TERM LOAN AND ADVANCES				
	Loans to Subsidiaries	77,775,000	65,225,000		
	Capital Advances	-	-		
	Employee Loans & Advances	-	-		
	Others	8,978,750	9,026,260		
	TOTAL	86,753,750	74,251,260		
13	OTHER NON-CURRENT ASSETS				
	Security Deposits	8,015,886	17,931,850		
	Prepaid Expenses	211,861	34,208		
	Other Long Term Receivables (Adv. Agnst.Flat)	-	-		
	TOTAL	8,227,747	17,966,058		
14	CURRENT ASSETS				
	INVENTORIES				
	-Raw Materials	5,160,551	13,729,923		
	-Stores, Spares	8,846,860	8,571,807		
	-Process Stock	121,600,985	85,588,759		
	-Finished Goods	42,793,515	38,316,863		
	-Goods in Transit	-	-		
	TOTAL	178,401,911	146,207,352		
15		As At 31.03.2013		As At 31.03.2012	
	TRADE RECEIVABLE				
	Unsecured				
	-Over 6 months -Good	9,918,945		83,083,221	
	-Doubtful	489,270		-	
	-Other Debts - Good	287,699,022		197,121,384	
		298,107,237		280,204,605	
	Less: Provision for Doubtful debts	489,270	297,617,967	-	280,204,605
	TOTAL		297,617,967		280,204,605
	16	CASH & CASH EQUIVALENTS			
-Cash in Hand (includ Imprest)			375,401		717,011
-On Current Accounts			155,011		866,948
-On Dividend Accounts			283,317		440,523
-On Deposit Accounts (More than 12 Months)			7,000		3,261,115
-On Margin Money			12,539,023		9,146,064
TOTAL			13,359,752		14,431,661

NOTES TO ACCOUNTS

(Amount in ₹)

Note No.	Particulars	As At 31.03.2013	As At 31.03.2012
17	SHORT TERM LOANS AND ADVANCES		
	-To Related Parties (Subsidiaries)	108,053,356	52,535,764
	-Interest receivable but not due	7,506,919	-
	-To Employees	430,087	925,241
	-Advance Payment of Income Tax/Wealth Tax (includ TDS)	4,314,051	1,383,770
	-Receivable from Government Authorities	7,935,517	6,522,711
	-Interest Subsidy Receivable	892,607	1,777,471
	TOTAL	129,132,537	63,144,957
18	OTHER CURRENT ASSETS		
	-Others		
	Doubtful	1,084,180	1,084,180
	Other Considered Good	2,498,561	1,944,751
		3,582,741	3,028,931
	Less Provision for Doubtful Advances	1,084,180	1,084,180
	TOTAL	2,498,561	1,944,751

Note No.	Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
19	REVENUE FROM OPERATIONS		
	Sales		
	Domestic Sales(Incl. Operational Income)	986,723,434	921,690,887
	Job Work Charges	38,913,432	38,816,927
	Weaving & Processing Charges	950,479	1,014,686
	TOTAL	1,026,587,345	961,522,500
20	OTHER INCOME		
	Interest Income on FDR	1,000,513	1,012,434
	Interest Income (T.D.S. ₹ 2,366,883/- P.Y. ₹ 234,556/-)	22,751,035	1,218,940
	Late Payment charges	18,865	28,169
	Foreign Exchange Fluctuation	7,278	9,082
	Miscellaneous Income & Others	306,643	17,596
	TOTAL	24,084,334	2,286,221
21	COST OF MATERIALS CONSUMED		
	Raw Material Consumed		
	Opening Stock	13,729,924	21,565,621
	Add : Purchases	835,605,052	723,401,469
		849,334,976	744,967,090
	Less: Closing Stock	5,160,551	13,729,923
	TOTAL	844,174,425	731,237,167

NOTES ON ACCOUNTS

(Amount in ₹)

Note No.	Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
22	CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE		
	Closing Stock - Process	121,600,985	85,588,759
	Closing Stock - Finished	42,793,515	38,316,863
	TOTAL - A	164,394,500	123,905,622
	Opening Stock - Process	85,588,759	82,549,214
	Opening Stock - Finished	38,316,863	38,508,121
	TOTAL - B	123,905,622	121,057,335
	(Increase) / Decrease in Stocks		
	TOTAL - (B - A)	(40,488,878)	(2,848,287)
23	EMPLOYEE BENEFITS EXPENSES		
	Salaries, Wages & Bonus	39,008,867	49,515,844
	Gratuity & Other Allowances	9,501,855	389,201
	Contribution to Funds	2,660,889	2,718,610
	Staff Welfare Expenses	721,748	714,965
	TOTAL	51,893,359	53,338,620
24	FINANCE COST		
	Interest on Term Loan	11,209,227	17,967,916
	Interest on Working Capital	23,837,095	22,234,170
	Interest to Other	19,323,823	518,892
	Bank Charges	5,304,429	5,079,525
	Car Finance Charges	1,760,555	566,370
	TOTAL	61,435,129	46,366,873
25	OTHER EXPENSES		
	A. Manufacturing Expenses		
	Power & Fuel	32,517,106	32,226,743
	Stores, Spares & Packing Material Consumed	15,690,159	16,500,169
	Colour, Chemical, Oil & Lubricant Consumed	2,713,485	3,147,260
	Repairs to Building	-	34,305
	Repairs to Plant & Machinery	1,769,050	1,972,295
	Repair & Maintenance - Other (At Plants)	122,259	133,157
	Security Charges	1,059,419	1,123,768
	Labour Charges	10,035,002	8,530,934
	Job work Charges	5,342,208	2,571,855
	Freight, Octroi & Cartage	1,609,164	1,887,685
	Other Manufacturing Expenses	809,859	885,522
	TOTAL - A	71,667,711	69,013,693

NOTES ON ACCOUNTS

(Amount in ₹)

Note No.	Particulars	For the year ended 31.03.2013		For the year ended 31.03.2012	
	B. Administrative & General Expenses				
	Conveyance Expenses		607,251		523,079
	Director's Remuneration & Perquisites		1,828,838		1,762,035
	Electricity		397,511		350,882
	Insurance		421,014		663,181
	Loss on Sale of Fixed Assets		91,281		87,342
	Miscellaneous Expenses/General Expenses		2,371,704		4,921,045
	Professional Fees/ Legal Expenses		1,835,460		1,790,927
	Provision for Bad Debts		489,270		-
	Rent, Rates, Fees & Taxes		4,640,719		4,057,737
	Repairs & Maintenance (Others)		185,935		163,133
	Telephone		911,331		-
	Traveling		950,098		-
	Auditors Remuneration:				
	- For Statutory Audit	252,810		224,720	
	- For Tax Audit	56,180		56,180	
	- For Certification	33,708		49,635	
	- Others (Cost Audit)	224,720	567,418	-	
	TOTAL - B		15,297,830		330,535
	C. Selling & Distribution Expenses				14,649,896
	Marketing Expenses & Brokerage		2,955,246		3,447,978
	Outward Freight & Octroi				
	Export Freight	-	-	-	-
	Other Freight	789,476	789,476	832,716	832,716
	Sales Promotion Expenses		694,157		549,213
	Sample & Development Expenses		1,342,541		1,168,380
	TOTAL - C		5,781,420		5,998,287
	TOTAL (A+B+C)		92,746,960		89,661,876

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2013

26. No provision for gratuity has been made during the year as the Company has not gone for actuarial valuation as prescribed by (AS-15) "Employee Benefits". It is accounted on as and when it is paid. Since the amount is unascertainable, the impact of the same on Profit and Loss statement cannot be stated.
27. The Company is operating in single segment i.e. Textiles and thus there is no reportable segments as per Accounting Standard (AS-17) "Segment Reporting". There is no reportable geographical segment either.
28. As per Accounting Standard (AS-18) "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the disclosure of Related Parties and transactions with them thereof are given below:

A. Related Parties:

i) Subsidiaries and Fellow Subsidiaries:

India Denim Limited – Subsidiary
 Konark Greentech Private Limited – Subsidiary
 Konark Solartech Private Limited – Fellow Subsidiary
 Konark Wind Projects Private Limited – Fellow Subsidiary
 Konark Infratech Private Limited – Subsidiary
 Konark Gujarat PV Private Limited - Fellow Subsidiary

ii) Individual having significant influence:

Smt. Raka Devi Dalmia – Shareholder

iii) Key Managerial Personnel (KMP) and Relative:

Mr. Prakashchand Dalmia – Chairman & Managing Director
 Mr. Amitabh Kejriwal – Whole Time Director
 Ms. Shikha Dalmia – Relative of Director
 Ms. Smita Kejriwal – 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
 M/s Trade Bazaar Homotech Ventures LLP.

B. Transactions with Related Parties:

(₹ In Lac)

Particulars	Subsidiaries and Fellow Subsidiaries	Individual having significant influence	KMP and Relatives of KMPs	Enterprise over which KMP have significant influence	Total
Remuneration & Perquisites	-	-	19.64	-	19.64
Salary	-	-	4.08	-	4.08
Rent Expenses	-	1.80	-	1.08	2.88
Rent Received	-	-	-	1.80	1.80
Loan Taken	-	-	-	4295.90	4295.90
Loan Given	3186.53	-	-	-	3186.53

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

(₹ In Lac)

	2012-13	2011-12
Managerial Remuneration & Prerequisites		
Prakashchand Dalmia	12.22	11.62
Amitabh Kejriwal	7.42	7.35
Salary Paid		
Sikha Dalmia	2.16	2.16
Smita Kejriwal	1.92	1.92
Rent Paid		
Konark Silk Mills	1.08	1.08
Raka Devi Dalmia	1.80	1.80
Rent Received		
Trade Bazaar Hometech Ventures LLP.	1.80	0.00
Loans Taken		
Konark Realtech Pvt. Ltd.	4295.90	1068.37
Loans Given		
India Denim Limited	195.50	572.75
Konark Infratech Pvt. Ltd	2971.27	721.62
Konark Greentech Pvt. Ltd.	19.76	95.44

D. Balances with the Related Parties as at 31st March, 2013:

(₹ in Lac)

Particulars	Subsidiaries and Fellow Subsidiaries	Individual having significant influence	KMP and Relatives of KMPs	Enterprise over which KMP have significant influence	Total
Remuneration & Perquisites	-	-	1.03	-	1.03
Salary	-	-	0.34	-	0.34
Rent Received	-	-	-	0.10	0.10
Loan Taken	-	-	-	3978.80	3978.80
Loan Given	3163.29	-	-	-	3163.29

29. Earning Per Share (EPS) (Basic and Diluted):

Particulars	2012-13	2011-12
Net Profit / (Loss) after Current and Deferred Tax (In ₹ Lac)	0.92	118.32
Number of Equity Shares	5808000	5808000
Basic Earning Per Share	1.59	2.04
Diluted Earnings Per Share	1.59	2.04

30. Breakup of Net Deferred Tax Liability:

(₹ in Lac)

Particulars	2012-13	2011-12
A. Deferred Tax Liability (DTL)		
Due to depreciation difference	18.78	36.38
Total DTL	18.78	36.38
B. Deferred Tax Assets (DTA)		
Credit under u/s 43B & 40(a)	0.70	1.47
Mat credit available for the year	1.86	8.67
Difference due to rate of Income Tax	-	-
Total DTA	2.56	10.13
Net Deferred Tax Liability	16.22	26.25

31. Contingent Liability/ Capital Commitments

The Bankers of the Company have given Guarantees to various Government Authorities amounting to ₹ 58.49 Lac (P.Y. ₹ 58.49 Lac) for which the Company has given counter guarantee and margin money to the bankers amounting to ₹ 13.66 Lac (P.Y. ₹15.74 Lac).

The Company has given a Counter Guarantee of ₹ 2706.00 Lac (P.Y. ₹ 2706.00) to the bankers of its subsidiary; India Denim Limited against the subsidiary's sanctioned Term Loan and Working Capital Facilities. The Company does not expect any outflow of resources in respect of the above.

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

32. In the opinion of the Board, the current assets, loans and advances are approximately of the value stated in the Balance Sheet realizable in the ordinary course of business. Sundry Debtors, Creditors & Advances are subject to reconciliation with parties.
33. The Company is eligible for 30% deduction under Sections 80IB of the Income Tax Act, 1961 (Tax Holidays benefit) on the profit earned by the Company from Unit No. IV.
34. Income Tax Assessment of the Company has been completed up to the Financial Year ended on 31st March, 2010.
35. Additional information as per Revised Schedule VI:

Raw Material Consumed:

(₹ in Lac)

Particulars	Consumption
Yarn	1924.02 (1776.04)
Fabric	6517.72 (5536.33)
Total	8441.74 (7312.37)

Raw Material Purchased

(₹ in Lac)

Particulars	Purchases
Yarn	1838.33 (1760.93)
Fabric	6517.72 (5473.08)
Total	8356.05 (7234.01)

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

(₹ in Lac)

Particulars	Sales Value	Closing Inventory	Opening Inventory
Manufactured Goods			
Yarn	2986.20 (2657.25)	216.90 (169.30)	169.30 (231.80)
Fabric	6881.04 (6559.66)	195.78 (195.55)	195.55 (134.85)
Garments	NIL (NIL)	15.25 (18.32)	18.32 (18.44)
Others	398.64 (398.32)	NIL (NIL)	NIL (NIL)
Total	10265.88 (9615.23)	427.93 (383.17)	383.17 (385.08)
Traded Goods			
Fabric	NIL (NIL)	NIL (NIL)	NIL (NIL)
Total	NIL (NIL)	NIL (NIL)	NIL (NIL)

Work in Process

(₹ in Lac)

Particulars	2012-13	2011-12
Work in Process		
Yarn	563.30	611.18
Fabric	559.43	162.63
Readymade Garments	93.28	82.08
Total	1216.01	855.89

36. Auditors Remuneration:

(₹ in Lac)

Particulars	2012-13	2011-12
Audit Fees	2.53	2.25
Tax Audit	0.56	0.56
For Others	0.34	0.50
Total	3.43	3.31

37. Earnings In Foreign Exchange

(₹ in Lac)

Particulars	2012-13	2011-12
FOB Value of Exports	-	-

38. CIF Value of Imports:

(₹ in Lac)

Particulars	2012-13	2011-12
Stores & Spares	4.90	6.52

39. Expenditure in Foreign Currency: (₹ in Lac)

Particulars	2012-13	2011-12
Stores & Spares	4.90	-
Travelling Expenses	2.22	-

40. Disclosure as per Micro, Small, and Medium Enterprises Development Act, 2006

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

41. Disclosure as per the Clause 32 of the Listing Agreement:

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

(₹ in Lac)

Name of the Company	Amount Outstanding 31 st March, 2013	Maximum Outstanding during the Year
India Denim Limited	777.75 (652.25)	782.75 (652.25)
Konark Infratech Pvt. Ltd.	1024.62 (425.00)	2283.50 (425.00)
Konark Greentech Pvt. Ltd.	44.96 (95.44)	97.04 (95.44)

42. The Financial Statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act, 1956. Previous year figures have been regrouped / rearranged wherever necessary to make them comparable with those of the Current Year.

As per our reports of even date attached
For BHUWANIA & AGRAWAL ASSOCIATES
 Chartered Accountants

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

N. K. AGRAWAL
 Partner
 Membership No. 34659
 Place : Mumbai.
 Date : 30th May, 2013

MAHENDRA AGARWAL
 Director

CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,
**The Board of Directors of
Konark Synthetic Limited**

1. We have audited the attached Consolidated Balance Sheet of **KONARK SYNTHETIC LIMITED** ("the Company") and its subsidiaries (collectively referred as "the Konark Group") as at 31st March, 2013, the Consolidated Statement of Profit & Loss and the Consolidated Cash Flow statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards Generally Accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries namely India Denim Limited and Konark Infratech Private Ltd. whose financial statements reflect total assets (net) of ₹ 12981.59 Lac, total revenue of ₹ 7141.06 Lac and net cash outflow amounting to ₹ 790.65 Lac for the year ended on that date. These financial statements and the other financial information have been audited by other auditors whose audit reports have been furnished to us, and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with requirements of Accounting Standards (AS-21) "Consolidated Financial Statements" notified by the Central Government under Sec 211(3C) vide Companies (Accounting Standard) Rules 2006 except for the Non Provision of Gratuity as referred to in Note No. 27 of Notes on Account.
5. Based on our audit and on consideration of separate audit reports of other auditors on the aforesaid subsidiaries and the other financial information of the components, and to the best of our information and according to the explanation given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, except as what is referred in para above:
 - (i) in case of Consolidated Balance Sheet, of the state of affairs of the Konark Group as at 31st March, 2013;
 - (ii) in the case of Consolidated Statement of Profit & Loss, of the Profit of the Konark Group for the year ended on that date ; and
 - (iii) in the case of the Consolidated Cash Flow statement, of the cash flows of the Konark Group for the year ended on that date.

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

N. K. AGRAWAL
Partner
Membership No. 34659

Place: Mumbai
Date: 30th May, 2013

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

Sr. No	PARTICULARS	NOTE NO.	AS AT 31.03.2013 Amount (₹)	AS AT 31.03.2012 Amount (₹)
I	EQUITY AND LIABILITIES			
1	Shareholders' funds			
a.	Share capital	2	58,080,000	58,080,000
b.	Reserves and surplus	3	255,765,228	236,939,471
c.	Money received against share warrants			
2	Share application money pending allotment		-	20,000,000
	Minority Interest			
	India Denim Limited		60,321,099	42,765,613
	Konark Infratech Private Limited		7,236,692	1,940,037
3	Non-current liabilities			
a.	Long-term borrowings	4	826,400,745	983,753,443
b.	Deferred tax liabilities (Net)	5	40,056,448	38,434,658
c.	Other Long term liabilities		-	-
d.	Long-term provisions		-	-
4	Current liabilities			
a.	Short-term borrowings	6	483,111,619	318,488,027
b.	Trade payables	7	280,671,112	380,579,632
c.	Other current liabilities	8	197,374,499	272,800,449
d.	Short-term provisions	9	19,367,971	15,619,893
	TOTAL		2,228,385,413	2,369,401,222
II	ASSETS			
1	Non-current assets			
a.	Fixed assets	10		
	(i) Tangible assets		1,299,058,264	1,388,505,709
	(ii) Intangible assets		453,385	705,322
	(iii) Capital work-in-progress		36,907,925	3,662,361
	(iv) Intangible assets under development		-	-
b.	Non-current investments	11	3,100	3,100
c.	Deferred tax assets (Net)	5	-	-
d.	Long-term loans and advances	12	27,533,469	18,190,902
e.	Other non-current assets	13	8,247,747	17,966,058
2	Current assets			
a.	Current investments		-	-
b.	Inventories	14	356,731,966	318,051,802
c.	Trade receivables	15	433,984,032	469,624,663
d.	Cash and cash equivalents	16	20,136,766	100,329,078
e.	Short-term loans and advances	17	42,580,671	31,694,787
f.	Other current assets	18	2,748,088	20,667,440
	TOTAL		2,228,385,413	2,369,401,222

Notes on Accounts including Significant Accounting Policies 1 to 34

As per our reports of even date attached

For and on behalf of the Board of Directors

For BHUWANIA & AGRAWAL ASSOCIATES

Chartered Accountants
Firm Registration No.101483W

PRAKASHCHAND DALMIA
Chairman & Managing Director

AMITABH KEJRIWAL
Whole Time Director

N. K. AGRAWAL

Partner
Membership No. 34659

Place : Mumbai.

Date : 30th May, 2013

MAHENDRA AGARWAL

Director

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2013

Sr. No	PARTICULARS	NOTE NO.	FOR THE YEAR 2012-13 Amount (₹)	FOR THE YEAR 2011-12 Amount (₹)
I.	Revenue from operations	19	1,737,243,439	1,536,138,735
II.	Other income	20	7,051,399	9,177,177
III.	Total Revenue (I + II)		1,744,294,838	1,545,315,912
IV.	Expenses:			
	Cost of materials consumed	21	1,197,049,026	1,029,429,701
	Purchases of Stock-in-Trade	22	39,376,607	125,671,730
	Change in inventories of finished goods/stock in trade	23	(46,757,723)	(19,833,957)
	Employee benefits expense	24	81,336,109	68,427,878
	Finance costs	26	158,109,132	121,233,585
	Depreciation and amortization expense	10	101,699,606	66,245,826
	Other expenses	25	183,849,393	130,507,655
	Total expenses		1,714,662,150	1,521,682,418
V.	Profit before exceptional and extraordinary items and tax (III-IV)		29,632,688	23,633,494
VI.	Exceptional items		-	-
VII.	Profit before extraordinary items and tax (V - VI)		29,632,688	23,633,494
VIII.	Prior Period Items		55,906	445,360
IX.	Short Provision for Taxation		(120,272)	220,267
X.	Profit before tax (VII- VIII)		29,697,054	22,967,867
XI.	Tax expense:			
	(1) Current tax		6,397,366	4,283,651
	(2) Deferred tax Liabilities(Assets)		1,621,790	2,624,566
XII.	Profit (Loss) for the period from continuing operations (VII-VIII)		21,677,898	16,059,650
XIII.	Less Minority Interest			
	i. India Denim Limited		358,579	284,220
	ii. Konark Infratech Private Limited		5,296,655	1,623,029
	Less Preacquisition Loss adjusted in Capital Reserve		-	-
	Profit (Loss) for the period after Minority Interest		16,022,665	14,152,402
XIV.	Profit/(loss) from discontinuing operations		-	-
XV.	Tax expense of discontinuing operations		-	-
XVI.	Profit/(loss) from Discontinuing operations (after tax) (XIV-XV)		-	-
XVII.	Profit (Loss) for the period (XII + XVI)		16,022,665	14,152,402
XVIII.	Earnings per equity share:			
	(1) Basic		2.76	2.44
	(2) Diluted		2.76	2.44

Notes on Account including Significant Accounting Policies 1 to 34

As per our reports of even date attached

For and on behalf of the Board of Directors

For BHUWANIA & AGRAWAL ASSOCIATES

PRAKASHCHAND DALMIA
Chairman & Managing Director

AMITABH KEJRIWAL
Whole Time Director

Chartered Accountants
Firm Registration No.101483W

N. K. AGRAWAL

Partner
Membership No. 34659

Place : Mumbai.

Date : 30th May, 2013

MAHENDRA AGARWAL

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lac)

PARTICULARS	31 ST MARCH, 2013	31 ST MARCH, 2012
CASH FLOW FROM OPERATING ACTIVITY		
Net Profit before tax & Extra Ordinary Items	296.33	236.33
Adjustment for : Depreciation	1,017.00	662.46
Interest paid	1,581.09	1,212.34
Provision for Bad Debts	4.89	0.00
Miscellaneous Exp. Written Off.	0.20	0.20
(Profit)Loss on Sale of Fixed Assets	1.69	1.38
Interest Income (considered Separately)	(22.58)	(84.86)
Operating Profit before working capital changes	2,582.29	1,791.52
WORKING CAPITAL CHANGES	2,878.62	2,027.85
(Increase)Decrease in Sundry debtors	351.51	(1,420.21)
(Increase)Decrease in Loans & Advances	135.80	33.75
(Increase)Decrease in Inventories	(386.80)	231.52
Increase(Decrease) in Trade Payable(Incl.Work'g Cap.Fin)	(2,042.35)	2,859.86
Cash Generated From operations	936.78	3732.77
Interest paid	(1,581.09)	(1,212.34)
Cash Flow Before Prior Period & Extra Ordinary Items	(644.31)	2,520.44
Prior Period & Extra Ordinary Items	0.56	4.46
Net Cash Flow From Operating Activities (I)	(644.87)	2,515.98
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(456.98)	(6,413.57)
Interest Income	22.58	84.86
Sale of fixed assets	2.83	30.47
Net Cash Outflow for investing Activities (II)	(431.57)	(6,298.24)
Cash flow after investing activities (III) = (I-II)	(1,076.44)	(3,782.27)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowing (Net of Repayments)	(1,573.53)	(1,008.08)
Unsecured Loan	1,911.53	5,594.57
Dividend paid	(1.57)	(42.35)
Direct Tax Paid	(61.91)	(41.72)
Net Cash Flow from financing activity (IV)	274.52	4,502.41
Cash flow after financing activity V)=(III-IV)	(801.92)	720.15
Opening Balance:		
Cash &Cash Equivalent (Opening Balance)	1,003.29	283.14
Cash &cash equivalent(Closing balance)	201.37	1,003.29
Increase in cash & cash equivalent (VI)	(801.92)	720.15

As per our reports of even date attached

For BHUWANIA & AGRAWAL ASSOCIATES

Chartered Accountants
Firm Registration No.101483W

N. K. AGRAWAL

Partner
Membership No. 34659

Place : Mumbai.

Date : 30th May, 2013

For and on behalf of the Board of Directors

PRAKASHCHAND DALMIA
Chairman & Managing Director

AMITABH KEJRIWAL
Whole Time Director

MAHENDRA AGARWAL
Director

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2013

1. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Significant accounting policies on Consolidated Accounts:

A. GENERAL

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

B. PRINCIPLES OF CONSOLIDATION

- a) The Consolidated Financial Statements include the financial statement of KSL and its subsidiaries as stated above.
- b) The Consolidation Financial Statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the parents Company's separate financial statements except otherwise stated elsewhere in this schedule. The Financial statements of the Company and its subsidiaries companies have been combined on line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements".
- c) Minority Interest in the consolidated financial statements is identified & recognized after taking into consideration:
 - The amount of equity attributable to minorities at the date on which investments in subsidiary is made.
 - The minority's share of movement in equity since the date of subsidiary Company came into existence.
 - The losses attributable to the minorities are adjusted against the Minority interest in the equity of the subsidiary Company.
 - The excess of profit over the minority interest in the equity is adjusted against Profit and Loss of the Parent Company.

C. THE DETAILS OF THE SUBSIDIARIES IN THE CONSOLIDATED FINANCIAL STATEMENT ARE AS FOLLOWS:

Name of the Subsidiary Company	Financial Year of the Subsidiary Company ended on	Extent of Holding Company's Interest	Country of Incorporation
India Denim Limited	31 st March, 2013	61.17%	India
Konark Infratech Private Limited	31 st March, 2013	53.85%	India
Konark Greentech Private Limited	31 st March, 2013	100.00%	India

D. USE OF ESTIMATE

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

E. FIXED ASSETS

Fixed assets are stated at Historical Cost of acquisition or construction, less accumulated depreciation and all costs including financing cost till the date of capitalization.

F. DEPRECIATION

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

G. IMPAIRMENT OF ASSETS

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

H. INVENTORIES

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

I. INVESTMENT

Investments other than in subsidiary have been accounted as per Accounting Standard (AS-13) on "Accounting for Investments". Long-term investments are stated at the cost of acquisition.

J. TRANSACTION IN FOREIGN EXCHANGE

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

K. TAXATION

Current Tax

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

Deferred Tax

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

L. SALES & PURCHASE

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

M. EXPORT INCENTIVES

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

N. EMPLOYEES RETIREMENT BENEFIT

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

O. PROVISION, CONTINGENT LIABILITY AND CONTINGENT ASSETS

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

NOTES ON CONSOLIDATED ACCOUNTS

(Amount in ₹)

Note No.	Particulars	As At 31.03.2013	As At 31.03.2012
2	SHARE CAPITAL		
	Authorised Capital		
	15000000 Equity Shares of ₹ 10/- each (Previous Year 15000000 Equity Shares of ₹ 10 /- each)	150,000,000	150,000,000
	TOTAL	150,000,000	150,000,000
	Issued, Subscribed and Paid Up		
	5808000 Equity Shares of ₹ 10/- each (Previous Year 5808000 Equity Shares of ₹ 10 /- each)	58,080,000	58,080,000
	TOTAL	58,080,000	58,080,000

Reconciliation of Outstanding Shares as on 31.3.2013

Sr. No.	Particulars	Equity Shares		Preference Shares		
		Number	₹	Number	₹	
1	Shares outstanding at the beginning of the year	5,808,000	58,080,000	-	-	
2	Shares Issued during the year	-	-	-	-	
3	Shares bought back during the year	-	-	-	-	
4	Shares outstanding at the end of the year	5,808,000	58,080,000	-	-	
	Rights, Preference and Restrictions attached to equity Shares.					
	Equity Share Holder is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuring General Meeting. Dividend is paid to the equity Shareholders, whose name appears in the register of members as on record date.					
	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 the distribution of all preferential amounts. Distribution will be in the proportion to the number of equity shares held by the shareholders.					

Details of Shareholders holding more than 5% of Equity Share Capital as on 31.03.2013

Sr. No.	Name of the Shareholder	As At 31.03.2013		As At 31.03.2012	
		No. of Shares Held	% of Shareholding	No. of Shares Held	% of Shareholding
1	Rakadevi Dalmia	2,108,091	36.30%	2,108,091	36.30%
2	Kayo Investment And Finance Pvt. Ltd	856,850	14.75%	856,850	14.75%
3	Fillmore Trading & Investments Pvt. Ltd.	840,000	14.46%	840,000	14.46%
4	Prakashchand Dalmia (HUF)	336,600	5.80%	336,600	5.80%
	TOTAL	4,141,541	71.31%	4,141,541	71.31%

NOTES ON CONSOLIDATED ACCOUNTS

(Amount in ₹)

Note No.	Particulars	As At 31.03.2012	Additions during the year	Deductions during the year	As At 31.03.2013
3	RESERVES AND SURPLUS				
	Capital Reserve*	1,369,150		1,369,150	-
	Capital Redemption Reserve	4,000,000	-	-	4,000,000
	Securities Premium Account	68,357,165	31,200,000	30,750,099	68,807,066
	Capital Incentive Subsidy	2,500,000	-	-	2,500,000
	General Reserve	59,751,143	-	-	59,751,143
	Surplus in Profit & Loss Account **	100,962,015	26,741,696	6,996,692	120,707,019
	TOTAL	236,939,473	57,941,696	39,115,941	255,765,228

* Capital Reserve additions includes Goodwill of ₹ 47152 which has been netted off from Capital Reserve

		31.03.2013	31.03.2012
	** Profit for the period	-	16,022,665
	Less: Dividend on Equity Shares	-	-
	Less: Dividend Distribution Tax	-	-
	Less: Transfer to General Reserve	-	-
	TOTAL	16,022,665	14,152,402

Note No.	Particulars	As At 31.03.2013	As At 31.03.2012
4	NON-CURRENT LIABILITIES		
	LONG TERM BORROWINGS		
	Secured		
A.	Term Loans		
	-From Banks		
	Indian Bank	34,412,628	77,695,460
	ICICI Bank Ltd.	16,934,827	-
	State Bank of India	56,822,945	82,686,883
	Bank of Baroda	17,174,023	26,380,277
	State Bank of Indore	3,008,000	6,268,944
	Punjab National Bank	3,021,307	5,232,255
	State Bank of Travancore	3,879,788	5,910,000
	Motor Cars Loans	3,790,172	5,172,827
	Others	231,141,947	303,600,134
	TOTAL - I	370,185,637	512,946,780
	a)Term Loans from Indian Bank are secured by Equitable Mortgage of Factory Land & Building at Sarigam, hypothecation of entire Plant & Machinery of Silvassa and Sarigam and Land & Building at Plot No. 1 & 2 at Silvassa and is payable over a period of 5 Years		
	b)Term Loan from Corporation Bank of are secured by hypothecation of all the immovable and movable assets at Bengaluru and situated at Plot No. 25 at Silvassa (Unit - Excel). The same has been taken under the Other Current Liabilities and is payable over a period of 5 years.		
	c) Subsidiary Term Loan from BOB, SBI, INDIAN BANK, SBIN, PNB and SBT are secured by First charge ranking <i>parri passu</i> 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		

NOTES ON CONSOLIDATED ACCOUNTS

(Amount in ₹)

Note No.	Particulars	As At 31.03.2013	As At 31.03.2012
	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.		
	d) All loans are personally guaranteed by the Managing Director and Promoters.		
	e) Finance Lease Obligations are secured against leased assets.		
	The Loans against the cars are hypothecation of the specific car against which it was sanctioned and is payable over a period of 3 to 5 Years.		
A.	Unsecured		
	Term Loans		
	-From Banks	-	-
	-From Holding Company	-	-
	-From Others	93,015,108	227,638,163
	Of the above ₹ NIL is guaranteed by Directors and/or others		
B.	Loans & Advances from Related Parties		
	Inter Corporate Loans	363,200,000	243,168,500
	Of the above ₹ NIL is guaranteed by Directors and/or others.		
	Terms of Repayment: Payable after 31.03.2013		
	TOTAL - II	456,215,108	470,806,663
	TOTAL I + II	826,400,745	983,753,443
5	DEFERRED TAX LIABILITY		
	Deferred Tax Liabilities	51,236,606	49,428,480
	Deferred Tax Assets	11,180,158	10,993,822
	Deferred Tax Liabilities (NET)	40,056,448	38,434,658
6	CURRENT LIABILITIES		
	SHORT TERM BORROWINGS		
	Secured		
	A. Loans repayable on demand		
	- From Bank		
	Indian Bank	131,220,119	130,838,641
	Corporation Bank	72,917,267	72,909,810
	State Bank of India	50,330,136	72,363,814
	Bank of Baroda	37,490,682	42,375,762
	- From Others	-	-
	a) All working capital loans are secured by Hypothecation on Stock of Raw Materials, Semi-finished, Finished Goods, Stores & Spare, Packing Materials, Consumables & Book Debts and second charge on Land & Building and Plant & Machinery of the Company.		
	b) All loans are personally guaranteed by the Managing Director and two other Director.		

NOTES ON CONSOLIDATED ACCOUNTS

(Amount in ₹)

Note No.	Particulars	As At 31.03.2013	As At 31.03.2012
	Unsecured From Bank	-	-
	B. Loans & Advances from Related Parties	32,831,415	-
	Others	158,322,000	-
	TOTAL	483,111,619	318,488,027
	The above ₹ NIL is guaranteed by Directors and/or others		
7	TRADE PAYABLES		
	i) Acceptance	121,539,741	103,083,810
	ii) Sundry Creditors		
	For Trade Goods & Expenses	103,159,980	129,192,651
	For Capital Goods	55,971,391	148,303,171
	For Others	-	-
	TOTAL	280,671,112	380,579,632
8	OTHER CURRENT LIABILITIES		
	Current Maturities of Long-term debts	159,466,241	107,886,424
	Interest Accrued and due on borrowings	4,114,438	17,730,794
	Unpaid/Unclaimed dividends	283,317	440,523
	Advance Received against Land	9,300,000	7,600,000
	Taxes & duty	5,693,118	6,197,353
	Other Payables		
	a) Payable-PF, ESIC & Professional Tax	2,290,808	182,323
	b) Payable - Employees	11,269,888	9,766,443
	c) Other	4,956,689	122,996,589
	TOTAL	197,374,499	272,800,449
9	SHORT TERM PROVISIONS		
	Dividend on Equity Shares (incl DDT)	-	-
	Income Tax / Wealth Tax	10,373,558	6,553,354
	Others	8,994,413	9,066,539
	TOTAL	19,367,971	15,619,893

NOTES ON CONSOLIDATED ACCOUNTS NOTE NO. 10 CONSOLIDATED FIXED ASSETS

(Amount in ₹)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.04.2012 (₹)	Additions Adjustments (₹)	Deductions/ Adjustments (₹)	As at 31.03.2013 (₹)	Up to 01.04.2012 (₹)	For the year (₹)	Deductions/ Adjustments (₹)	Up to 31.03.2013 (₹)	As at 31.03.2012 (₹)	As at 31.03.2013 (₹)
Tangible :										
LAND										
Leasehold Land	6,180,340	-	-	6,180,340	367,173	62,421	-	429,594	5,813,167	5,750,746
Freehold Land	26,203,013	-	-	26,203,013	-	-	-	-	26,203,013	26,203,013
Buildings	201,959,124	5,346,744	-	207,305,868	28,623,173	6,838,409	-	35,461,582	171,844,286	171,844,286
Plant & Machineries	1,419,661,505	5,901,820	383,733	1,425,179,592	253,789,816	91,875,295	58,777	345,606,334	1,079,573,258	1,165,871,689
Electric Installation	-	-	-	-	-	-	-	-	-	-
Equipments	-	-	-	-	-	-	-	-	-	-
Fire Fighting Equipments	-	-	-	-	-	-	-	-	-	-
Colling Tower	-	-	-	-	-	-	-	-	-	-
Furniture & Fixtures	7,635,589	135,038	-	7,770,627	4,196,206	367,510	-	4,563,716	3,206,911	3,439,383
Office Equipments	2,325,601	177,828	-	2,503,429	1,280,962	115,994	-	1,396,956	1,106,473	1,044,639
Vehicles	21,184,830	450,769	408,547	21,227,052	8,744,042	1,905,395	281,407	10,368,030	10,859,022	12,440,788
Computers	3,244,372	161,460	-	3,405,832	2,887,294	228,817	-	3,116,111	289,721	357,078
Software*	2,132,326	278,658	-	2,410,984	1,427,004	305,765	-	1,732,769	678,215	705,322
Total	1,690,526,700	12,452,317	792,280	1,702,186,737	301,315,670	101,699,606	340,184	402,675,092	1,299,511,645	1,389,211,030
Previous Year	1,052,362,811	640,685,557	2,521,668	1,690,526,700	236,716,818	66,245,826	1,646,974	301,315,670	1,389,211,030	815,645,993
Capital Work in progress									36,907,925	3,662,361

*other than internally generate

NOTES ON CONSOLIDATED ACCOUNTS

NOTE No. 11 - NON - CURRENT INVESTMENTS (Long Term Investments) (Amount in ₹)

	Particulars	As At	As At
		31.03.2013 Amount (₹)	31.03.2012 Amount (₹)
A	Trade Investments (Refer A below)		
	(a) Investment in Equity instruments	204,000	204,000
	(b) Other non-current investments (specify nature)	-	-
	Total (A)	204,000	204,000
B	Other Investments (Refer B below)		
	(a) Investment in Equity instruments	3,100	3,100
	(b) Other non-current investments (specify nature)	-	-
	Total (B)	3,100	3,100
	Grand Total (A + B)	207,100	207,100
	Less : Provision for diminution in the value of Investments	204,000	204,000
	Total	3,100	3,100

A. Sr. No.	Details of Trade Investments	Subsidiary / Associate / JV/ Controlled Entity / Others	Face Value (₹) unless otherwise stated	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (in ₹)		Whether stated at Cost Yes / No	If Answer to Column (9) is 'No' - Basic of Valuation
				2013	2012			2013	2012	2013	2012		
(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(a)	Investment in Equity Instruments Sun Earth Ceramics limited	Others	10	6800	6800	Quoted	Fully	N.A	N.A	204000	204000	Yes	
B.	Details of Other Investments												
(a)	Investment in Properties Silvassa Co-op. Society Limited The City Co-op. Bank Ltd.	Others Others	100 25	10 40	10 40	unquoted unquoted	Fully Fully	N.A N.A	N.A N.A	1100 2000	1100 2000	Yes Yes	
	Total									3,100	3,100		

NOTES ON CONSOLIDATED ACCOUNTS

(Amount in ₹)

Note No.	Particulars	As At 31.03.2013	As At 31.03.2012
12	NON-CURRENT ASSETS		
	LONG TERM LOAN AND ADVANCES		
	Unsecured, Considered Good		
	Loans to Subsidiaries	-	-
	Capital Advances	2,000,000	2,111,438
13	Employee Loans & Advances	-	-
	Others	25,533,469	16,079,464
	TOTAL	27,533,469	18,190,902
	OTHER NON-CURRENT ASSETS		
	Security Deposits	8,035,886	17,931,850
14	Miscellaneous Expenditure (To the Extent not written off)	211,861	-
	Prepaid Expenses (paid for the period after 31.03.2013)	-	34,208
	Other Long Term Receivables	-	-
	TOTAL	8,247,747	17,966,058
	CURRENT ASSETS		
15	INVENTORIES		
	-Raw Materials	33,428,321	42,910,933
	-Goods in Transit (Raw Material)	-	-
	-Process Stock	182,774,235	131,325,619
	-Finished Goods	126,537,150	131,228,043
	-Stores, Spares	13,992,260	12,587,207
TOTAL	356,731,966	318,051,802	
16	TRADE RECEIVABLE		
	Unsecured		
	-Over 6 months -Good	10,557,771	83,714,484
	-Doubtful	489,270	-
	-Other Debts - Good	423,426,261	385,910,179
		434,473,302	469,624,663
	Less: Provision for Doubtful debts	489,270	-
TOTAL	433,984,032	469,624,663	
16	CASH & CASH EQUIVALENTS		
	-On Current Accounts	211,737	55,646,240
	-Cash in Hand (incl'd Imprest)	1,561,204	2,155,209
	-Others		
	-On Dividend Accounts	283,317	440,523
	-On Deposit Accounts (More than 12 Months)	7,000	3,261,115
	-On Margin Money (FD for a period less than 12 Months)	18,073,508	38,825,991
TOTAL	20,136,766	100,329,078	

NOTES ON CONSOLIDATED ACCOUNTS

(Amount in ₹)

Note No.	Particulars	As At 31.03.2013	As At 31.03.2012
17	SHORT TERM LOANS AND ADVANCES		
	Unsecured, Considered Good		
	-To Related Parties (Subsidiaries)	-	-
	-Interest Receivable but not due	-	-
	- Security Deposit	-	510,000
	-To Employees	680,580	1,005,317
	-Advance Payment of Income Tax/Wealth Tax (incl'd TDS)	7,814,823	1,643,885
	-Receivable from Government Authorities	29,991,256	19,296,801
	-Interest Subsidy Receivable	892,607	8,032,013
	-Others	3,201,405	1,206,771
	TOTAL	42,580,671	31,694,787
18	OTHER CURRENT ASSETS		
	-Others	2,748,088	-
	Doubtful	1,084,180	1,084,180
	Other Considered Good	-	20,667,440
		3,832,268	21,751,620
	Less Provision for Doubtful Advances	1,084,180	1,084,180
	TOTAL	2,748,088	20,667,440
Note No.	Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
19	REVENUE FROM OPERATIONS		
	Domestic Sales(Incl. Operational Income)	1,376,999,440	1,491,860,675
	Export Sales	316,768,120	-
	Job Work Charges	38,913,432	38,816,927
	Weaving & Processing Charges	950,479	1,014,686
	Other operative Revenues	3,611,968	4,446,447
		TOTAL	1,737,243,439
20	OTHER INCOME		
	Interest on FDR	1,956,978	1,012,434
	Interest Income (T.D.S. ₹ 2,366,883/- P.Y. ₹ 234,556/-)	300,700	7,473,073
	Late Payment charges	18,865	28,169
	Insurance Claim Received	-	-
	DEPB Incentive / Drawback Incentive	-	-
	Foreign Exchange Fluctuation	1,305,511	206,275
	Miscellaneous Income & Others	3,469,345	457,226
	TOTAL	7,051,399	9,177,177
21	COST OF MATERIALS CONSUMED		
	Raw Material Consumed		
	Opening Stock	42,910,934	84,768,354
	Add : Purchases (Yarn)	1,187,566,413	987,572,280
		1,230,477,347	1,072,340,634
	Less: Closing Stock	33,428,321	42,910,933
	TOTAL	1,197,049,026	1,029,429,701

NOTES ON CONSOLIDATED ACCOUNTS

(Amount in ₹)

Note No.	Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
22	COST OF GOODS TRADED		
	Opening Stock	-	-
	Add : Purchases (Yarn)	39,376,607	125,671,730
		39,376,607	125,671,730
	Less: Closing Stock	-	-
	39,376,607	125,671,730	
	TOTAL	1,339,511,307	1,130,928,273
23	CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE		
	Closing stock - Process	182,774,235	178,499,939
	Closing stock - Finished	126,537,150	84,053,723
	TOTAL - A	309,311,385	262,553,662
	Opening stock - Process	131,325,619	167,773,109
	Opening stock - Finished	131,228,043	74,946,596
	TOTAL - B	262,553,662	242,719,705
	Increase / (Decrease) in Stocks		
	TOTAL - (B - A)	(46,757,723)	(19,833,957)
	24	EMPLOYEE BENEFITS EXPENSES	
Salaries, Wages & Bonus		68,011,896	64,075,620
Gratuity & Other Allowances		9,501,855	389,201
Contribution to Funds		2,795,655	2,851,442
Staff Welfare Expenses		1,026,703	1,111,615
	TOTAL	81,336,109	68,427,878
25	OTHER EXPENSES		
	A. Manufacturing Expenses		
	Power & Fuel	81,378,508	58,791,752
	Stores & Spares & Packing Material Consumed	25,745,176	20,319,351
	Colour, Chemical, Oil & Lubricant Consumed	2,713,485	3,147,260
	Repairs to Building	291,058	136,784
	Repairs to Plant & Machinery	8,160,680	2,295,841
	Repair & Maintainance - Other (At Plants)	122,259	545,744
	Security Charges	2,822,663	1,748,131
	Labour Charges	13,454,371	9,168,647
	Job work Charges	5,342,208	2,571,855
	Freight, Octroi & Cartage	1,609,164	1,887,685
	Other Direct Manufacturing Expenses	822,709	885,522
	TOTAL A	142,462,281	101,498,572

NOTES ON CONSOLIDATED ACCOUNTS

(Amount in ₹)

Note No.	Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
25	B. Administrative & General Expenses		
	Advertisement Expenses	-	52,846
	Conveyance Expenses	622,408	523,079
	Claim & Discount	1,980,630	-
	CDM Fees	1,535,680	-
	Director's Remuneration & Perquisites	1,828,838	1,762,035
	Donation	-	8,200
	Electricity	2,092,732	710,345
	Export Freight	-	-
	Filling Fees	-	10,262
	Foreign Exchange Fluctuation	-	-
	Guest House Expenses	-	7,029
	Insurance	1,423,473	1,117,631
	Loss on Sale of Fixed Assets	168,921	138,032
	Marketing Expenses & Brokerage	5,735,605	5,171,996
	Membership & Subscription	-	46,445
	Miscellaneous Expenses/General Expenses	5,373,070	3,221,118
	Outward Freight & Octroi	4,274,562	2,832,842
	Postage Telegram	-	309,553
	Provision for Bad Debts	489,270	-
	Printing & Stationery	-	726,358
	Professionals Fees/ Legal Expenses	3,720,972	4,118,032
	Rent, Rates, Fees & Taxes	4,995,864	4,431,506
	Repairs & Maintenance (Others)	251,543	214,613
	Sales Promotion Expenses	694,157	549,213
	Sample & Development Expenses	1,342,541	1,168,380
	Stamp & Hundi Paper	-	210,580
	Sundry Balance W/Off	-	-
	Telephone Expenses	1,358,643	1,160,101
	Traveling Expenses	2,763,819	2,770,385
	Vehicle Expenses	-	1,769,397
	Preliminary Expenses Written off	-	-
	Pre-Operative Expenses Written off	-	(4,503,396)
	Auditors Remuneration:	-	-
	- For Statutory Audit	365,731	337,641
	- For Tax Audit	90,225	85,225
	- For Certification	53,708	49,635
	-Cost Audit	224,720	-
	- Others	-	10,000
	TOTAL B	41,387,112	29,009,083
	TOTAL (A+B)	183,849,393	130,507,655
26	FINANCE COST		
	Interest on Term Loan	108,112,399	75,756,741
	Interest on Working Capital(Net)	23,837,095	22,234,170
	Interest to Other	12,774,183	12,542,948
	Bank Charges	11,624,900	10,133,356
	Car Finance Charges	1,760,555	566,370
	TOTAL	158,109,132	121,233,585

27. No provision for gratuity has been made during the year as the Company has not gone for actuarial valuation as prescribed by (AS-15) "Employee Benefit". It is accounted as and when it is paid. Amounts of same are as unascertained, in respect of the Profit & Loss Statement could not be stated.

28. Segment Reporting:

For the Group as a whole, Textile and Energy have been identified as the Primary Segment (Products) and there is no geographic segment as such. Segment Reporting has become applicable to the Group as a whole only from this year as revenue of Power Generation (Energy) has started only from last quarter of Financial Year 2012-13. Details as per Accounting Standard (AS-17) "Segment Reporting" is as follows:

(₹ in Lac)

Particulars	Accounting Year Ended 31 st March, 2013	Previous Year ended 31 st March, 2012
1. Segment Revenue		
a) Textiles	15968.28	15021.69
b) Energy	1404.15	350.10
Total	17372.43	15371.79
Less: Inter Segment Revenue	-	-
2. Segment Results*		
a) Textiles	1913.85	1177.88
b) Energy	1323.92	270.79
Total	3237.77	1448.67
Less: Finance Costs	1581.09	1212.34
Profit Before Tax	1656.68	236.34
3. Capital Employed**		
(Segment Assets- Segment Liabilities)		
a) Textiles	3050.45	3334.94
b) Energy	1189.69	62.31
Total	4240.14	3397.25

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

Related Party Disclosures

=====

A. Related Parties Discloser:

I. Fellow Subsidiaries:

Konark Solartech Private Limited
Konark Wind Projects Private Limited
Konark Gujarat PV Private Limited

II. Individual having significant influence:

Smt. Raka Devi Dalmia – Shareholder

III. Key Managerial Personnel and Relative:

Mr. Prakashchand Dalmia – Chairman & Managing Director
Mr. Amitabh Kejriwal – Whole Time Director
Mr. Shonit Dalmia – Director
Mr. Punit Desai – Director
Mr. R. B. Somany - Director
Ms. Shikha Dalmia – Relative of Director
Ms. Smita Kejriwal – 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
M/s Trade Bazaar Homotech Ventures LLP.

B. Transactions:

(₹ In Lac)

Particulars	Subsidiaries and Fellow Subsidiaries	Individual having significant influence	KMP and Relatives of KMPs	Enterprise over which KMP have significant influence	Total
Remuneration & Perquisites	-	-	19.64	-	19.64
Salary	-	-	4.08	-	4.08
Rent Expenses	-	1.80	-	1.08	2.88
Rent Received	-	-	-	1.80	1.80
Loan Taken	-	-	-	4295.90	4295.90
Loan Given	3186.53	-	-	-	3186.53

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

(₹ In Lac)

Particulars	2012-13	2011-12
Managerial Remuneration		
Prakashchand Dalmia	12.22	11.62
Amitabh Kejriwal	7.42	7.35
Salary Paid		
Sikha Dalmia	2.16	2.16
Smita Kejriwal	1.92	1.92
Rent Paid		
Konark Silk Mills	1.08	1.08
Raka Devi Dalmia	1.80	1.80
Rent Received		
Trade Bazaar Homotech Ventures LLP		
	1.80	0.00
Loans Taken		
Konark Realtech Pvt. Ltd.	4295.90	3702.16
Loans Given		
India Denim Limited	195.50	572.75
Konark Infratech Pvt. Ltd	2971.27	721.62
Konark Greentech Pvt. Ltd.	19.76	95.44

D. Balances with the Related Parties as at 31st March, 2013

(₹ In Lac)

Particulars	Subsidiaries and Fellow Subsidiaries	Individual having significant influence	KMP and Relatives of KMPs	Enterprise over which KMP have significant influence	Total
Remuneration & Perquisites	-	-	1.03	-	1.03
Salary	-	-	0.34	-	0.34
Rent Expenses	-	-	-	0.10	0.10
Loan Taken	-	-	-	3978.80	3978.80
Loan Given	3163.29	-	-	-	3163.29

30. Earning Per Share (EPS) (Basic and Diluted):

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

Particulars		31.03.2013	31.03.2012
Profit after Tax and Adjustment of the minority Interest	(₹)	16,022,665/-	14,818,029/-
Add: Prior period expenses / Excess Provision of Tax	(₹)	64,366/-	665,627/-
Net Profit after tax	(₹)	16,087,031/-	14,152,402/-
Basic Earning per share (5808000 Equity Shares)	(₹)	2.76	2.44

31. The components of deferred tax assets / liability as at 31st March, 2013 in accordance with the Accounting Standard 22 "Accounting for Taxes on Income" are as under:

	As At 31 st March, 2013 (₹ in Lac)	As At 31 st March, 2012 (₹ in Lac)
A. Deferred Tax Liability		
Due to Depreciation Difference	18.78	36.38
B. Deferred Tax Assets		
Credit under u/s 43B & 40(a)	0.70	1.46
MAT Credit available for the year	1.86	8.67
Difference due to Rate of Income Tax	NIL	NIL
Total	2.56	10.13
Net Deferred Tax Liability	16.22	26.25

32. Contingent Liability / Capital Commitments:

- The Banker of the Company has given Guarantee to various Government Authorities amounting to ₹ 142.99 Lac (P.Y. ₹ 142.99 Lac) for which the Company has given counter guarantee. Company has also given margin money to banker amounting to ₹ 22.16 Lac (P.Y. ₹ 24.24 Lac).
- The Company has given a Counter Guarantee of ₹ 2706.00 Lac (P.Y. ₹ 2706.00) to the Bankers of the India Denim Limited against the sanctioned of Term Loan and Working Capital Facilities. The Company does not expect any out flow of resource in respect of the above.

33. In the opinion of the Board, the current assets, loans and advances are approximately of the value stated in the Balance Sheet realizable in the ordinary course of business. Sundry Debtors, Creditors & Advances are subject to reconciliation with parties.

34. The Financial Statements have been prepared in the format prescribed by the Revised Schedule VI of the Companies Act, 1956. Previous year figures have been regrouped / rearranged wherever necessary to make them comparable with those of the Current year.

As per our reports of even date attached

For and on behalf of the Board of Directors

For BHUWANIA & AGRAWAL ASSOCIATES

Chartered Accountants

Firm Registration No.101483W

PRAKASHCHAND DALMIA
Chairman & Managing Director

AMITABH KEJRIWAL
Whole Time Director

N. K. AGRAWAL

Partner

Membership No. 34659

Place : Mumbai.

Date : 30th May, 2013

MAHENDRA AGARWAL

Director

NOTES

KONARK SYNTHETIC LIMITED

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

ATTENDANCE SLIP 29th Annual General Meeting – 30th September, 2013

Regd. Folio No.....

No. of Shares held

Client ID/ DP ID No.

I, _____ (Name in Block Letter) hereby record my presence at the **29th Annual General Meeting** of the Company being held on **Monday, the 30th day of September, 2013 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-400 059.

Date: _____, 2013

Member's / Proxy's Signature

Notes:

1. Interested Joint Members may obtain Attendance Slips from the Registered Office of the Company.
2. Members' / Joint Members' Proxies are requested to bring the Attendance Slips with them. Duplicate slips will not be issued at the venue.
3. Please fill in this attendance slip and hand it over at the entrance of the meeting hall.

KONARK SYNTHETIC LIMITED

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

PROXY FORM 29th Annual General Meeting – 30th September, 2013

Regd. Folio No.....

No. of Shares held

Client ID/DP ID No.

I/We _____ of _____ in the district of _____ being a Member / Members of **KONARK SYNTHETIC LIMITED** hereby appoint _____ of _____ in the district of _____ or failing him/her _____ of _____ as my/our proxy to vote for me/us on my /our behalf of at the **29th Annual General Meeting** of the Company to be held on **Monday, the 30th day of September, 2013 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 - 400 059 or any adjournment thereof.

Revenue
Stamp of
Re. 1/-

Signed : _____ day of _____ 2013

Signature of Member's

Note: This proxy form must be deposited at the Registered Office of the Company at Building No.7, Mittal Industrial Estate, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 059 not less than 48 hours before the time of the meeting.

BOOK-POST

If undelivered please return to:

KONARK SYNTHETIC LIMITED

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